

Comprehensive Annual Financial Report

of the

Linwood Board of Education

Linwood, New Jersey

for the Fiscal Year ended June 30, 2015



Excellence in Education and Learning

Prepared by:

Linwood Board of Education Finance Department

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9-11
-------------------------------------	------

Required Supplementary Information - Part I	
Management's Discussion and Analysis	12-18

Basic Financial Statements

A DISTRICT - WIDE FINANCIAL STATEMENTS

A-1 Statement of Net Position	19
A-2 Statement of Activities	20

B FUND FINANCIAL STATEMENTS

Governmental Funds:

B-1 Balance Sheet	21
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	22
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23

Proprietary Funds:

B-4 Statement of Net Position	24
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	25
B-6 Statement of Cash Flows	26

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	27
B-8 Statement of Changes in Fiduciary Net Position	N/A

Notes to Financial Statements	28-51
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TABLE OF CONTENTS

	Page
Required Supplementary Information - Part II	
C Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	42-63
C-2 Budgetary Comparison Schedule - Special Revenue Fund	64-65
Notes to the Required Supplementary Information	
C-3 Budget - to - GAAP Reconciliation	66
Required Supplementary Information-Part III	
RSI-3a Schedule of District's Proportionate Share of Net Position Liability (PERS)	67
RSI-3b Schedule of District Contributions (PERS)	68
RSI-4a Schedule of District's Proportionate Share of Net Position Liability (TPAF)	69
RSI-4b Schedule of District Contributions (TPAF)	70
Other Supplementary Information	
D School Level Schedules (General Fund):	N/A
E Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	71-72
F Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	73
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis	74
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Various Improvements	75
G 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
H Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Position	76
H-2 Combining Statement of Changes in Fiduciary Net Position	77
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	78
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	79

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	80
J-2	Changes in Net Position	81-82
J-3	Fund Balances, Governmental Funds	83
J-4	Changes in Fund Balances, Governmental Funds	84
J-5	General & Special Revenue Fund Other Local Revenue by Source	85

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property	86
J-7	Direct and Overlapping Property Tax Rates	87
J-8	Principal Property Tax Payers	88
J-9	Property Tax Levies and Collections	89

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	90
J-11	Ratios of Net General Bonded Debt Outstanding	91
J-12	Direct and Overlapping Governmental Activities Debt	92
J-13	Legal Debt Margin Information	93

Demographic and Economic Data

J-14	Demographic and Economic Statistics	94
J-15	Principal Employers	95

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	96
J-17	Operating Statistics	97
J-18	School Building Information	98
J-19	Required Maintenance for School Facilities	99
J-20	Insurance Schedule	100

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>	101-102
K-2	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	103-105
K-3	Schedule of Expenditures of Federal Awards, Schedule A	106
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	107
K-5	Notes to Schedules of Awards and Financial Assistance	108
K-6	Schedule of Findings and Questioned Costs	109-111

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Introductory Section

Linwood Board of Education

51 Belhaven Avenue
Belhaven Avenue School
Linwood, New Jersey 08221



Excellence in Teaching and Learning

Teri J. Weeks, CPA
School Business Administrator
Voice: (609) 926-6707 Fax: (609) 926-6705
email: teriweeks@linwoodschoools.org

November 30, 2015

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, 2015 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 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. 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 2014-2015 fiscal year with an average daily enrollment of 863.9 students, which is a .5% increase below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2014-2015	863.9	-0.47%
2013-2014	868.0	-2.43%
2012-2013	889.6	0.55%
2011-2012	884.7	-2.81%
2010-2012	910.3	-3.72%

2) 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 eighty-five 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 pay a tuition fee of 90% of the certified cost per pupil from the prior year. Two students entered the program for the 2014-2015 school year. The District also provides an expanded day Kindergarten program for a fee of \$3,500 and a Preschool Inclusion program for a fee of \$2,500 for the 2014-2015 school year. Both programs have been very successful and are at capacity.

The district acquired property adjacent to the Belhaven Avenue School for the purpose of providing additional open space. The vacant land will be converted to playground and facilities for the district's physical education program.

3) MAJOR INITIATIVES:

Major initiatives for the 2015-2016 school year include the renovation of the property located next to Belhaven Middle School for the purpose of providing outdoor classroom and recreational spaces. The district is replacing their telephone systems at a significant cost savings. The Belhaven Fire Alarm system will also be replaced.

Educationally we remain focused on the implementation of the Common Core Standards and the new PARRC assessments, as well as the teacher and principal evaluation criteria mandated by the State of New Jersey, known as Achieve NJ. The intent of this initiative is to support teachers and principals in their quest to become "highly effective." The district has provided teaching staff members and our principals with ongoing professional development that supports student achievement acknowledging the increased rigor required by the new standards and new assessments, and will continue to do so during the 2015-16 school year.

This year we will be focusing on exploring higher order thinking skills and increased student autonomy. Our goal is to enhance the quality and increase the number of cognitively complex activities presented and expected of our students in order to help prepare them for both college and career.

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 30, 2010.

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:

As a Type I school district, no debt is directly issued by the City of Linwood School District. All school related debt is issued and administered by the City of Linwood. (See note 5)

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 Alliance of Governmental Auditors, 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 NJOMB 04-04. 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 seven member Board of Education appointed by the mayor to serve staggered three-year terms. As of June 30, 2010, the District employed 80.7 full time equivalent of certified staff and 49.8 full time equivalent non-professional employees. Enrollment as of September 2011 was 893 students, including preschool inclusion.

11) ACKNOWLEDGMENTS:

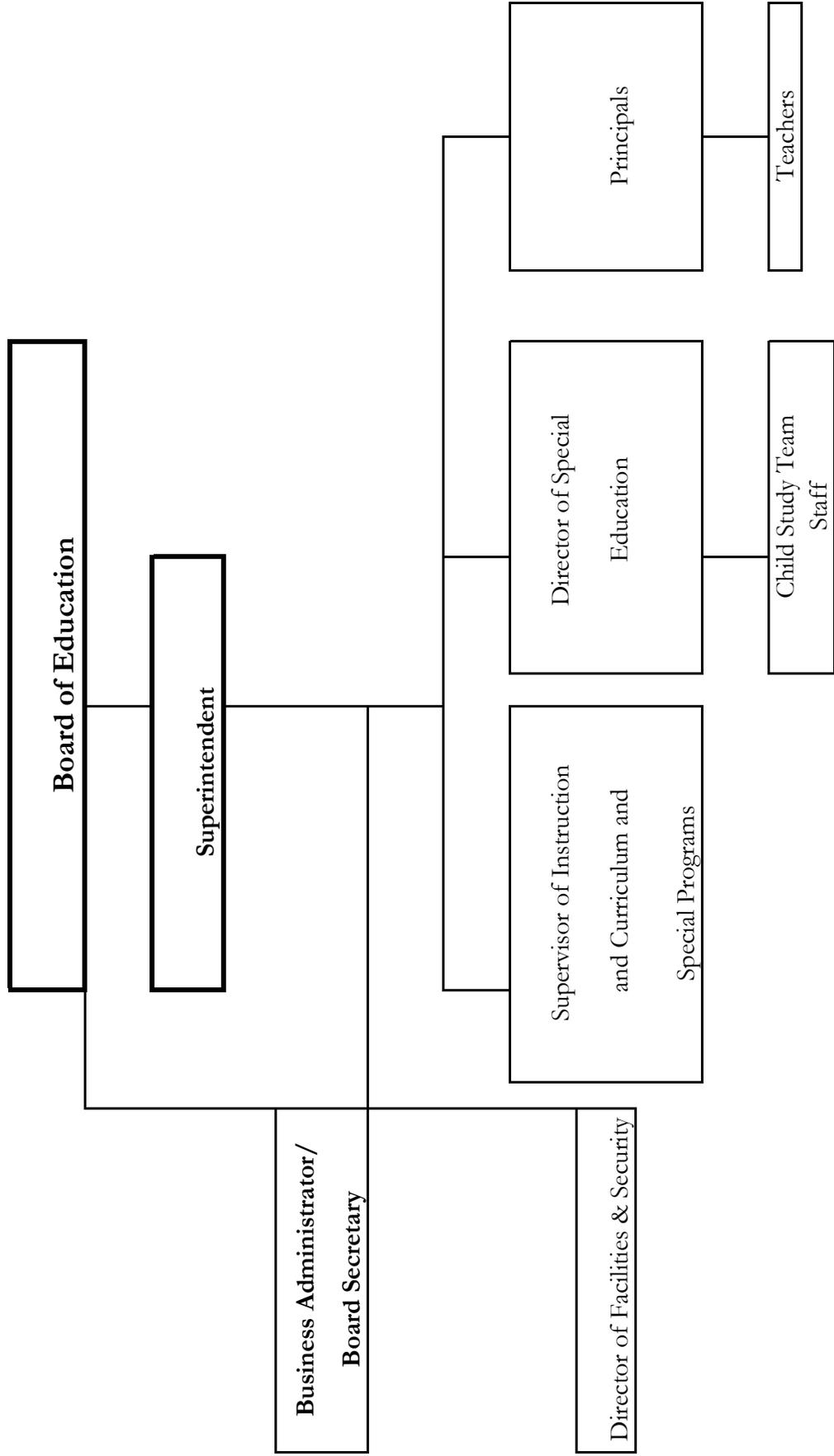
We would like to express our appreciation to the members of the Linwood School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,

Teri J. Weeks

Teri J. Weeks, CPA
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, 2014

Members of the Board of Education

Term Expires

Richard Sless, President	2017
Donna Michael Zierens, Vice President	2017
Lynn Gibson	2017
Joanne Scannell	2016
Judd McLaughlin	2016
Michele DeMorat	2018
Daryl Todd	2018

Other Officials

Marianne W. Gaffney, Superintendent-through November 2015

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

Ocean City Home Bank
New Road, Linwood, NJ 08221

Cape Savings Bank
Linwood, NJ 08221

Susquehanna Bank
New Road, Linwood, NJ 08221

Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAYEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
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Independent Auditor's Report

The Honorable President and
Members of the Board of Education
City of Linwood School District
(a component unit of the City of Linwood)
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 (a component unit of the City of Linwood), State of New Jersey, as of and for the year ended June 30, 2015, 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 (a component unit of the City of Linwood), in the County of Atlantic, State of New Jersey, as of June 30, 2015, 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 (a component unit of the City of Linwood) basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of state financial assistance as required by NJ OMB 04-04 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by NJ OMB 04-04 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by NJ OMB 04-04 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 November 30, 2015 on our consideration of the City of Linwood School District's (a component unit of the City of Linwood) 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 (a component unit of the City of Linwood) 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

November 30, 2015

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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, 2015. 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 increased \$112,449 from FY 14 to FY 15 which represents a .7% increase from the prior year.
- The State of New Jersey reimbursed the District \$478,657 during the fiscal year ended June 30, 2015 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 \$900,455 during the fiscal year ended June 30, 2015 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, 2015 the District had a total excess surplus of \$824,903.
- During the fiscal year ended June 30, 2015, the District's General Fund expenses realized were approximately \$60,317 more than General Fund revenues realized. During the prior fiscal year, revenue was less than expenses by approximately \$11,261.

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)**

	Fund Statements			
	Government wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	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 information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

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 increased due to an excess of revenues over expenditures, while depreciation expense exceeded capital outlay additions. In 2015, net position has been restated as required by implementation of GASB 68.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 2,844,512	\$ 3,060,637	\$ 35,233	\$ 23,826
Capital assets	16,626,933	16,404,629		
Total assets	19,471,445	19,465,266	35,233	23,826
Long-term liabilities	3,907,903	3,883,527		
Other liabilities	167,008	322,814	13,807	481
Total liabilities	4,074,911	4,206,341	13,807	481
Net assets				
Invested in capital assets	16,626,933	16,404,629		
Restricted	2,503,873	2,470,817		
Unrestricted	(3,757,514)	(3,616,522)	21,426	23,345
Total net position	\$ 15,373,292	\$ 15,258,924	\$ 21,426	\$ 23,345

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, 2015, the District did have \$824,903 excess fund balance, of which \$403,157 is designated for use in the 2015-2016 district budget.

Changes in Net Position. The total revenue of the District increased approximately \$222,000 due to the increase in property taxes and the increase in the State's Contribution to the Teacher's Pension and Annuity Fund of approximately \$170,000, offset by a decrease in Operating Grants of \$38,000.

Approximately 10.84 % of the District's revenue comes from state aid, excluding on behalf payments. This aid is based on the District's enrollment as well as other factors such as growth in the City. The City of Linwood levies property taxes on properties located in the City. This tax is remitted to the District on a monthly basis. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>2015 Amount</u>	<u>2015 Percentage</u>	<u>2014 Amount</u>	<u>2014 Percentage</u>
Property taxes	\$ 11,376,075	76.00%	\$ 11,153,974	75.83%
Unrestricted State Aid	1,620,550	10.84%	1,702,738	11.58%
On Behalf Payment	1,379,112	9.24%	1,208,934	8.22%
Operating Grants and Contributions	308,242	2.27%	347,056	2.36%
Other	291,509	1.65%	295,574	2.01%
Totals	\$ 14,975,488	100.00%	\$ 14,708,276	100.00%

Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2015 fiscal year.

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program revenue						
Charges for services	\$ 176,328	\$ 171,722	\$ 72,442	\$ 80,632	\$ 248,770	\$ 252,354
Federal grants	228,878	295,276			228,878	295,276
State grants and entitlements	1,067	897			1,067	897
Local Grants	78,297	50,883			78,297	50,883
General revenues						
Property taxes	11,376,075	11,153,974			11,376,075	11,153,974
State aid entitlements	2,999,662	2,911,672			2,999,662	2,911,672
Other	115,181	123,852	53	42	115,234	123,894
Total revenues	<u>14,975,488</u>	<u>14,708,276</u>	<u>72,495</u>	<u>80,674</u>	<u>15,047,983</u>	<u>14,788,950</u>
Expenses						
Instruction:						
Regular	7,829,568	6,556,097			7,829,568	6,556,097
Special Education	2,054,226	2,006,509			2,054,226	2,006,509
Other special instruction	690,759	606,976			690,759	606,976
Other instruction	206,036	176,888			206,036	176,888
Support services:						
Student & instruction related	2,251,394	2,293,476			2,251,394	2,293,476
Tuition	130,598	122,377			130,598	122,377
School administration services	544,828	428,886			544,828	428,886
General & business admin services	1,192,844	1,142,843			1,192,844	1,142,843
Plant operations & maintenance	2,096,898	1,857,886			2,096,898	1,857,886
Pupil transportation	136,680	132,096			136,680	132,096
Transfer to Charter Schools					-	-
Business-type activities			74,414	72,969	74,414	72,969
Total expenses	<u>17,133,831</u>	<u>15,324,034</u>	<u>74,414</u>	<u>72,969</u>	<u>17,208,245</u>	<u>15,397,003</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$2,677,505 which is approximately \$60,317 less than the beginning of the year. The decrease in fund balance was the result of the use of fund balance and reserve to support the budgetary expenditures as planned. Overall, the financial position of the District remains sound.

The District did not enter into any debt obligations during the fiscal year. Any projects or debt is approved by the City of Linwood and would be a direct obligation of the City. The City authorized a bond ordinance in the amount of \$4,250,000 to fund projects beginning July 1, 2013.

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 I School District, are approved by the Board of School Estimate. 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 30th 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 revenue was more than the budget by approximately \$185,980. The added revenue is from approximately \$49,971 more state aid and \$136,009 of Other Miscellaneous Income that was not budgeted. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual revenues were less than actual expenditures by approximately \$58,971. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had invested \$16,626,933 million in a broad range of capital assets, including land, buildings, vehicles and machinery. This amount represents a net increase (including additions and deductions) of approximately \$222,000, or 1.4% over last year.

	Governmental	
	<u>Activities</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 663,525	\$ 660,182
Construction In Progress	84,170	1,192,980
Buildings and Improvements	15,190,865	13,781,145
Machinery & Equipment	598,373	770,332
Total	<u>\$ 16,626,933</u>	<u>\$ 16,404,629</u>

During the 2015 fiscal year, the District completed the Belhaven Roof Replacement Project. As of June 23, 2014, the Poplar Avenue School was turned over to the City of Linwood for public use. The district purchased 10 W. Patcong Ave, property adjacent to the Belhaven Middle School in July 2014 after the close of the current fiscal year and has begun property renovation that includes outdoor classroom space, open play areas and fitness areas. Also, the District completed the Seaview Roof Replacement Project and the Seaview Toilet Room Renovation Project. 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District will continue to act as the lead agency for Cafeteria Delivery and a wrestling program for sixth, seventh and eighth grade students attending Linwood, Northfield and Somers Point. The district will continue to seek additional shared service opportunities to provide educational and co-curricular activities for our students if financially feasible and in line with our program goals. Additionally the district was able to provide a tuition based Expanded Day kindergarten program based on the 2014-2015 enrollment. This program provides a revenue source to the district.

The District continues to streamline operations to reduce overall budget expenditures. Decrease in enrollment has continued, therefore, staffing has been reduced.

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
(A Component Unit of the City of Linwood)
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,650,125	\$ 33,080	\$ 2,683,205
Receivable - State	48,462		48,462
Receivable - Federal	53,482		53,482
Other Accounts Receivable	89,890	2,153	92,043
Capital assets:			
Land	663,525		663,525
Construction in Progress	84,170		84,170
Depreciable capital assets, net of depreciation	15,879,238		15,879,238
Total Assets	<u>19,471,446</u>	<u>35,233</u>	<u>19,506,679</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>347,786</u>		<u>347,786</u>
LIABILITIES			
Accounts payable	157,648	5,355	163,003
Advances	9,360	8,452	17,812
Noncurrent liabilities:			
Due beyond one year	456,824		456,824
Net Pension Liability	3,607,142		3,607,142
Total liabilities	<u>4,230,974</u>	<u>13,807</u>	<u>4,244,781</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>214,966</u>		<u>214,966</u>
NET POSITION			
Invested in capital assets, net of related debt	16,626,933		16,626,933
Restricted for:			
Other Purposes	370,809		370,809
Capital Reserve	896,037		896,037
Maintenance Reserve	262,124		262,124
Excess Surplus - Undesignated	421,746		421,746
Excess Surplus - Designated	403,157		403,157
Subsequent Year's Expenditures	150,000		150,000
Unrestricted	(3,757,514)	21,426	(3,736,088)
Total net position	<u>\$ 15,373,292</u>	<u>\$ 21,426</u>	<u>\$ 15,394,718</u>

See accompanying Notes to Financial Statements

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues					Business - type Activities	Total
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities		
Governmental activities:							
Instruction:							
Regular	\$ 6,094,958	\$ 1,734,610	\$ 144,055	\$ 1,902,469	\$ (5,783,044)	\$ -	\$ (5,783,044)
Special education	1,599,121	455,105		499,147	(1,555,079)		(1,555,079)
Other special instruction	505,088	185,671		173,524	(517,235)		(517,235)
Other instruction	156,658	49,378		50,713	(155,323)		(155,323)
Support services:							
Tuition	130,598				(130,598)		(130,598)
Student & instruction related services	1,666,440	584,954		244,019	(2,007,375)		(2,007,375)
School administrative services	403,272	141,556		59,051	(485,777)		(485,777)
Central Services	407,732	143,122		69,583	(481,271)		(481,271)
General Administrative services	475,189	166,801		228,614	(413,376)		(413,376)
Plant operations and maintenance	1,548,871	548,027	32,273	14,871	(2,049,754)		(2,049,754)
Pupil transportation	101,032	35,648		59,706	(76,974)		(76,974)
Unallocated benefits	4,044,872	(4,044,872)			-		-
Total governmental activities	17,133,831	-	176,328	3,301,697	(13,655,806)	-	(13,655,806)
Business Type Activities							
Child Care	74,414		72,442			(1,972)	(1,972)
Total government	\$ 17,208,245	\$ -	\$ 248,770	\$ 3,301,697	\$ (13,655,806)	\$ (1,972)	\$ (13,657,778)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 11,376,075		\$ 11,376,075
Federal and State aid not restricted					1,620,550		1,620,550
Miscellaneous Income					115,181	53	115,234
Proceeds from the City					831,596		831,596
Loss on Disposal of Equipment					(173,228)		(173,228)
Total general revenues, special items and transfers					13,770,174	53	13,770,227
Change in Net Position					114,368	(1,919)	112,449
Net Position—beginning, as restated					15,258,924	23,345	15,282,269
Net Position—ending					\$ 15,373,292	\$ 21,426	\$ 15,394,718

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
(A Component Unit of the City of Linwood)

Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,361,721	\$	\$	\$ 1,361,721
Capital Reserve Account	1,141,091			1,141,091
Maintenance Reserve Account	147,313			147,313
Receivable - Federal	-	53,482		53,482
Receivable - State	48,462			48,462
Due from other funds	121,762			121,762
Other Accounts Receivable	3,023	7,606	79,261	89,890
Total assets	\$ 2,823,372	\$ 61,088	\$ 79,261	\$ 2,963,721
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 138,670	\$ 18,978		\$ 157,648
Interfund Accounts Payable		39,947	79,261	119,208
Unearned revenue	7,197	2,163		9,360
Total liabilities	145,867	61,088	79,261	286,216
Fund Balances:				
Restricted for:				
Excess surplus Undesignated	421,746			421,746
Excess surplus Designated	403,157			403,157
Committed to:				
Capital Reserve	896,037			896,037
Maintenance Reserve	262,124			262,124
Assigned to:				
Designated for subsequent year's expenditures	150,000			150,000
Other purposes	370,809			370,809
Unreserved, reported in:				
General fund	173,632			173,632
Total Fund balances	2,677,505	-	-	2,677,505
Total liabilities and fund balances	\$ 2,823,372	\$ 61,088	\$ 79,261	
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.				16,626,933
Pension Liabilities Net of Deferred Outflows & Inflows				(3,474,322)
Some liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.				(456,824)
Net position of governmental activities				\$ 15,373,292

See accompanying Notes to Financial Statements

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	\$ 11,376,075	\$ -	\$ -	\$ 11,376,075
Miscellaneous	291,509			291,509
State sources	2,999,662	1,067		3,000,729
Federal sources		228,878		228,878
Local sources		78,297		78,297
Total revenues	<u>14,667,246</u>	<u>308,242</u>	<u>0</u>	<u>14,975,488</u>
EXPENDITURES				
Current:				
Regular instruction	4,511,781	75,980		4,587,761
Special education instruction	1,099,127	104,553		1,203,680
Other special instruction	349,176	24,697		373,873
Other instruction	117,197			117,197
Support services and undistributed costs:				
Tuition - Special Education	94,598	36,000		130,598
Student & instruction related services	1,491,217	55,894		1,547,111
School administrative services	374,394			374,394
Other administrative services	441,162			441,162
Central Services	378,535			378,535
Plant operations and maintenance	1,437,144			1,437,144
Pupil transportation	94,284			94,284
Unallocated Benefits	4,033,754	11,118		4,044,872
Capital Outlay	305,194		831,596	1,136,790
Total expenditures	<u>14,727,563</u>	<u>308,242</u>	<u>831,596</u>	<u>15,867,401</u>
Excess (Deficiency) of revenues over expenditures	<u>(60,317)</u>	<u>-</u>	<u>(831,596)</u>	<u>(891,913)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the City Bonds and transfers			831,596	831,596
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>831,596</u>	<u>831,596</u>
Net change in fund balances	(60,317)	0	0	(60,317)
Fund balance—July 1	2,737,822			2,737,822
Fund balance—June 30	<u>\$ 2,677,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,677,505</u>

See accompanying Notes to Financial Statements

City of Linwood School District
(A Component Unit of the City of Linwood)
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, 2015

Total net change in fund balances - governmental funds (from B-2) \$ (60,317)

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.

	\$	(741,258)	
Depreciation expense		(173,228)	
Loss on Disposal of Fixed Assets		1,136,790	222,304
Capital outlays			

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.

		158,827	
District pension contributions-PERS		(182,070)	
Cost of benefits earned net of employee contributions			(23,243)

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 (+).

(24,376)

Change in net position of governmental activities \$ 114,368

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds	
	Before and After School Program	Totals
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 33,080	\$ 33,080
Other receivables	1,523	1,523
Interfund Accounts Receivable	630	630
Total current assets	35,233	35,233
Total assets	\$ 35,233	\$ 35,233
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 5,355	\$ 5,355
Prepaid program fees	8,452	8,452
Total current liabilities	13,807	13,807
Noncurrent Liabilities:		
Compensated absences	-	-
Total noncurrent liabilities	-	-
Total liabilities	13,807	13,807
NET POSITION		
Invested in capital assets net of related debt	-	-
Unrestricted	21,426	21,426
Total net position	\$ 21,426	\$ 21,426

See accompanying Notes to Financial Statements

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Before and After School Program	Total Proprietary
Operating revenues:		
Charges for services:		
Tuition - net of discounts	\$ 72,442	\$ 72,442
Total operating revenues	<u>72,442</u>	<u>72,442</u>
Operating expenses:		
Salaries	35,330	35,330
Benefits - FICA, DCRP, and Unemployment	3,645	3,645
Rent	10,000	10,000
Audit	500	500
Services	13,642	13,642
General supplies	3,347	3,347
Total Operating Expenses	<u>66,464</u>	<u>66,464</u>
Operating income	<u>5,978</u>	<u>5,978</u>
Nonoperating revenues (expenses):		
Interest	53	53
Total nonoperating revenues (expenses)	<u>53</u>	<u>53</u>
Capital Assest		
Equipment	7,950	7,950
Net Capital	<u>7,950</u>	<u>7,950</u>
Income before contributions & transfers	<u>(1,919)</u>	<u>(1,919)</u>
Transfers in (out)	-	-
Change in net position	<u>(1,919)</u>	<u>(1,919)</u>
Total net position—beginning	<u>23,345</u>	<u>23,345</u>
Total net position—ending	<u>\$ 21,426</u>	<u>\$ 21,426</u>

See accompanying Notes to Financial Statements

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Before and After School Program	Total Proprietary
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 83,580	\$ 83,580
Payments for salaries and benefits	(33,731)	(33,731)
Rent	(10,000)	(10,000)
Services	(13,642)	(13,642)
Other costs	(500)	(500)
Supplies	(3,497)	(3,497)
Net cash provided by operating activities	<u>22,210</u>	<u>22,210</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers (to)from other funds	(631)	(631)
Net cash provided by non-capital financing activities	<u>(631)</u>	<u>(631)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(7,950)	(7,950)
Net cash (used for) capital and related financing activities	<u>(7,950)</u>	<u>(7,950)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	53	53
Net cash provided by investing activities	<u>53</u>	<u>53</u>
Net increase in cash and cash equivalents	13,682	13,682
Balances—beginning of year	19,398	19,398
Balances—end of year	<u>\$ 33,080</u>	<u>\$ 33,080</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 5,978	\$ 5,978
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase/(Decrease) in Accounts Payable	(261)	(261)
Increase/(Decrease) in Deferred Revenues	8,232	8,232
(Increase)/Decrease in accounts receivable, net	2,906	2,906
Total adjustments	<u>10,877</u>	<u>10,877</u>
Net cash provided by operating activities	<u>\$ 16,855</u>	<u>\$ 16,855</u>

See accompanying Notes to Financial Statements

**City of Linwood School District
 (A Component Unit of the City of Linwood)
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2015**

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 71,549
Accounts Receivable	3,260
Total assets	\$ 74,809
LIABILITIES	
Accounts Payable	\$ -
Interfund Accounts Payable	330
Payable to student groups	60,617
Payroll deductions and withholdings	13,862
Total liabilities	\$ 74,809

See accompanying Notes to Financial Statements

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015

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 consists of appointed 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 Teachers 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 I district located in the County of Atlantic, State of New Jersey. As a Type I district, the Board of Education members are appointed by the Mayor. The Board is comprised of seven members appointed to three-year terms. The purpose of the district is to educate students in grades PreK Handicapped-8. The City of Linwood School District had an approximate enrollment at June 30, 2015 of 864 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 but, as a Type I School District, would be considered a component unit of the City of Linwood. The City however reports on a regulatory basis of accounting which does not recognize component units. If the City followed generally accepted accounting principles (GAAP) reporting, the Board of Education would be a component unit of the City of Linwood.

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.

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 are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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. Nonmajor 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 nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

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. As a Type I School District all debt is borne by the municipality rather than the school district.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - CONTINUED

Fund Balances – Governmental Funds

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

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

Restricted – includes amounts restricted by external sources (creditors, laws 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.

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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - CONTINUED

4. Fiduciary Funds - Continued

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 nonmajor 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.

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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

1. Cash and Cash Equivalents - Continued

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, 2015, the District did not have inventory in the general fund or the enterprise fund.

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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

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.

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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

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	\$12,500
Health Services	11-000-213-xxx	(\$12,500)
Related Services	11-000-216-xxx	\$11,100
Extraordinary Services	11-000-217-xxx	(\$23,000)
Child Study Team Services	11-000-219-xxx	(\$48,180)
Administrative Technology Services	11-000-252-xxx	(\$16,000)
Plant Operations and Maintenance Services	11-000-26x-xxx	(\$22,250)
Employee Benefits	11-000-291-xxx	(\$134,289)
Regular Programs	11-1xx-xxx-xxx	\$65,950
Special Education Programs	11-2xx-xxx-xxx	(\$77,580)
Deposit to Capital and Maintenance Reserves	12-000-400-932	\$250,000

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.

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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

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 2014-2015 school year in the Preschool program pay a fee of \$2,500 and Expanded Day Kindergarten Program pay a fee of \$3,500 annually. Students eligible for free or reduced meals receive the programs at a reduced rate set annually by the Board. As of June 30, 2015, 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 90% certified cost per pupil fees from the most recent certification.

11. Tuition Payable

Tuition charges for the fiscal years 2014/15 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 2014-2015 school year and anticipate notification of an adjustment in the 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.

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.

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, “Fair Value Measurement and Application”. This statement is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District’s financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Within the Scope of the GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”. This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on District’s financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”. This statement is effective for fiscal periods beginning after June 30, 2016 establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the District’s financial reporting.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE– CONTINUED

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. This statement is effective for fiscal periods

beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. This statement is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the District’s financial reporting.

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, 2015, \$0 of the government’s bank balance of \$3,284,479 was exposed to custodial credit risk.

NOTE 3. INVESTMENTS

As of June 30, 2015, 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
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Transfers/Adj. Additions	Transfers/Adj. Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 660,182	\$ 3,343	\$	\$ 663,525
Construction in Progress	1,192,980	84,170	(1,192,980.00)	84,170
Total capital assets not being depreciated	<u>1,853,162</u>	<u>87,513</u>	<u>(1,192,980.00)</u>	<u>747,695</u>
Capital assets being depreciated:				
Site Improvements	-			-
Buildings and building improvements	23,838,268	952,136	1,192,980	25,983,384
Machinery & Equipment	2,007,140	97,141	(217,683)	1,886,598
Total capital assets being depreciated at historical cost	<u>25,845,408</u>	<u>1,049,277</u>	<u>975,297</u>	<u>27,869,982</u>
Less accumulated depreciation for:				
Site Improvements	-	-		-
Buildings and improvements	(10,057,123)	(645,396)		(10,702,519)
Equipment	(1,236,818)	(95,862)	44,455	(1,288,225)
Total Accumulated Depreciation	<u>(11,293,941)</u>	<u>(741,258)</u>	<u>44,455</u>	<u>(11,990,744)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>14,551,467</u>	<u>308,019</u>	<u>1,019,752</u>	<u>15,879,238</u>
Governmental activity capital assets, net	<u>\$ 16,404,629</u>	<u>\$ 395,532</u>	<u>\$ (173,228)</u>	<u>\$ 16,626,933</u>

Depreciation expense as charged to governmental functions as follows:

Regular Instruction	\$ 494,172
Direct Expense of Various Functions	<u>247,086</u>
	<u>\$ 741,258</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Issued</u>	<u>Retired/ Adjustment</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due in</u> <u>One Year</u>
Compensated Absences Payable	\$ 432,448	\$ 624,816	\$ 600,440	\$ 456,824	\$ -
	<u>\$ 432,448</u>	<u>\$ 624,816</u>	<u>\$ 600,440</u>	<u>\$ 456,824</u>	<u>\$ -</u>

A. Bonds Payable – The City of Linwood School District is a Type I School District. In the State of New Jersey, all Type I school debt is borne by the municipality rather than the school district.

B. Bonds Authorized But Not Issued - As of June 30, 2015, the District had no authorized but not issued bonds.

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 \$1,766. The following are minimum lease payments due for the lease on an annual basis.

Future minimum lease payments are as follows:

<u>June 30,</u>	
2016	\$ 16,902
2017	16,902
2018	13,140
2019	13,140
2020	13,140

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 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_archive.htm.

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 7. PENSION PLANS— CONTINUED

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, 2015, 2014, and 2013, were \$384,002, 288,654, and \$409,301, 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, 2015, 2014, and 2013, were \$158,827, \$141,650, and \$155,412, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2015, 2014, and 2013, the State of New Jersey contributed \$552,453, \$473,285, and \$508,702, respectively, to the TPAF for post-retirement medical benefits and life insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$478,657, \$446,995, and \$494,378, 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 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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 7. PENSION PLANS— CONTINUED

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 $\frac{1}{4}$ 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).

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 $\frac{1}{60}$ th from $\frac{1}{55}$ th, 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 $\frac{1}{7}$ th 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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2015, the District reported a liability of \$3,607,142 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the District's proportion was 0.0192661061%, which was an increase of 2.49% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$182,070. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience		
Changes of assumptions	\$ 113,428	
Net difference between projected and actual earnings on pension plan investments		214,966
Changes in proportion and differences between District contributions and proportionate share of contributions	75,531	
District contributions subsequent to the measurement date	158,827	
Total	\$ 347,786	214,966

\$158,827 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. 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,		
2016	\$	(35,382)
2017	\$	(35,382)
2018	\$	(35,382)
2019	\$	(35,382)
2020	\$	27,772
Thereafter	\$	12,220
Total	\$	(101,538)

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 8. PUBLIC EEMPLOYEES RETIREMENT SYSTEM– CONTINUED

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.01%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return: 7.90%	

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Borad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate. The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM— CONTINUED

on the Bond Buyer Go 20-Bond Municipal Bod 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 average of the last five years of contributions made in relation to the last five years of recommended 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 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.39%) or 1-percentage point higher (6.39%) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 4,537,907	2,416,987	2,825,536

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, 2015, 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		36,468,438
Total	\$	36,468,438

The net pension liability was measured as of June 30, 2014 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, 2014, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2013.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

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

For the year ended June 30, 2015, the District recognized pension expense of \$1,962,344 and revenue of \$1,962,344 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ -	14,888
Changes of assumptions	1,563,170	
Net difference between projected and actual earnings on pension plan investments		1,180,014
Changes in proportion and differences between District contributions and proportionate share of contributions		(729,666)
District contributions subsequent to the measurement date	<u>\$ 348,002</u>	
Total	<u>\$ 1,911,172</u>	<u>465,237</u>

\$348,002 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. 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,	
2016	\$ (264,046)
2017	(264,046)
2018	(264,046)
2019	(264,046)
2020	615,462
Thereafter	<u>1,538,654</u>
Total	<u>\$ 1,097,933</u>

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

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

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return.</u>
Cash	6.00%	0.50%
Core fixed Income	0.00%	2.19%
Core bonds	1.00%	1.38%
Short-term bonds	0.00%	1.00%
Intermediate-term bonds	11.20%	2.60%
Long-term bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High yield bonds	5.50%	4.15%
Non-US fixed income	0.00%	1.41%
Inflation-indexed bonds	2.50%	1.30%
Broad US equities	25.90%	5.88%
Large cap US equities	0.00%	5.62%
Mid cap US equities	0.00%	6.39%
Small cap US equities	0.00%	7.39%
Developed foreign equities	12.70%	6.05%
Emerging market equities	6.50%	8.90%
Private equity	8.25%	9.15%
Hedge funds/absolute return	12.25%	3.85%
Real estate (property)	3.20%	4.43%
Real estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long credit bonds	0.00%	3.74%

Discount rate. The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, 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 average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.68% 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 (3.68%) or 1-percentage point higher (5.68%) than the current rate:

	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
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. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.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 the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014 there were 103,432 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical 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 P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014. The State also makes on-behalf payment for Teachers Pension and Annuity program retirees for health benefits. The on-behalf amount paid by the State of New Jersey in fiscal year 2015 was \$478,657.

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 general long-term debt account group. 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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

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.
Met Life
Siracusa
Equitable
Vanguard – Existing Plans only

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 maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2015 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 School Alliance Insurance Fund. 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, 2015, the amounts of any claims or settlements did not exceed insurance coverage. Excess worker's compensation insurance is carried through School Alliance Insurance Fund.

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 not adopted an encumbrance policy for the fiscal year June 30, 2015 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
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015:

Fund	Inter-fund Receivable	Inter-fund Payable
General	\$ 121,762	
Special Revenue		39,947
Capital Projects		76,761
Other Funds		5,054
	\$ 121,762	\$ 121,762

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, 2015, 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	\$ 48,462	48,462
Federal Aid	53,482	53,482
Interfunds	121,762	
Other	89,890	89,890
Gross Receivables	313,596	191,834
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 313,596	\$ 191,834

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, 2015.

Restricted Fund Balance

Excess Surplus – At June 30, 2015, excess surplus created in FY14 of \$403,157 will be utilized for expenditures in the 2015-16 budget, while excess surplus created in FY15 of \$421,746 is restricted and will be utilized for budget expenditures in 2016-17.

Committed Fund Balance

Capital Reserve Account – Of the \$896,037 balance in the capital reserve account at June 30, 2015, \$295,000 has been designated for utilization in the 2015-16 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan (LRFP).

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 19. FUND BALANCE APPROPRIATED– CONTINUED

Maintenance Reserve Account – Of the \$262,124 balance in the maintenance reserve account at June 30, 2015, \$20,000 has been designated for utilization in the 2015-16 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, 2015, the Board of School Estimates has assigned \$150,000 of general fund balance to expenditures in the 2015-16 budget. \$370,809 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, 2015, the District has \$173,632 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, 2015 is \$421,746.

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.

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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 22. CAPITAL RESERVE ACCOUNT- CONTINUED

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$ 1,028,146
Interest earnings	2,276
Deposits June 30, 2015	100,00
Deposit Refund from Capital Projects	
Withdrawals:	
Budget 2014-15 (Expended)	<u>234,385</u>
Ending balance, June 30, 2015	<u><u>\$896,037</u></u>

The June 30, 2015 LRFPP balance of local support costs of uncompleted capital projects at June 30, 2015 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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$ 147,020
Interest earnings	294
Withdrawals:	
Per Approved Budget (Expended):	35,189
Deposit Board resolution June 30, 2015	150,000
Ending balance, June 30, 2015	<u><u>\$262,125</u></u>

NOTE 24. RESTATEMENT OF PRIOR YEAR BALANCES

Net position has been restated as required by the implementation of GASB 68, as discussed in notes 8 and 9 above.

Beginning net position as previously reported at June 30, 2014	\$ 18,710,003
Prior period adjustment - Implementation GASB 68	
Net pension liability (measurement date)	\$ (3,592,720)
Deferred outflows - District's contributions made during fiscal year 2014	<u>\$ 141,641</u>
Total prior period adjustment	<u>\$ (3,451,079)</u>
Net position as restated, July 1, 2014	<u><u>\$ 15,258,924</u></u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 25. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2015 and November 30, 2015, 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.

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**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

Budgetary Comparison Schedules

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,376,075	\$ -	\$ 11,376,075	\$ 11,376,075	\$ -
Miscellaneous	155,500		155,500	291,509	136,009
Total - Local Sources	11,531,575	-	11,531,575	11,667,584	136,009
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		773,175	773,175	-
Other State Aid			-		-
- Per Pupil Growth	8,005		8,005	8,005	-
- PARCC Readiness	8,005		8,005	8,005	-
-Non-Public Transportation			-	856	856
-Extraordinary			-	49,115	49,115
On-Behalf TPAF Pension Contributions (non-budgeted)			-	900,455	900,455
Reimbursed TPAF Social Security Contributions (non-budgeted)			-	478,657	478,657
Total - State Sources	1,571,925	-	1,571,925	3,001,008	1,429,083
Total Revenues	\$ 13,103,500	\$ -	\$ 13,103,500	\$ 14,668,592	\$ 1,565,092
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 36,020	\$ (4,900)	\$ 31,120	\$ 31,111	\$ 9
Kindergarten	172,222	8,000	180,222	176,528	3,694
Grades 1-5	2,139,874	96,250	2,236,124	2,224,359	11,765
Grades 6-8	1,808,722	(6,400)	1,802,322	1,781,765	20,557

**City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Regular Programs - Home Instruction:					
Salaries of Teachers	8,000	(2,000)	6,000	\$ 480	\$ 5,520
Regular Programs - Undistributed Instruction:					
Other Purchased Services	73,784	(10,000)	63,784	33,902	29,882
General Supplies	294,580		294,580	256,697	37,883
Textbooks	22,300	(15,000)	7,300	6,364	936
Other Objects	1,000		1,000	575	425
Total Regular Programs	4,556,502	65,950	4,622,452	4,511,781	110,671
Visually Impaired					
Purchased Professional - Educational Services	1,750	50	1,800	1,800	-
Total Visually Impaired	1,750	50	1,800	1,800	-
Multiple Disabilities					
Salaries of Teachers	152,749	(14,000)	138,749	137,458	1,291
Other Salaries for Instruction	2,757		2,757	2,517	240
General Supplies	4,666		4,666	2,984	1,682
Textbooks	1,000		1,000	818	182
Total Multiple Disabilities	161,172	(14,000)	147,172	143,777	3,395
Resource Room/Resource Center:					
Salaries of Teachers	773,121	(88,000)	685,121	680,166	4,955
Other Salaries for Instruction	153,265	(3,300)	149,965	149,806	159
General Supplies	9,100	(4,000)	5,100	4,514	586
Textbooks	2,500		2,500	707	1,793
Total Resource Room/Resource Center	937,986	(95,300)	842,686	835,193	7,493

**City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Preschool Disabilities - Part Time:					
Salaries of Teachers	\$ 71,036	\$ (32,490)	\$ 38,546	\$ 36,659	\$ 1,887
Other Salaries for Instruction	20,345	17,100	37,445	32,175	5,270
General Supplies	2,000		2,000	1,956	44
Total Preschool Disabilities - Part Time	93,381	(15,390)	77,991	70,790	7,201
Preschool Disabilities - Full Time					
Salaries of Teachers	18,010	12,200	30,210	30,139	71
Other Salaries for Instruction	5,795	8,200	13,995	13,953	42
Supplies	3,000		3,000	2,075	925
Total Preschool Disabilities - Full Time	26,805	20,400	47,205	46,167	1,038
Special Education - Home Instruction					
Salaries of Teachers	4,000	(1,500)	2,500	1,400	1,100
Total Special Education - Home Instruction	4,000	(1,500)	2,500	1,400	1,100
Total Special Education - Instruction	1,225,094	(105,740)	1,119,354	1,099,127	20,227
Basic Skills/Remedial- Instruction					
Salaries of Teachers	267,281	2,900	270,181	265,576	4,605
Other Salaries for Instruction	54,626	27,000	81,626	78,743	2,883
General Supplies	600		600	165	435
Total Basic Skills/Remedial - Instruction	322,507	29,900	352,407	344,484	7,923
Bilingual Education - Instruction:					
Salaries of Teachers	4,491	160	4,651	4,644	7
Supplies	400		400	48	352
Total Bilingual Education - Instruction	4,891	160	5,051	4,692	359

**City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
School Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 27,369	\$ 714	\$ 28,083	\$ 28,083	\$ -
Purchased Services	400		400	200	200
Supplies	1,300		1,300	1,278	22
Total School Sponsored Cocurricular Activities - Instruction	29,069	714	29,783	29,561	222
School Sponsored Athletics - Instruction					
Salaries	65,043		65,043	64,440	603
Purchased Services	6,000	1,300	7,300	6,480	820
Supplies and Materials	4,000		4,000	3,909	91
Total School Sponsored Athletics - Instruction Before/After School Programs/Instruction	75,043	1,300	76,343	74,829	1,514
Salaries	4,500		4,500	4,300	200
Supplies	500		500	437	63
Total Before/After School Programs	5,000	-	5,000	4,737	263
Summer School Instruction					
Salaries	10,470		10,470	8,070	2,400
Total Summer School Programs	10,470	-	10,470	8,070	2,400
Total Instruction	6,228,576	(7,716)	6,220,860	6,077,281	143,579
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools	82,140	12,500	94,640	94,598	42
Tuition - Other			-		-
Total Undistributed Expenditures - Instruction	82,140	12,500	94,640	94,598	42

**City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 29,991	\$ 1,010	\$ 31,001	\$ 30,995	\$ 6
Other Purchased Services	250		250	132	118
Total Undistributed Expenditures - Attendance and Social Work	30,241	1,010	31,251	31,127	124
Undistributed Expenditures - Health Services:					
Salaries	150,130	(11,000)	139,130	136,513	2,617
Other Purchased Services	9,050	(1,500)	7,550	5,913	1,637
Supplies and Materials	6,125		6,125	4,081	2,044
Other Objects	144		144	144	-
Total Undistributed Expenditures - Health Services	165,449	(12,500)	152,949	146,651	6,298
Undistributed Expenditures - Speech, OT, PT & Related Services					
Salaries	301,001	(13,850)	287,151	287,120	31
Purchased Professional Educational Services	8,500	24,950	33,450	30,675	2,775
Supplies and Materials	4,500		4,500	3,619	881
Total Undistributed Expenditures - Other Support Services - Students - Related Services	314,001	11,100	325,101	321,414	3,687
Undistributed Expenditures - Other Support Services - Students - Extra Services					
Salaries	224,137	(23,000)	201,137	195,561	5,576
Purchased Professional Educational Services	1,000		1,000	1,000	-
Supplies and Materials	2,000		2,000	525	1,475
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	227,137	(23,000)	204,137	196,086	8,051

**City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Other Support Services - Guidance	\$ 122,704	\$ 2,300	\$ 125,004	\$ 125,001	\$ 3
Salaries of Other Professional Staff	26,175	800	26,975	20,783	6,192
Other Salaries	850		850	537	313
Other Purchased Prof & Technical Services	550	500	1,050	968	82
Other Purchased Services	7,000	(3,688)	3,312	1,324	1,988
Supplies and Materials	70	188	258	258	-
Other Objects					
Total Undistributed Expenditures - Other Support Services - Guidance	157,349	100	157,449	148,871	8,578
Undistributed Expenditures - Other Support Services - Child Study Team	300,144	(47,000)	253,144	249,974	3,170
Salaries of Other Professional Staff	37,724	820	38,544	38,543	1
Salaries of Secretarial and Clerical Assistants	3,000	500	3,500	3,364	136
Other Salaries	6,000		6,000	3,084	2,916
Purchased Professional - Educational Services	12,000	(2,500)	9,500	8,960	540
Purchased Professional - Technical Services	3,581		3,581	3,025	556
Misc. Purchased Services	6,000		6,000	3,878	2,122
Supplies and Materials	1,000		1,000	956	44
Other Objects					
Total Undistributed Expenditures - Other Support Services - Child Study Team	369,449	(48,180)	321,269	311,784	9,485
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	125,509		125,509	125,509	-
Salaries of Other Professional Staff	23,000	13,500	36,500	33,304	3,196
Salaries of Secretarial & Clerical	25,121		25,121	24,885	236
Purchased Professional - Educational Services	5,000	(5,000)	-		-
Other Purchased Services	16,550	(9,000)	7,550	3,734	3,816
Supplies and Materials	1,750		1,750	871	879
Other Objects	2,650		2,650	2,403	247
Total Undistributed Expenditures - Improv. of Instr. Services	199,580	(500)	199,080	190,706	8,374
Undistributed Expenditures - Educational Media Services - School Library Salaries - Media Specialist	\$ 72,691	\$ (6,950)	\$ 65,741	\$ 63,233	\$ 2,508

**City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Salaries - Technology Coordinators	60,024	1,600	61,624	61,611	13
Other Purchased Services	7,724		7,724	5,708	2,016
Supplies and Materials	10,883	(2,500)	8,383	6,487	1,896
Other Objects	456		456	312	144
Total Undistributed Expenditures - Educational Media Services - School Library	151,778	(7,850)	143,928	137,351	6,577
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	3,399		3,399	3,319	80
Other Purchased Professional and Technical Services	4,000		4,000	3,908	92
Other Purchased Services	500		500	500	0
Supplies and Materials					
Total Undistributed Expenditures - Instructional Staff Training	7,899	-	7,899	7,227	672
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	197,088	1,231	198,319	198,318	1
Legal Services	65,000	(25,641)	39,359	38,449	910
Audit Fees	18,000		18,000	17,900	100
Other Purchased Professional Services	4,000		4,000	2,052	1,948
Purchased Technical Services	5,500	6,000	11,500	8,590	2,910
Communications/Telephone	40,000	17,500	57,500	52,827	4,673
Other Purchased Services	47,958	500	48,458	44,560	3,898
Other Purchased Service - Board Expense	500		500		500
General Supplies	4,200		4,200	3,270	930
Board Training and Meeting Supplies	500		500	125	375
Board Memberships	8,000		8,000	6,703	1,297
Miscellaneous Expenditures	3,000		3,000	1,600	1,400
Total Undistributed Expenditures - Support Services - Gen. Admin.	393,746	(410)	393,336	374,394	18,942

City of Linwood School District
 (A Component Unit of the City of Linwood)
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Support Serv. - School Admin.:	\$ 256,099	\$ -	\$ 256,099	\$ 256,099	\$ -
Salaries of Principals/Assistant Principals	138,737	4,850	143,587	143,542	45
Salaries of Secretarial and Clerical Assistants	500		500	438	62
Other Salaries	34,631	(1,000)	33,631	27,973	5,658
Other Purchased Services	21,500	(7,000)	14,500	11,006	3,494
Supplies and Materials	2,900		2,900	2,104	796
Other Objects					
Total Undistributed Expenditures - Support Serv. - School Admin.	454,367	(3,150)	451,217	441,162	10,055
Undistributed Expenditures - Business Administration					
Salary	183,663		183,663	181,185	2,478
Miscellaneous Purchased Services	23,000	(500)	22,500	17,920	4,580
Supplies and Materials	5,000	500	5,500	4,580	920
Miscellaneous Expense	2,500		2,500	2,081	419
Total Undistributed Expenditures - Support Serv. - Business Admin.	214,163	-	214,163	205,766	8,397
Undistributed Expenditures - Technical Services					
Salary	113,366	(6,000)	107,366	99,582	7,784
Other Purchased Services	77,218	(25,000)	52,218	42,143	10,075
Supplies and Materials	18,270	15,000	33,270	30,550	2,720
Other Objects	1,000		1,000	494	506
Total Undistributed Expenditures - Support Serv. - Technical Services	209,854	(16,000)	193,854	172,769	21,085
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	204,969	(13,000)	191,969	171,065	20,904
Cleaning Repairs and Maintenance Services	262,217	(18,500)	243,717	211,785	31,932
General Supplies	26,500	(3,000)	23,500	11,468	12,032
Other Objects	600		600	565	35
Total Undistributed Expenditures - Required Maintenance for School Facilities	494,286	(34,500)	459,786	394,883	64,903

**City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	\$ 283,516	\$ 8,300	\$ 291,816	\$ 291,630	\$ 186
Salaries of Non-Instructional	38,394	1,750	40,144	39,611	533
Cleaning, Repair and Maintenance Services	40,900	(18,300)	22,600	15,018	7,582
Other Purchased Property Services	34,000	700	34,700	34,326	374
Insurance	51,750		51,750	50,370	1,380
Miscellaneous Purchased Services	51,300	(2,200)	49,100	49,007	93
General Supplies	91,000	(10,500)	80,500	71,952	8,548
Energy (Heat)	95,000	11,000	106,000	104,321	1,679
Energy (Electricity)	310,000	20,500	330,500	330,361	139
Energy (Gas)	5,000	(3,000)	2,000	1,464	536
Other Objects	1,705		1,705	620	1,085
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	1,002,565	8,250	1,010,815	988,680	22,135
Undistributed Expenditures - Grounds					
Salaries	2,472		2,472	1,734	738
Cleaning, Repairs & Maintenance Services	15,500		15,500	8,775	6,725
General Supplies	6,000	4,000	10,000	7,622	2,378
Total Undistributed Expenditures - Grounds	23,972	4,000	27,972	18,131	9,841
Undistributed Expenditures - Security					
Salaries	32,739		32,739	29,575	3,164
Purchased Services	5,000		5,000	2,460	2,540
General Supplies	5,300		5,300	3,415	1,885
Total Undistributed Expenditures - Security	43,039	-	43,039	35,450	7,589

**City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other Than Between Home and School) - Vendors	\$ 10,000		\$ 10,000	\$ 8,580	\$ 1,420
Contracted Services - (Between Home and School) - Joint Agmmts	23,000	1,560	24,560	24,475	85
Contracted Services (Special Ed Students) - Joint Agreements	58,800	2,075	60,875	56,809	4,066
Contracted Services - Aid in Lieu of Payments	8,000	(2,500)	5,500	4,420	1,080
Total Undistributed Expenditures - Student Transportation Serv.	99,800	1,135	100,935	94,284	6,651
Unallocated Benefits:					
Social Security Contributions	176,000		176,000	152,822	23,178
Other Retirement - Regular	163,000	(4,000)	159,000	158,827	173
Defined Contribution Retirement Program	20,000	1,500	21,500	12,338	9,162
Unemployment Compensation	40,000		40,000	32,301	7,699
Workmen's Compensation	120,000	(6,500)	113,500	113,369	131
Health Benefits	2,278,000	(80,000)	2,198,000	2,149,254	48,746
Tuition Reimbursements	60,000	(27,075)	32,925	21,849	11,076
Other Employee Benefits	45,701	(18,214)	27,487	13,882	13,605
Total Unallocated Benefits	2,902,701	(134,289)	2,768,412	2,654,642	113,770
On-behalf TPAF Pension Contributions (non-budgeted)				900,455	(900,455)
Reimbursed TPAF Social Security Contributions (non-budgeted)				478,657	(478,657)
Total On-behalf Contributions	-	-	-	1,379,112	(1,379,112)
Total Undistributed Expenditures	7,543,516	(242,284)	7,301,232	8,345,088	(1,043,856)
Total Current Expense	13,772,092	(250,000)	13,522,092	14,422,369	(900,277)

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Capital Outlay:					
Equipment:					
Undistributed Expenditures:			\$ -		\$ -
Support Services	133,278		133,278	90,889	42,389
Administrative Technology	25,000		25,000	6,252	18,748
Maintenance					
Instructional Equipment					
Grades 1-5					
Total Equipment	158,278	-	158,278	97,141	61,137
Facilities Acquisition and Construction Services					
Architectural and Engineering Services	8,075	22,600	30,675	19,275	11,400
Construction Services	445,000	(22,600)	422,400	169,931	252,469
Debt Service Assessment	18,847		18,847	18,847	-
Increase in Capital Reserve	5,000	100,000	105,000		105,000
Increase in Maintenance Reserve	1,000	150,000	151,000		151,000
Total Facilities Acquisition and Construction Services	477,922	250,000	727,922	208,053	519,869
Total Capital Outlay	636,200	250,000	886,200	305,194	581,006
Transfers to Charter Schools			-		-
Total Expenditures	14,408,292	-	14,408,292	14,727,563	(319,271)

City of Linwood School District
 (A Component Unit of the City of Linwood)
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,304,792)	-	\$ (1,304,792)	\$ (58,971)	\$ 1,245,821
Other Sources and (Uses) of Funds			-		-
Fund Balances, July 1	2,879,784		2,879,784	2,879,784	
Fund Balances, June 30	\$ 1,574,992	-	\$ 1,574,992	\$ 2,820,813	\$ 1,245,821
Recapitulation of Fund Balance					
Reserve for Encumbrances				\$ 370,809	
Excess Surplus - Undesignated				421,746	
Capital Reserve				896,037	
Maintenance Reserve				262,124	
Excess Surplus Designated for Subsequent Year's Expenditures				403,157	
Unreserved Surplus Designated for Subsequent Year's Expenditures				150,000	
Unrestricted Fund Balance				316,940	
				2,820,813	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized				(143,308)	
Fund Balance per Governmental Funds				\$ 2,677,505	

City of Linwood School District
 (A Component Unit of the City of Linwood)
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ -	93,269	\$ 93,269	\$ 80,007	\$ (13,262)
Total - Local Sources	-	93,269	93,269	80,007	(13,262)
State Sources:					
Non Public Aids	1,000	1,237	2,237	1,067	(1,170)
Total - State Sources	1,000	1,237	2,237	1,067	(1,170)
Federal Sources:					
Title I	12,000	14,318	26,318	26,318	-
Title II A	17,000	(1,505)	15,495	15,495	-
I.D.E.A., Part B	180,000	4,465	184,465	174,318	(10,147)
I.D.E.A., Preschool	8,000	1,233	9,233	9,233	-
Total - Federal Sources	217,000	18,511	235,511	225,364	(10,147)
Total Revenues	218,000	113,017	331,017	306,438	(24,579)
EXPENDITURES:					
Instruction					
Salaries of Teachers	153,011	(14,235)	138,776	130,069	8,707
Tuition	36,360	(360)	36,000	36,000	-
Other Purchased Services (400-500 series)	-	-	-	-	-
General Supplies	81,099	81,099	81,099	69,408	11,691
Textbooks	715	715	715	588	127
Total instruction	189,371	67,219	256,590	236,065	20,525

City of Linwood School District
 (A Component Unit of the City of Linwood)
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Support Services					
Salaries of Other Professional Staff	\$ 15,792	\$ 8,704	\$ 24,496	\$ 22,919	\$ 1,577
Personal Services - Employee Benefits	12,837	(932)	11,905	11,118	787
Purchased Professional - Educational Services		20,000	20,000	20,000	-
Other Purchased Services		9,605	9,605	9,391	214
Supplies & Materials		8,421	8,421	6,945	1,476
Total support services	<u>28,629</u>	<u>45,798</u>	<u>74,427</u>	<u>70,373</u>	<u>4,054</u>
Contribution to Charter Schools			-	-	
Facilities acquisition and construction services:					
Equipment			-	-	
Total facilities acquisition and construction services					
Total expenditures	218,000	113,017	331,017	306,438	24,579
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE
REQUIRED SUPPLEMENTARY INFORMATION**

**City of Linwood School District
(A Component Unit of the City of Linwood)
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

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

		General Fund	Special Revenue
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1; C-2	\$ 14,668,592	\$ 306,438
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			5,165
Current Year			(3,361)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		141,962	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(143,308)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	\$ 14,667,246	\$ 308,242
 Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	14,727,563	306,438
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			5,165
Current Year			(3,361)
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	\$ 14,727,563	\$ 308,242

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REQUIRED SUPPLEMENTARY INFORMATION
PART III

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

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0192661061%	0.0187982534%
District's proportionate of the net pension liability (asset)	\$ 3,607,142	\$ 3,592,720
District's covered payroll	\$ 1,331,545	\$ 1,329,423
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	270.90%	270.25%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

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

City of Linwood School District
(A Component of the City of Linwood)
Schedule of District Contributions
Public Employee Retirement System
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 158,827	\$ 141,641
Contributions in relation to the contractually required contribution	<u>158,827</u>	<u>141,641</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,331,545	\$ 1,329,423
Contributions as a percentage of covered-employee payroll	11.93%	10.65%

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

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

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	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>36,468,438</u>	<u>33,698,008</u>
Total	<u>\$ 36,468,438</u>	<u>\$ 33,698,008</u>
District's covered payroll	\$ 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%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

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

City of Linwood School District
(A Component of the City of Linwood)
Schedule of District Contributions
Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 384,002	\$ 289,847
Contributions in relation to the contractually required contribution	<u>384,002</u>	<u>289,847</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,435,835	\$ 6,435,914
Contributions as a percentage of covered-employee payroll	5.97%	4.50%

Source: GASB 68 report on Teachers' Pension and Annuity Fund; District records

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
(A Component Unit of the City of Linwood)
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	Linwood Education Foundation	Parent and Teacher Association	Community And Other Local Grants	Non Public Nursing	Non Public Textbook	Non Public Technology	Subtotal State Grants	Subtotal Local Grants	Total
REVENUES:									
State Sources	\$	\$	\$	215	588	264	1,067	\$	1,067
Federal Sources									225,364
Local Sources	67,667	10,579	1,761					80,007	80,007
Total revenues	67,667	10,579	1,761	215	588	264	1,067	80,007	306,438
EXPENDITURES									
Instruction:									
Salaries of teachers	5,790	1,850		200			200	7,640	130,069
Tuition									36,000
Other purchased services									
General supplies	60,877	3,263	1,761					65,901	69,408
Textbooks					588		588		588
Total instruction	66,667	5,113	1,761	200	588		788	73,541	236,065
Support services:									
Salaries of Other Professional Staff									
Personal services- employee benefits				15			15		22,919
Purchased professional educational service									11,118
Other Purchased Services						264			20,000
Supplies and materials	1,000	5,466					264	6,466	9,391
Total support services	1,000	5,466		15		264	279	6,466	6,945
Facilities acquisition and const. serv.:									
Equipment									
Faculties									
Total facilities acquisition and construction services									
Total expenditures	67,667	10,579	1,761	215	588	264	1,067	80,007	306,438
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$

City of Linwood School District
(A Component Unit of the City of Linwood)
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	No Child Left Behind										Subtotal Federal Projects	
	Title I	Title II A	Summer Title I	Summer Title II A	Summer IDEA Basic	Summer IDEA Preschool	IDEA Basic	IDEA Preschool				
REVENUES:												
State Sources	\$ 26,318	\$ 15,495	\$ -	\$ -	\$ -	\$ -	\$ 174,318	\$ 9,233	\$ -	\$ -	\$ -	
Federal Sources												225,364
Local Sources												-
Total revenues	<u>26,318</u>	<u>15,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,318</u>	<u>9,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,364</u>
EXPENDITURES												
Instruction:												
Salaries of teachers	21,190				92,639		36,000	8,400				122,229
Tuition					36,000							36,000
Other purchased services	3,507											3,507
General supplies												-
Textbooks												-
Total instruction	<u>24,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,639</u>	<u>-</u>	<u>128,639</u>	<u>8,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,736</u>
Support services:												
Salaries of Other Professional Staff		14,195			8,724							22,919
Personal services- employee benefits	1,621	1,085			7,755			642				11,103
Purchased professional educational service					20,000							20,000
Other purchased services		215			9,200			191				9,391
Supplies and materials												215
Total support services	<u>1,621</u>	<u>15,495</u>	<u>-</u>	<u>-</u>	<u>45,679</u>	<u>-</u>	<u>45,679</u>	<u>833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,628</u>
Facilities acquisition and const. serv.:												
Equipment												-
Facilities												-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>26,318</u>	<u>15,495</u>	<u>-</u>	<u>-</u>	<u>174,318</u>	<u>-</u>	<u>174,318</u>	<u>9,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,364</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECT FUND DETAIL STATEMENTS

Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

City of Linwood School District
 (A Component Unit of the City of Linwood)
 Capital Projects Fund
 Summary Statement of Project Expenditures
 For the Fiscal Year Ended June 30, 2015

Project Title/Issue	Original Date	Appropriations	Transfers	Expenditures to Date		Unexpended Balance June 30, 2015
				Prior Years	Current Year	
Belhaven Middle School Projects	2013	\$ 2,265,000		\$ 1,284,094	\$ 145,092	\$ 835,814
Seaview Elementary School Projects	2013	1,347,000		63,704	691,039	592,257
Poplar School Projects	2013	638,000		7,264	(4,535)	635,271
		\$ 4,250,000	\$ -	\$ 1,355,062	\$ 831,596	\$ 2,063,342

City of Linwood School District
(A Component Unit of the City of Linwood)
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2015

Revenues and Other Financing Sources:

State Sources-EDA Grant	-
Proceeds from the City Bonds and transfers	\$ 831,596
Transfer from capital reserve	-
Transfer from capital outlay	-
	-
Total revenues	831,596

Expenditures and Other Financing Uses:

Purchased professional & technical services	15,828
Land and Improvements	3,343
Construction services	812,425
Equipment purchases	-
	-
Total expenditures	831,596
Excess (deficiency) of revenues over (under) expenditures	-
Fund balance - beginning	-
Fund balance - ending	\$ -

Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
Various Capital Improvements to District Facilities
For the Fiscal Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources-EDA Grant				
Proceeds from the City and transfers	\$ 1,355,062.00	\$ 831,596	\$ 2,186,658	\$ 4,250,000
Transfer from capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,355,062.00	831,596	2,186,658	4,250,000
Expenditures and Other Financing Uses:				
Purchased professional & technical services	178,855	15,828	194,683	390,100
Land and Improvements	221,410	3,343	224,753	282,200
Construction services	954,797	812,425	1,767,222	3,577,700
Equipment purchases				
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 1,355,062.00	\$ 831,596	\$ 2,186,658	\$ 4,250,000
Excess (deficiency) of revenues over				
(under) expenditures	\$ -	\$ -	\$ -	\$ -
Additional project information:				
Project number	2680-020-			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$4,250,000			
Additional Authorized Cost	0			
Revised Authorized Cost	\$4,250,000			
Percentage Increase over Original				
Authorized Cost	0%			
Percentage Completion	51%			
Original target completion date	6/30/2016			
Revised target completion date	6/30/2016			

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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
(A Component Unit of the City of Linwood)
Fiduciary Fund
Combining Statement of Fiduciary Net Position
For the Year Ended June 30, 2015**

	Student Activity	Agency		Total
		Payroll		
ASSETS:				
Cash and cash equivalents	\$ 59,137	\$ 12,412	\$	71,549
Accounts receivable	1,480	-		1,480
Other Receivables		1,780		1,780
Total Assets	<u>\$ 60,617</u>	<u>\$ 14,192</u>	<u>\$</u>	<u>74,809</u>
LIABILITIES:				
Liabilities:				
Payroll deductions and withholdings		13,862	\$	13,862
Interfund payable - general fund		330		330
Due to student groups	60,617			60,617
Accounts Payable				-
Total Liabilities	<u>\$ 60,617</u>	<u>\$ 14,192</u>	<u>\$</u>	<u>74,809</u>

**City of Linwood School District
(A Component Unit of the City of Linwood)
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Cash and cash equivalents	\$ 43,124	\$ 194,299	\$ 178,286	\$ 59,137
Accounts Receivable	1,480			1,480
Total assets	<u>\$ 44,604</u>	<u>\$ 194,299</u>	<u>\$ 178,286</u>	<u>\$ 60,617</u>
LIABILITIES:				
Due to Student groups	\$ 43,549	\$ 194,299	\$ 177,231	\$ 60,617
Accounts Payable	1,055		1,055	-
Total liabilities	<u>\$ 44,604</u>	<u>\$ 194,300</u>	<u>\$ 178,286</u>	<u>\$ 60,617</u>

**City of Linwood School District
 (A Component Unit of the City of Linwood)
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015**

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Accounts Receivable/(Payable) June 30, 2015	Balance June 30, 2015
Elementary School	\$ 8,342	\$ 38,909	\$ 32,040	\$ -	\$ 15,211
Middle School	29,273	22,319	17,239	-	34,353
Middle School - Band	5,892	100,064	96,203		9,753
Middle School - Renaissance	42	14,854	16,265		(1,368)
Middle School - Athletics	0	18,153	15,484		2,669
Total all schools	\$ 43,549	\$ 194,299	\$ 177,231	\$ -	\$ 60,617

Exhibit H-4

City of Linwood School District
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Cash and cash equivalents	\$ 26	\$ 10,002,382	\$ 9,989,996	\$ 12,412
Other Receivables	-	1,780		1,780
Accounts receivable	-			-
Total assets	<u>\$ 26</u>	<u>\$ 10,004,162</u>	<u>\$ 9,989,996</u>	<u>\$ 14,192</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 26	\$ 10,003,832	\$ 9,989,996	\$ 13,862
Interfund Accounts Payable	0	330		330
Total liabilities	<u>\$ 26</u>	<u>\$ 10,004,162</u>	<u>\$ 9,989,996</u>	<u>\$ 14,192</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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ 18,248,565	\$ 17,995,032	\$ 17,672,349	\$ 17,165,012	\$ 17,038,553	\$ 16,735,301	\$ 16,269,790	\$ 15,896,090	\$ 16,404,629	\$ 16,626,933
Restricted	1,945,454	2,026,352	2,006,192	2,205,568	1,425,420	2,095,182	2,620,255	2,508,318	2,470,817	2,503,873
Unrestricted	(549,511)	(152,264)	(162,917)	(235,109)	(135,094)	(68,925)	(89,862)	(135,743)	(165,443)	(3,757,514)
Total governmental activities net position	\$ 19,644,508	\$ 19,869,120	\$ 19,515,624	\$ 19,135,471	\$ 18,328,879	\$ 18,761,558	\$ 18,800,183	\$ 18,268,665	\$ 18,710,003	\$ 15,373,292
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 17,063	\$ 10,428	\$ 12,998	\$ 8,247	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426
Restricted	-	-	17,063	10,428	12,998	8,247	3,504	15,640	23,345	21,426
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total business-type activities net position	\$ -	\$ -	\$ 17,063	\$ 10,428	\$ 12,998	\$ 8,247	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426
District-wide										
Invested in capital assets, net of related debt	\$ 18,248,565	\$ 17,995,032	\$ 17,672,349	\$ 17,165,012	\$ 17,038,553	\$ 16,735,301	\$ 16,269,790	\$ 15,896,090	\$ 16,404,629	\$ 16,626,933
Restricted	1,945,454	2,026,352	2,006,192	2,205,568	1,425,420	2,095,182	2,620,255	2,508,318	2,470,817	2,503,873
Unrestricted	(549,511)	(152,264)	(145,854)	(224,681)	(122,096)	(60,678)	(89,862)	(120,103)	(142,098)	(3,736,088)
Total district net position	\$ 19,644,508	\$ 19,869,120	\$ 19,532,687	\$ 19,145,899	\$ 18,341,877	\$ 18,769,805	\$ 18,800,183	\$ 18,284,305	\$ 18,733,348	\$ 15,394,718

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,474,161	\$ 5,199,113	\$ 5,833,394	\$ 5,875,586	\$ 5,442,124	\$ 5,520,145	\$ 5,899,699	\$ 6,225,783	\$ 6,556,097	\$ 7,829,568
Special education	1,557,968	1,662,142	1,826,694	1,886,210	1,998,542	2,079,317	1,947,629	1,910,498	2,006,509	2,054,226
Other special education	289,876	310,645	325,825	367,224	456,919	462,302	467,334	537,332	606,976	690,759
Vocational										
Other instruction	125,970	78,022	97,537	92,712	110,236	106,716	108,608	131,952	176,888	206,036
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	119,523	184,789	178,606	41,919	76,634	51,602	54,485	50,062	122,377	130,598
Student & instruction related services	1,788,161	1,906,783	1,987,306	1,902,933	2,123,052	2,046,076	2,208,777	2,400,283	2,293,476	2,251,394
General administrative services	475,631	386,538	460,862	493,990	481,801	627,900	537,265	681,491	622,165	641,990
School administrative services	464,082	479,112	488,557	511,239	572,223	572,136	542,144	633,132	428,886	544,828
Business administrative and technology services	331,951	470,911	470,911	576,479	568,960	504,207	590,664	588,051	520,678	550,854
Plant operations and maintenance	1,631,397	1,744,000	1,840,508	1,839,031	1,900,082	1,731,066	1,844,198	1,831,614	1,857,886	2,096,898
Pupil transportation	191,847	184,338	197,798	137,510	164,673	132,531	124,999	132,802	132,096	136,680
Special Schools										
Charter Schools	21,495	17,908	-	-	-	-	-	-	-	-
Interest on long-term debt										
Unallocated depreciation										
Total governmental activities expenses	<u>12,472,062</u>	<u>12,624,301</u>	<u>13,790,030</u>	<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>
Business-type activities:										
Child Care			41,224	49,463	48,658	51,897	48,093	55,568	72,969	74,414
Total business-type activities expense			<u>41,224</u>	<u>49,463</u>	<u>48,658</u>	<u>51,897</u>	<u>48,093</u>	<u>55,568</u>	<u>72,969</u>	<u>74,414</u>
Total district expenses	<u>\$ 12,472,062</u>	<u>\$ 12,624,301</u>	<u>\$ 13,831,254</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ 30,896	\$ 22,500	\$ 34,392	\$ 28,000	10,452	88,885	144,055
Pupil transportation	-	-	-	-	116,798	122,762	96,555	138,605	82,837	32,273
General Administrative Services	-	-	-	-	-	72,032	62,799	71,117	-	-
Plant operations and maintenance	1,220,624	1,597,435	1,603,331	1,148,190	1,289,999	1,306,089	1,360,720	1,664,215	1,555,990	3,301,697
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>1,220,624</u>	<u>1,597,435</u>	<u>1,603,331</u>	<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>
Business-type activities:										
Charges for services			47,900	42,541	51,021	47,008	43,301	67,639	80,632	72,442
Operating grants and contributions										
Capital grants and contributions										
Total business type activities program revenues	<u>-</u>	<u>-</u>	<u>47,900</u>	<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>
Total district program revenues	<u>\$ 1,220,624</u>	<u>\$ 1,597,435</u>	<u>\$ 1,651,231</u>	<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>
Net (Expense)/Revenue										
Governmental activities	\$ (11,251,438)	\$ (11,026,866)	\$ (12,186,699)	\$ (12,545,747)	\$ (12,465,949)	\$ (12,298,723)	\$ (12,777,728)	\$ (13,238,611)	\$ (13,596,322)	\$ (13,808,892)
Business-type activities	-	-	6,676	(6,922)	2,363	(4,889)	(4,792)	12,071	7,663	(1,972)
Total district-wide net expense	<u>\$ (11,251,438)</u>	<u>\$ (11,026,866)</u>	<u>\$ (12,180,023)</u>	<u>\$ (12,552,669)</u>	<u>\$ (12,463,586)</u>	<u>\$ (12,303,612)</u>	<u>\$ (12,782,520)</u>	<u>\$ (13,226,540)</u>	<u>\$ (13,588,659)</u>	<u>\$ (13,810,864)</u>

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

	2006	2007	2008	2009	2010	Fiscal Year Ending June 30, 2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 8,745,049	\$ 9,157,885	\$ 9,663,533	\$ 10,151,229	\$ 10,005,884	\$ 11,030,881	\$ 10,841,517	\$ 10,936,586	\$ 11,153,974	\$ 11,376,075
Taxes levied for debt service	1,977,154	1,964,291	2,043,686	1,919,639	1,547,814	1,593,406	1,862,286	1,668,517	1,702,738	1,620,550
Unrestricted grants and contributions	4,041,495	-	-	(25,909)	(13,019)	(309)		(3,366)	1,355,062	831,596
Funds received from the City of Linwood	-	(14,438)	(4,200)	(25,909)	(13,019)	(309)		(3,366)	(297,966)	(173,228)
Loss on Disposal of Equipment	-	143,738	140,164	120,636	118,677	107,414	112,549	105,357	123,852	291,509
Miscellaneous income	133,870		(10,000)							
Transfer to Enterprise Fund	(273,004)									
Cancellation of Construction in Progress										
Total governmental activities	\$ 14,624,563	\$ 11,251,478	\$ 11,833,203	\$ 12,165,595	\$ 11,659,356	\$ 12,731,392	\$ 12,816,352	\$ 12,707,094	\$ 14,037,660	\$ 13,946,502
Business-type activities:										
Investment earnings	-	-	387	287	207	138	49	65	42	53
Transfers	-	-	10,000	-	-	-	-	-	-	-
Total business-type activities	\$ 14,624,563	\$ 11,251,478	\$ 11,843,590	\$ 12,165,882	\$ 11,659,563	\$ 12,731,530	\$ 12,816,401	\$ 12,707,159	\$ 14,037,702	\$ 13,946,555
Total district-wide	\$ 14,624,563	\$ 11,251,478	\$ 11,843,590	\$ 12,165,882	\$ 11,659,563	\$ 12,731,530	\$ 12,816,401	\$ 12,707,159	\$ 14,037,702	\$ 13,946,555
Change in Net Position										
Governmental activities	\$ 3,373,125	\$ 224,612	\$ (353,496)	\$ (380,152)	\$ (806,593)	\$ 432,669	\$ 38,624	\$ (531,517)	\$ 441,338	\$ 137,610
Business-type activities	-	-	17,063	(6,635)	2,570	(4,751)	(4,743)	12,136	7,705	(1,919)
Total district	\$ 3,373,125	\$ 224,612	\$ (336,433)	\$ (386,787)	\$ (804,023)	\$ 427,918	\$ 33,881	\$ (519,381)	\$ 449,043	\$ 135,691

0.7%

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,859,907	\$ 2,495,255	\$ 1,112,779	\$ 930,624	\$ 824,903
Committed								1,062,588	1,175,166	1,158,161
Assigned						235,275	125,000	332,993	365,027	520,809
Unassigned						275,259	278,585	240,723	267,005	173,632
Reserved	1,439,995	1,541,406	1,823,623	2,109,149	1,425,419					
Unreserved	133,748	167,045	184,263	60,603	174,676					
Total general fund	<u>\$ 1,573,743</u>	<u>\$ 1,708,451</u>	<u>\$ 2,007,886</u>	<u>\$ 2,169,752</u>	<u>\$ 1,600,095</u>	<u>\$ 2,370,441</u>	<u>\$ 2,898,840</u>	<u>\$ 2,749,083</u>	<u>\$ 2,737,822</u>	<u>\$ 2,677,505</u>
All Other Governmental Funds										
Reserved	\$ 77,723	\$ 505,459	\$ 484,946	\$ 182,569	\$ 96,245	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	90,394									
Total all other governmental funds	<u>\$ 168,117</u>	<u>\$ 505,459</u>	<u>\$ 484,946</u>	<u>\$ 182,569</u>	<u>\$ 96,245</u>	<u>\$ -</u>				

Source: CAFR Schedule B-1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax levy	\$ 8,745,049	\$ 9,157,885	\$ 9,663,553	\$ 10,151,229	\$ 10,005,884	\$ 11,030,881	\$ 10,841,517	\$ 10,936,586	\$ 11,153,974	\$ 11,376,075
Tuition charges	4,438			43,466	22,500	34,392	28,000	10,452	88,885	144,055
Interest earnings	87,973	2,008	2,009	2010	43,466	30,626	35,321	21,613	7,227	6,428
Miscellaneous	126,050	-	30,011	12,465	240,106	368,394	262,451	331,266	250,345	219,323
State sources	2,864,810	3,263,577	3,388,911	2,787,982	2,245,376	2,499,772	2,880,138	3,060,981	2,912,569	3,000,729
Federal sources	248,376	239,730	199,576	233,208	544,340	299,559	317,000	233,952	295,276	228,878
Total revenue	12,076,696	12,663,200	13,284,060	13,228,350	13,101,672	14,263,624	14,364,427	14,594,850	14,708,276	14,975,488
Expenditures										
Instruction										
Regular instruction	3,989,318	3,883,216	4,065,629	4,352,544	3,950,965	3,975,422	4,192,618	4,274,823	4,558,263	4,587,761
Special education instruction	1,135,205	1,241,580	1,273,129	1,391,567	1,439,633	1,495,039	1,384,081	1,314,662	1,395,067	1,203,680
Other special instruction	191,284	212,273	201,195	248,242	298,514	303,072	300,685	331,907	384,454	373,873
Other instruction	73,453	78,022	85,440	92,712	110,236	106,716	108,608	109,104	123,252	117,197
Support Services:										
Tuition	119,523	133,486	132,913	31,075	55,202	37,162	38,720	50,062	122,377	130,598
Student & instruction related services	1,303,757	1,424,176	1,385,067	1,410,658	1,529,323	1,473,515	1,569,666	1,648,111	1,594,587	1,547,111
General administrative services	338,156	384,024	340,504	378,985	449,689	452,185	381,807	422,777	298,192	441,162
School Administrative services	352,283	357,849	434,748	460,123	412,196	412,033	419,755	434,729	432,573	374,394
Business Administrative & Technology Services	236,157	256,405	271,830	333,422	307,218	363,113	385,275	402,754	362,012	378,535
Plant operations and maintenance	1,188,708	1,302,593	1,282,756	1,363,287	1,368,709	1,246,655	1,310,578	1,325,880	1,291,734	1,437,144
Pupil transportation	141,180	137,682	137,855	101,937	118,621	95,444	88,831	74,456	91,843	94,284
Unallocated employee benefits	1,884,365	1,960,221	1,958,936	2,055,131	2,271,701	2,303,257	2,373,003	2,571,533	2,697,307	2,665,760
On Behalf Payments - TPAF & FICA	883,656	1,299,286	1,345,225	864,498	860,243	904,379	1,082,988	1,392,381	1,208,934	1,379,112
Charter Schools	21,495	17,908	-	-	-	-	-	-	-	-
Capital outlay	4,103,916	135,433	778,447	375,867	595,324	325,287	199,412	391,428	1,514,004	1,136,790
Debt service:										
Principal										
Interest and other charges										
Total expenditures	15,962,455	12,824,153	13,693,674	13,460,048	13,767,574	13,493,279	13,836,027	14,744,607	16,074,599	15,867,401
Excess (Deficiency) of revenues over (under) expenditures	(3,885,759)	(160,953)	(409,614)	(231,698)	(665,902)	770,345	528,400	(149,757)	(1,366,323)	(891,913)
Other Financing sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds	3,536,036								1,355,062	831,596
Transfer from capital reserves	13,632									
Transfers in	250,000	75,000	250,000	165,000						
Transfers out			(10,000)							
Total other financing sources (uses)	3,799,668	75,000	240,000	165,000	-	-	-	-	1,355,062	831,596
Net change in fund balances	\$ (86,091)	\$ (85,953)	\$ (169,614)	\$ (66,698)	\$ (665,902)	\$ 770,345	\$ 528,400	\$ (149,757)	\$ (11,261)	\$ (60,317)
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 Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Revenue</u>	<u>Building Use And Rentals</u>	<u>Shared Services Revenue</u>	<u>Misc.</u>	<u>Total</u>
2006	87,973	4,438	3,950		37,509	133,870
2007	124,180	-	6,000		71,976	202,156
2008	86,631	-	10,710		101,353	198,694
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

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	14,466,400	655,207,300	749,400	34,600	87,872,600	758,330,300	705,535	759,035,835	1.346	1,016,340,126
2007	14,714,500	666,666,400	749,400	34,600	90,209,200	772,374,100	649,680	773,023,780	1.392	1,167,730,520
2008	15,566,200	674,167,700	749,400	34,600	88,426,600	778,944,500	640,011	779,584,511	1.436	1,250,714,630
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 ^c
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
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	

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 ^a	General Obligation Debt Service ^b	Total District	Mainland Regional High School District	City of Linwood	Atlantic County ^c	
2006	1.179	0.167	1.346	0.607	0.792	0.442	3.187
2007	1.217	0.175	1.392	0.610	0.823	0.419	3.244
2008	1.273	0.163	1.436	0.620	0.892	0.414	3.362
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	0.843	0.438	3.066
2015	1.160	0.043	1.203	0.648	0.867	0.472	3.190

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	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
CCC Atlantic, LLC	\$ 23,260,000	1	2.36%	\$ 4,809,000	6	0.63%
Central Square	9,865,200	2	1.00%	7,065,500	2	0.93%
Brandall Estates, LLC	8,000,000	3	0.81%	5,388,200	4	0.71%
Central Park East	6,934,600	4	0.70%	6,055,900	5	0.80%
CPL (Nursing Home)	6,829,900	5	0.69%	8,400,000	3	1.11%
Linwood Golf & Country Club	3,600,000	6	0.37%	7,528,400	1	0.99%
Individual Taxpayer #1	3,291,800	7	0.33%	2,436,600	7	0.32%
Linwood Professional Plaza	3,019,700	8	0.31%	2,024,000	8	0.27%
Alexon Enterprises	2,490,500	9	0.25%	1,474,500	9	0.19%
Individual Taxpayer #2	2,373,900	10	0.24%			
Access 1 Communications				1,449,100	10	0.19%
Total	\$ 69,665,600		7.07%	\$ 46,631,200		6.14%

Source: District CAFR & Municipal Tax Assessor

**City of Linwood School District
Property Tax Levies and Collections,
Last Nine 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	
2006	8,745,049	8,745,049	100.00%	-
2007	9,157,885	9,157,885	100.00%	-
2008	9,663,553	9,663,553	100.00%	-
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%	-

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 ^a	Per Capita ^a
	General Obligation Bonds b	Certificates of Participation	Capital Leases	Capital Leases	Anticipation Notes (BANs)			
2006	12,184,948	-	-	-	1,600,000	13,784,948	4.99%	32,702
2007	11,024,579	-	-	-	1,400,000	12,424,579	4.42%	37,880
2008	9,884,210	-	-	-	-	9,884,210	3.44%	38,908
2009	8,095,000	-	-	230,778	230,778	8,325,778	2.92%	39,829
2010	7,814,251	-	-	230,778	230,778	8,045,029	2.85%	39,431
2011	6,618,881	-	-	-	-	6,618,881	2.26%	39,835
2012	5,487,514	-	-	-	2,265,000	5,487,514	1.83%	41,397
2013	4,591,815	-	-	-	2,265,000	6,856,815	2.28%	42,288
2014	3,316,323	-	-	-	2,265,000	5,581,323	1.87%	42,425
2015	3,076,007	-	-	-	3,502,000	6,578,007	2.20%	42,425

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 is a Type I District and does not directly issue debt. Bonds are 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 ^a of Property	Per Capita ^c
	General Obligation Bonds ^b	Deductions	Net General Bonded Debt Outstanding		
2006	12,184,948	-	12,184,948	2.33%	32,702
2007	11,024,579	-	11,024,579	1.45%	37,880
2008	9,884,210	-	9,884,210	1.28%	38,908
2009	8,095,000	-	8,095,000	1.04%	39,829
2010	7,814,251	-	7,814,251	1.00%	39,431
2011	6,618,881	-	6,618,881	0.85%	39,835
2012	5,487,514	-	5,487,514	0.70%	41,397
2013	4,591,815	-	4,591,815	0.58%	42,288
2014	3,316,323	-	3,316,323	0.42%	42,425
2015	3,076,007	-	3,076,007	0.39%	42,425

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 is a Type I District and does not directly issue debt. Bonds are 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, 2014
Unaudited**

<u>Governmental Unit</u>	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes City of Linwood	\$ 13,773,203	100.00%	\$ 13,779,203
Other debt Mainland Regional High School Debt (City's Share)	40,985,000	32.44%	13,294,572
County of Atlantic (City's Share)	146,874,191	2.28%	3,348,732
Subtotal, Overlapping Debt			<u>30,422,507</u>
Linwood School District Direct Debt			<u>6,928,007</u>
Total Direct and Overlapping Debt			<u><u>\$ 37,350,514</u></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 2015

Equalized valuation basis	
2014	\$ 1,019,633,518
2013	1,020,330,234
2012	1,058,619,347
[A]	<u>\$ 3,098,583,099</u>
[A/3]	\$ 1,032,861,033

Average equalized valuation of taxable property

[B]	30,985,831 ^a
[C]	6,578,007
[B-C]	<u>\$ 24,407,824</u>

Debt Limit (3% of Avg Equal Value)
Net school debt
Legal debt margin

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 26,207,582	\$ 30,087,284	\$ 33,914,251	\$ 36,486,737	\$ 37,607,291	\$ 37,175,817	\$ 36,387,943	\$ 31,776,042	\$ 32,179,753	\$ 30,985,831
Total net debt applicable to limit	<u>13,788,444</u>	<u>12,424,579</u>	<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>6,578,007</u>
Legal debt margin	<u>\$ 12,419,138</u>	<u>\$ 17,662,705</u>	<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>\$ 24,407,824</u>

Total net debt applicable to the limit
as a percentage of debt limit

	52.61%	41.30%	33.86%	22.19%	20.78%	17.80%	15.08%	14.45%	24.26%	21.23%
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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

^a 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 ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2006	7,293	276,258,840	37,880	3.7%
2007	7,229	281,265,932	38,908	3.7%
2008	7,213	287,286,577	39,829	4.6%
2009	7,225	284,888,975	39,431	8.3%
2010	7,092	282,509,820	39,835	8.5%
2011	7,064	292,428,408	41,397	8.6%
2012	7,073	299,103,024	42,288	8.6%
2013	7,079	300,326,575	42,425	9.0%
2014	7,052	299,181,100	42,425	7.2%
2015	7,052	299,181,100	42,425	6.6%

Source:

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

^b Personal income provided by the NJ Dept of Labor and Workforce Development- most current information is as of 11/20/2014

^c Per Capita information provided by Labor Report of Per Capita Income, Atlantic County

^d 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	2015			2009		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Mainland Regional High School			0.00%	200	2	0.00%
Linwood Convalescent Center			0.00%	264	1	0.00%
Central Square Shopping Center			0.00%	174	3	0.00%
City of Linwood School District			0.00%	100	5	0.00%
Central Park East			0.00%	120	4	0.00%
Brandell Estates		NOT AVAILABLE	0.00%	100	6	0.00%
City of Linwood - Municipality						
WOND Radio Station			0.00%	94	7	0.00%
Linwood Country Club			0.00%	50	9	0.00%
Linwood Professional Plaza			0.00%	70	8	0.00%
Parkshore Building Association			0.00%	30	10	0.00%
	-		0.00%	1,202		0.00%

Source:

Employers listed above

Percentages above are zero because total employment is unknown

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	61.0	61.0	59.2	60.8	64.0	59.5	60.3	60.1	60.4	59.5
Special education	25.0	44.2	44.8	37.8	45.2	45.4	45.0	42.0	37.5	37.4
Other special education	2.6	2.6	2.6	4.2	7.6	6.0	5.4	6.3	8.1	7.6
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	27.3	13.9	15.6	19.5	11.2	15.7	15.3	15.0	15.7	15.7
General administrative services	2.2	2.2	2.2	2.2	2.2	2.3	2.2	2.3	2.3	2.3
School administrative services	5.9	5.8	5.6	6.1	6.0	6.1	6.1	5.6	5.6	5.6
Business administrative & Technology services	3.8	3.8	3.8	3.9	3.8	4.1	4.1	4.4	4.2	4.3
Plant operations and maintenance	20.4	21.3	22.0	21.8	18.0	17.5	17.1	15.3	15.8	15.5
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	0.0	0.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total	148.2	154.8	156.5	157.0	158.7	157.1	156.2	151.6	150.4	148.6

Source: District Personnel Records

City of Linwood School District
Operating Statistics
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Middle School				
2006	1,027	11,858,539	11,547	12.57%	86.5	1:13	1,019.1	966.90	1.32%	94.90%
2007	1,004	12,688,720	12,638	9.45%	85.0	1:11	998.9	963.80	-1.98%	96.50%
2008	1,000	12,915,227	12,915	2.19%	84.1	1:13	992.1	957.60	-0.68%	96.50%
2009	977	13,084,181	13,392	3.69%	88.6	1:11	977.6	940.40	-1.46%	96.20%
2010	945	13,172,250	13,939	4.08%	86.3	1:13	941.2	903.40	-3.72%	96.00%
2011	901	13,167,992	14,615	4.85%	81.6	1:11	910.3	875.90	-3.28%	96.20%
2012	890	13,636,615	15,322	4.84%	81.8	1:11	884.7	856.80	-2.81%	96.80%
2013	885	14,353,179	16,218	5.85%	83.09	1:10	889.6	856.10	0.55%	96.20%
2014	863	14,560,595	16,872	4.03%	82.58	1:13	868.0	835.14	-2.43%	96.22%
2015	860	14,730,611	17,129	1.52%	81.5	1:14	863.9	828.76	-0.47%	95.93%

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary										
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	512	499	494	531	504	435	462	438	444	
Middle School										
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	512	505	501	446	441	466	428	448	419	
Other										
Poplar School Building (1961)										
Square Feet	17,305	17,305	17,305	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, 2015
 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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Seaview Elementary	71,848	38,662	\$ 76,307	\$ 102,084	\$ 33,799	\$ 76,136	\$ 70,743	\$ 67,201	\$ 95,467	\$ 77,259
Belhaven Middle School	157,556	63,307	118,863	103,730	91,521	107,891	100,139	91,463	75,329	101,709
Poplar Avenue School	-	1,618	6,702	1,957	3,259	3,310	1,591	1,702	4,428	860
Total School Facilities	229,403	103,587	201,872	207,770	128,579	187,337	172,473	160,366	175,224	179,827
Other Facilities	165,480	202,925	195,835	190,527	187,292	169,038	172,078	165,263	161,608	149,790
Grand Total	\$ 394,883	\$ 306,512	\$ 397,707	\$ 398,297	\$ 315,871	\$ 356,375	\$ 344,551	\$ 325,629	\$ 336,832	\$ 329,617

**City of Linwood School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2015
Unaudited**

Company	Type of Coverage	Coverage	Deductible
Chartis Insurance	School Board Legal Liability		\$ 5,000
	- claims made form		
	- each claim	\$5,000,000	
	- aggregate	10,000,000	
School Alliance Insurance Fund	Worker's Compensation		
	- Coverage A - Statutory		n/a
	- Coverage B - Employer's Liability	5,000,000	
	Excess Over Worker's Compensation		
	- Accidental and Occupational Illness	52 Weeks	7 Day Wait
	Commercial Package		
	- Property - Blanket Bldg & Contents	38,226,300	2,500
	- Liability		
	- CSL Bodily Injury Each Occurrence	5,000,000	
	- General Aggregate	5,000,000	
	- Products/Completed Operation	5,000,000	
	- Employee Benefits Liability	5,000,000	1,000
	- Inland Marine		
	- Scheduled Property Floater	58,185	2,500
	- Computer Coverage - Hardware	750,000	
	- Software	Included	
	- Boiler and Machinery	100,000,000	5,000
	Business Auto		
	- Combined Single Liability	5,000,000	
	- Uninsured Motorists Fund	15,000/30,000/5,000	
	- Comprehensive		2,500
	- Collision		2,500
	Umbrella		
	- Occurrence and Aggregate	10,000,000	
	Bond		
Selective Insurance	- Public Official Bond		
	- Treasurer	200,000	
	- Business Administrator	100,000	
School Alliance Insurance Fund	Crime		
	- Blanket Dishonesty Bond	500,000	1,000
	- Computer Fraud	50,000	
	- Forgery & Alteration	50,000	
	- Money & Security	50,000	
Student Accident Voluntary	- Full Excess	500,000	
	- Dental Sub Limit	10,000	
Voluntary Accident	Full Excess	25,000	100
	Accidental Death and Dismemberment	5,000	
	Period	52 Weeks	

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Single Audit Section



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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
(a component unit of the City of Linwood)
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 (a component unit of the City of Linwood), State of New Jersey, as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated November 30, 2015. 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 (a component unit of the City of Linwood) 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 District's (a component unit of the City of Linwood) 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 (a component unit of the City of Linwood) 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 (a component unit of the City of Linwood) 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

November 30, 2015



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
(a component unit of the City of Linwood)
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 (a component unit of the City of Linwood), State of New Jersey compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. The City of Linwood School District's (a component unit of the City of Linwood) 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 (a component unit of the City of Linwood) 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 (a component unit of the City of Linwood) compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Linwood School District (a component unit of the City of Linwood) 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, 2015.

Report on Internal Control over Compliance

Management of the City of Linwood School District (a component unit of the City of Linwood) 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 (a component unit of the City of Linwood) 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 OMB Circular A-133 and NJ OMB 04-04, 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 (a component unit of the City of Linwood) 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

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 (a component unit of the City of Linwood) as of and for the year ended June 30, 2015, and have issued our report thereon dated November 30, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 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 schedule of expenditure of federal awards is 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

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Licensed Public School Accountant
No. 2080

November 30, 2015

CITY OF LINWOOD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/14	Carryover/Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/Adjustments	Deferred Revenue 6/30/15	(Accounts Receivable) 6/30/15	Due to Grantor at 6/30/15
U.S. Department of Education												
Passed-through State Department of Education:												
General Fund:												
None												
Total General Fund												
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
No Child Left Behind (N.C.L.B.):												
	84.000	NCLB-2680-15	07/01/14-06/30/15	26,318			7,682	26,318			(18,636)	
	84.298	NCLB-2680-15	07/01/14-06/30/15	15,495			15,495	15,495				
Special Education Cluster (IDEA)												
	84.027	FT-2680-15	07/01/14-06/30/15	184,465			139,472	174,318			(34,846)	
	84.027	FT-2680-14	07/01/13-06/30/14	176,335	(27,370)		27,370					
	84.173	PT-2680-14	07/01/13-06/30/14	9,248	(5,270)		5,270					
	84.173	PT-2680-15	07/01/14-06/30/15	9,233			9,233	9,233				
					(32,640)		204,522	225,364			(53,482)	
					(32,640)		204,522	225,364			(53,482)	
Total Special Revenue Fund												
Total Federal Financial Assistance												

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, 2015**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/14	Carryover/Amount	Cash If Received In Full	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments	Deferred Revenue 6/30/15	(Accounts Receivable) 6/30/15	Due to Grantor at 6/30/15	Budgetary Receivable 6/30/15	Cumulative Total Expenditures	Memo
State Department of Education														
General Fund:														
State Aid Public Cluster:														
Security Aid	15-495-034-5120-084	07/01/14-06/30/15	\$ 64,088	\$	\$	\$ 64,088	\$	\$	\$	\$	\$	\$ 5,843	\$ 64,088	
Transportation Aid	15-495-034-5120-014	07/01/14-06/30/15	102,504		102,504	102,504						9,346	102,504	
Special Education Aid	15-495-034-5120-089	07/01/14-06/30/15	487,951		487,951	487,951						44,478	487,951	
Equalization Aid	15-495-034-5120-078	07/01/14-06/30/15	128,197		128,197	128,197						11,688	128,197	
Adjustment Aid	15-495-045-5120-085	07/01/14-06/30/15	773,175		773,175	773,175						70,493	773,175	
Per Pupil Growth Aid		07/01/14-06/30/15	8,005		8,005	8,005						730	8,005	
PARCC Readiness Aid		07/01/14-06/30/15	8,005		8,005	8,005						730	8,005	
Other State Aid														
Non-Public Transportation Aid	14-495-045-5120-014	07/01/13-06/30/14	1,113	(1,113)	1,113									
Non-Public Transportation Aid	15-495-045-5120-014	07/01/14-06/30/15	856	0	856	856				(856)				
Extraordinary Aid	15-100-034-5120-473	07/01/14-06/30/15	47,606	0	47,606	47,606				(47,606)				
Extraordinary Aid	14-100-034-5120-473	07/01/13-06/30/14	146,092	(144,583)	146,092	1,509								
Reimbursed TPAF														
Social Security Contributions	14-495-034-5095-002	07/01/13-06/30/14	467,742	(20,747)	20,747					(3,023)			481,684	
Social Security Contributions	15-495-034-5095-002	07/01/14-06/30/15	481,684		478,661	481,684								
Total General Fund			(166,443)	0	2,218,538	2,103,580	0	0	0	(51,485)	0	143,308	2,053,609	
Special Revenue Fund:														
Non-Public Textbook Aid	15-100-034-5120-064	07/01/14-06/30/15	715		715	588					127		588	
Non-Public Textbook Aid	14-100-034-5120-064	07/01/13-06/30/14	549	424	384	264	424						264	
Non-Public Technology Aid	15-100-034-5120-065	07/01/14-06/30/15	384	200	1,138	215	200				923		215	
Non-Public Technology Aid	14-100-034-5120-065	07/01/13-06/30/14	200											
Non-Public Nursing	15-100-034-5120-070	07/01/14-06/30/15	1,138		2,237	1,067	624				1,170	0	1,067	
Total Special Revenue Fund			624	0	2,237	1,067	624		0	0	1,170	0	1,067	
Total State Financial Assistance			\$ (165,819)	\$ -	\$ 2,220,775	\$ 2,104,647	\$ 624	\$ -	\$ -	\$ (51,485)	\$ 1,170	\$ 143,308	\$ 2,054,676	

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

City of Linwood School District
Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2015

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 \$1,804. 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	\$ -	\$ 3,002,689	\$ (900,455)	\$ 2,102,234
Special Revenue Fund	228,878	1,067		229,945
	<u>228,878</u>	<u>3,003,756</u>	<u>(900,455)</u>	<u>2,332,179</u>
Total Financial Award Revenues	\$ <u>228,878</u>	\$ <u>3,003,756</u>	\$ <u>(900,455)</u>	\$ <u>2,332,179</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, 2015. 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, 2015.

**City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2015**

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 section .510(a) of Circular A-133?	N/A

Identification of major programs:		
	<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
		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, 2015
 (Continued)

I. Summary of Auditor’s Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and Type B Programs:	\$300,000
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 04-04?	No
Identification of major programs:	

GMIS Numbers

Name of State Program

495-034-5120-078	<u>State Aid-Public</u>
495-034-5120-089	Equalization Aid
495-034-5120-085	Special Education Aid
495-034-5120-084	Adjustment Aid
	Security Aid

City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2015
(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.

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