

Comprehensive Annual Financial Report

of the

Linwood Board of Education

Linwood, New Jersey

for the Fiscal Year ended June 30, 2017



Excellence in Education and Learning

Prepared by:

Linwood Board of Education Finance Department

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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

Michelle Cappelluti, EdD.

Chief School Administrator

Voice: (609) 926-6703 Fax: (609) 926-6705

email: michellecappelluti@linwoodschoools.org

Teri J. Weeks, CPA

School Business Administrator

Voice: (609) 926-6707 Fax: (609) 926-6705

email: teriweeks@linwoodschoools.org

September 25, 2017

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, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Linwood Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Preschool Handicapped and Inclusion through grade 8. These include regular as well as special education for handicapped youngsters. The District completed the 2016-2017 fiscal year with an average daily enrollment of 843.2 students, which is a .52% increase from the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2016-2017	843.2	0.52%
2015-2016	838.8	-2.91%
2014-2015	863.9	-0.47%
2013-2014	868	-2.43%
2012-2013	889.6	0.55%

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-one percent of our general operating budget, excluding oh-behalf payments. During difficult economic times such as those we continue to experience, such support will most certainly be tested.

The District implemented, effective the 2012-2013 school year, a regular education tuition based program. Eligible students effective the 2016-2017 school year pay a tuition fee of 50% of the certified cost per pupil from the prior year for regular education and 90% for special education. The District also provided an expanded day Kindergarten program for a fee of \$3,750 and a Preschool Inclusion program for a fee of \$2,750 for the 2016-2017 school year. Both programs have been very successful and are at capacity.

The District received notification of reduced State aid after the 2017-2018 budget was finalized. The Board approved to reduce expenditures through attrition to accommodate this loss of aid.

MAJOR INITIATIVES

The District will continue to retrofit and upgrade the facilities and structure to promote energy efficiencies. The district will be exploring green energy solutions during the 2017-2018 school year.

Educationally the Board is in year two of our adopted district goals:

- To identify and use data to drive curriculum implementation and program development
- To maintain and enhance the district's level of excellence within the current challenging fiscal environment

To this end, we have implemented a means to measure student growth through Reading Inventory in grades kindergarten through eight, and Linkit! In grades five through eight.

In addition the elementary grades have implemented a new reading series, Journeys, and a Backwards Design Curriculum with PBL Summative Assessments in grades five through eight. Our Go Math series has been updated to the 2015 edition and specific criteria have been set for our Gifted and Talented program.

The district continues to provide teaching staff member's ongoing professional development which supports student achievement acknowledging the increased rigor of the New Jersey Student Learning Standards.

The Next Generation Science Standards have been completed for all required grade levels and fully implemented in the science curriculum.

With all of this in place, we will be focusing on assessments and data to drive instruction, common benchmark assessments, department meetings, weekly professional learning community (PLC) meetings, and articulation with the regional high school.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the Linwood School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Linwood City Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Debt service is handled through the City of Linwood. Project length budgets are approved for the capital improvements and accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30th.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) DEBT ADMINISTRATION:

The Linwood School District was a Type I School District. Effective November 9, 2016, the District became a Type II School District. In the State of New Jersey, all Type I school debt is borne by the municipality rather than the school district. The District has not issued any debt as at Type II district.

8) CASH MANAGEMENT:

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

9) RISK MANAGEMENT:

The Linwood Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard, and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

A) *Independent Audit* - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related State Treasury Circular Letter NJ OMB 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

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

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

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

The original portion of the Seaview School was opened in 1961. Seaview School was renovated and new construction added to it with its completion in September 1995. Major renovation were completed to the

pipe insulation, fire alarm and security systems for 2005. It contains 25 classrooms, LRC's, Gymnasium, Library/Media Center, Computer Lab, Art and Music Rooms and a Cafetorium. It occupies a thirteen acre site.

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

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

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,

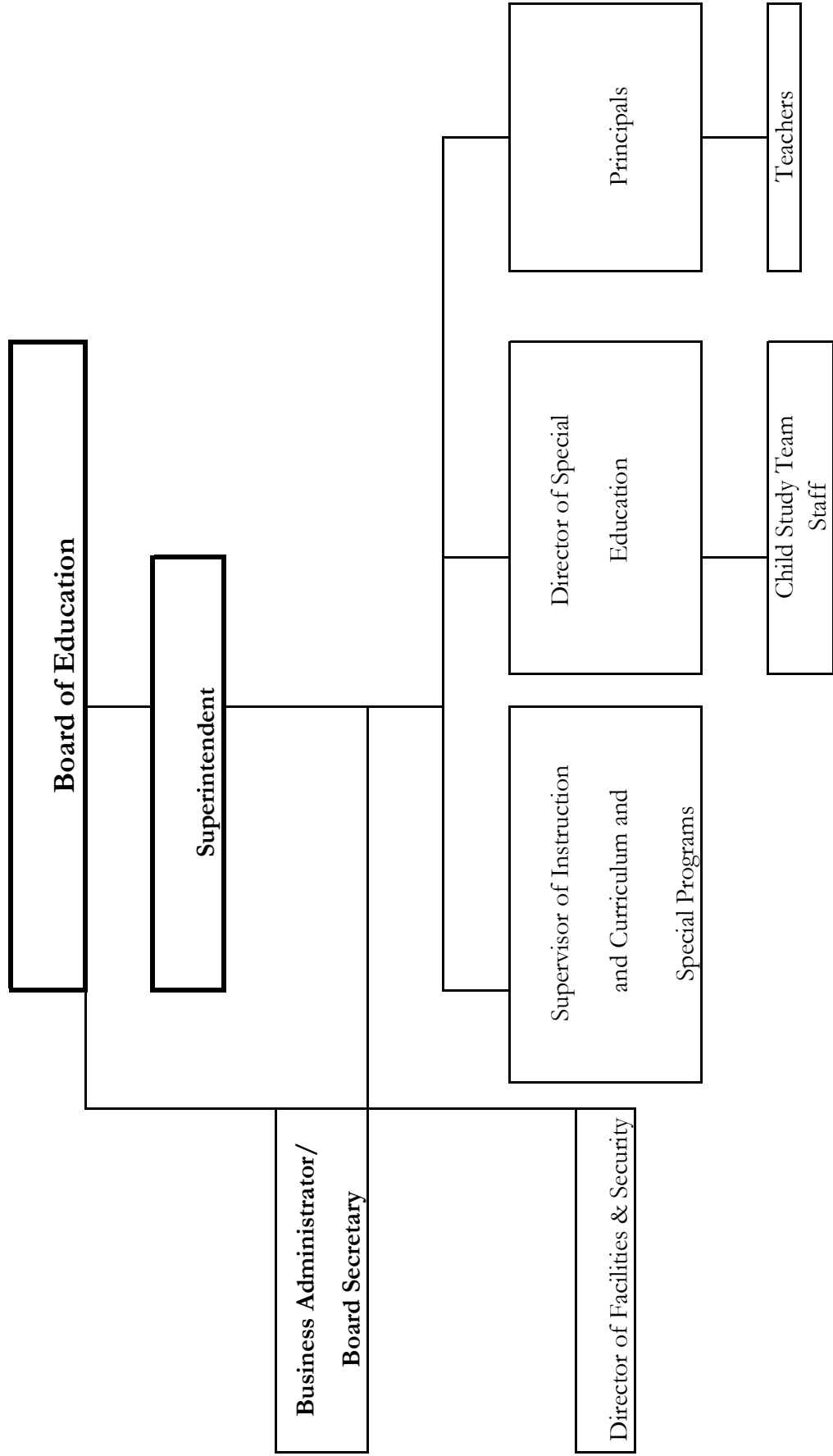
Michelle Cappelluti

Michelle Cappelluti, Ed.D
Superintendent of Schools

Teri J. Weeks

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

CITY OF LINWOOD BOARD OF EDUCATION
CHART OF ORGANIZATION



LINWOOD BOARD OF EDUCATION

ROSTER OF OFFICIALS
JUNE 30, 2017

Members of the Board of Education

Term Expires

Richard Sless, President

2017

Joann Scannell, Vice-President

2019

Lynn E. Gibson

2017

Donna Michael-Ziereis

2018

Michelle DeMorat

2018

Judd McLaughlin

2019

Judge Daryl Todd

2018

Jason Goldstein

2017

Craig Kahn

2019

Other Officials

Michelle Cappelluti Ed. D., Interim Superintendent of Schools

Teri J. Weeks, School Business Administrator/Board Secretary

Kelly Batz, Treasurer

William Donio, Esq., Solicitor

**LINWOOD BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
Ocean City, New Jersey

ATTORNEY

William Donio, Esq.
Atlantic City, New Jersey

ARCHITECT

Daniel Scott Mascione
Northfield, New Jersey

OFFICIAL DEPOSITORIES

Ocean First
New Road, Linwood, New Jersey

Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Linwood School District, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Linwood School District, in the County of Atlantic, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2017 on our consideration of the City of Linwood School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Linwood School District's internal control over financial reporting and compliance.

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

Michael S. Garcia

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

September 25, 2017

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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, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District decreased \$1,278,484 from FY 16 to FY 17 which represents a 8.35% decrease from the prior year.
- The State of New Jersey reimbursed the District \$431,155 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- The State of New Jersey contributed on behalf of the District \$1,299,133 during the fiscal year ended June 30, 2017 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, 2017 the District had a total excess surplus of \$633,754.
- During the fiscal year ended June 30, 2017, the District's General Fund revenue realized was \$34,263 more than General Fund expenditures. During the prior fiscal year, revenue was more than expenses by \$399,620.

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)**

	Government wide Statements	Fund 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 decreased due to an excess of revenues over expenditures, while depreciation expense exceeded capital outlay additions.

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Current and other assets	\$ 3,433,174	\$ 3,143,468	\$ 50,279	\$ 58,426
Capital assets	16,102,697	16,624,520		
Deferred Outflows	1,429,876	667,325		
Total assets	20,965,747	20,435,313	50,279	58,426
Long-term liabilities	6,323,801	5,049,611		
Other liabilities	321,786	66,343	267	2,218
Deferred Inflows	343,354	70,265		
Total liabilities	6,988,941	5,186,219	267	2,218
Net assets				
Invested in capital assets	16,102,697	16,624,520		
Restricted	2,852,806	2,873,673		
Unrestricted	(4,978,697)	(4,249,099)	50,012	56,208
Total net position	\$ 13,976,806	\$ 15,249,094	\$ 50,012	\$ 56,208

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, 2017, the District did have \$1,546,526 excess fund balance, of which \$912,772 is designated for use in the 2017-2018 district budget.

Changes in Net Position. The total revenue of the District increased approximately \$325,469 predominately due to the increases in Extraordinary Aid and tuition revenue.

Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2016 fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenue						
Charges for services	\$ 212,747	\$ 162,002	\$ 108,777	\$ 116,110	\$ 321,524	\$ 278,112
Federal grants	266,272	259,551			266,272	259,551
State grants and entitlements	764	1,171			764	1,171
Local Grants	71,032	54,824			71,032	54,824
General revenues						
Property taxes	11,218,084	11,517,868			11,218,084	11,517,868
State aid entitlements	6,690,759	5,376,720			6,690,759	5,376,720
Other	(159,457)	595,421	233	75	(159,224)	595,496
Total revenues	18,300,201	17,967,557	109,010	116,185	18,409,211	18,083,742
Expenses						
Instruction:						
Regular	8,628,752	7,964,606			8,628,752	7,964,606
Special Education	2,512,965	2,181,381			2,512,965	2,181,381
Other special instruction	676,317	645,998			676,317	645,998
Other instruction	197,821	197,938			197,821	197,938
Support services:						
Student & instruction related services	3,239,485	2,730,790			3,239,485	2,730,790
Tuition	144,291	159,964			144,291	159,964
School administration services	669,407	726,228			669,407	726,228
General & business admin services	1,293,827	1,301,665			1,293,827	1,301,665
Plant operations & maintenance	1,996,640	2,034,279			1,996,640	2,034,279
Pupil transportation	213,525	148,906			213,525	148,906
Transfer to Charter Schools					-	-
Business-type activities			115,205	81,403	115,205	81,403
Total expenses	19,573,030	18,091,755	115,205	81,403	19,688,235	18,173,158

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$3,111,388 which is \$34,263 more than the beginning of the year. The increase in fund balance was the result of the slight increase in property taxes and the overall decrease in 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 prior to November 9, 2016 was 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 II School District, are approved by voters. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 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 \$34,263. The added revenue is from \$141,169 more state aid and \$139,388 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 greater than actual expenditures by \$34,691. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had invested \$16,102,697 million in a broad range of capital assets, including land, buildings, vehicles and machinery. This amount represents a net decrease (including additions and deductions) of approximately \$521,823, or 3.24% over last year.

	Governmental	
	<u>Activities</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 859,382	\$ 859,382
Construction In Progress	269,140	150,070
Buildings and Improvements	14,493,168	15,082,286
Machinery & Equipment	481,008	532,782
Total	<u><u>\$ 16,102,697</u></u>	<u><u>\$ 16,624,520</u></u>

During the 2017 fiscal year, the District substantially completed the Belhaven HVAC controls upgrade project, Seaview Cafeteria Floor replacement project and Room 103 Renovation. The district is reviewing Lighting efficiency upgrades and the Seaview Field and Drainage project is out to bid for completion during the 2017-2018 school year.

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

Long-Term Debt

New Jersey State Statutes governing Type I School Districts require the bonded debt be assumed by the City and provision for amortization of principal and interest on the outstanding debt is included in the City budget. The district was Type I prior to November 9, 2016. The District has not issued debt as a Type II district.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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. We work to provide our own in-house professional development for all staff as well as sharing these costs with neighboring districts. Additionally the district was able to provide tuition based Expanded Day kindergarten and Preschool Inclusion programs based on the 2015-2016 enrollment. This program provides a revenue source to the district. Effective the 2017-2018 school year, in an effort to increase participation, the district lowered the tuition for the grades 1-8 regular education program to 50% of the most recent certified cost per pupil.

The District continues to streamline operations to reduce overall budget expenditures. The District is experiencing an increase in enrollment effective the 2017-2018 school year including a large increase in the Preschool Disabled program.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

City of Linwood School District
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,189,218	\$ 45,740	\$ 3,234,958
Receivable - State	160,093		160,093
Receivable - Federal	59,319		59,319
Due from Fiduciary Funds	892		892
Other Accounts Receivable	23,651	4,538	28,189
Capital assets:			
Land	859,382		859,382
Construction in Progress	269,140		269,140
Depreciable capital assets, net of depreciation	14,974,175		14,974,175
Total Assets	<u>19,535,871</u>	<u>50,279</u>	<u>19,586,150</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>1,429,876</u>		<u>1,429,876</u>
LIABILITIES			
Accounts payable	311,955	-	311,955
Advances	9,831	267	10,097
Noncurrent liabilities:			
Due beyond one year	1,181,892		1,181,892
Net Pension Liability	5,141,909		5,141,909
Total liabilities	<u>6,645,587</u>	<u>267</u>	<u>6,645,853</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>343,354</u>		<u>343,354</u>
NET POSITION			
Invested in capital assets, net of related debt	16,102,697		16,102,697
Restricted for:			
Other Purposes	340,033		340,033
Capital Reserve	525,214		525,214
Maintenance Reserve	341,033		341,033
Excess Surplus - Undesignated	633,754		633,754
Excess Surplus - Designated	912,772		912,772
Subsequent Year's Expenditures	100,000		100,000
Unrestricted	(4,978,697)	50,012	(4,928,685)
Total net position	<u>\$ 13,976,806</u>	<u>\$ 50,012</u>	<u>\$ 14,026,818</u>

See accompanying Notes to Financial Statements

City of Linwood School District
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Business - type Activities	Total
			Charges for Services	Operating Grants and Contributions	Governmental Activities		
Governmental activities:							
Instruction:							
Regular	\$ 6,723,303	\$ 1,905,449	\$ 212,747	\$ 2,863,794	\$ (5,552,211)	\$ -	\$ (5,552,211)
Special education	1,958,038	554,927		912,332	(1,600,633)		(1,600,633)
Other special instruction	526,969	149,348		291,289	(385,028)		(385,028)
Other instruction	154,137	43,684		64,459	(133,362)		(133,362)
Support services:							
Tuition	144,291			36,000	(108,291)		(108,291)
Student & instruction related services	2,524,124	715,361		1,112,342	(2,127,143)		(2,127,143)
School administrative services	493,996	175,411		(669,407)			(669,407)
Central Services	462,591	164,260		(626,851)			(626,851)
General Administrative services	492,202	174,774		(666,976)			(666,976)
Plant operations and maintenance	1,438,462	558,178		14,582	(1,982,058)		(1,982,058)
Pupil transportation	155,864	57,661			(213,525)		(213,525)
Unallocated benefits	4,499,053	(4,499,053)		14,133			14,133
Total governmental activities	<u>19,573,030</u>	<u>0</u>	<u>212,747</u>	<u>5,308,931</u>	<u>(14,051,352)</u>	<u>-</u>	<u>(14,051,352)</u>
Business Type Activities							
Child Care	115,205		108,777			(6,428)	(6,428)
Total government	<u>\$ 19,688,235</u>	<u>\$ 0</u>	<u>\$ 321,524</u>	<u>\$ 5,308,931</u>	<u>\$ (14,051,352)</u>	<u>\$ (6,428)</u>	<u>\$ (14,057,780)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net							
Federal and State aid not restricted							
Miscellaneous Income							
Loss on Disposal of Equipment							
Total general revenues, special items and transfers							
Change in Net Position							
Net Position—beginning, as restated							
Net Position—ending							

See accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

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

City of Linwood School District
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,322,971	\$	\$ 2,322,971
Capital Reserve Account	525,214		525,214
Maintenance Reserve Account	341,033		341,033
Receivable - Federal		59,319	59,319
Receivable - State	160,093		160,093
Due from other funds	41,435		41,435
Other Accounts Receivable	17,562	6,089	23,651
Total assets	\$ 3,408,308	\$ 65,408	\$ 3,473,716
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 288,882	\$ 23,073	\$ 311,955
Interfund Accounts Payable	289	40,254	40,543
Unearned revenue	7,750	2,081	9,831
Total liabilities	296,921	65,408	362,329
Fund Balances:			
Restricted for:			
Excess surplus Undesignated	633,754		633,754
Excess surplus Designated	912,772		912,772
Committed to:			
Capital Reserve	525,214		525,214
Maintenance Reserve	341,033		341,033
Assigned to:			
Designated for subsequent year's expenditures	100,000		100,000
Other purposes	340,033		340,033
Unreserved, reported in:			
General fund	258,582		258,582
Total Fund balances	3,111,388	-	3,111,388
Total liabilities and fund balances	\$ 3,408,308	\$ 65,408	
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.			16,102,697
Pension Liabilities Net of Deferred Outflows & Inflows			(4,055,387)
Some liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.			(1,181,892)
Net position of governmental activities			\$ 13,976,806

See accompanying Notes to Financial Statements

City of Linwood School District
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local tax levy	\$ 11,218,084		\$ 11,218,084
Miscellaneous	275,388		275,388
State sources	3,450,724	764	3,451,488
Federal sources		266,272	266,272
Local sources		71,032	71,032
Total revenues	<u>14,944,196</u>	<u>338,068</u>	<u>15,282,265</u>
EXPENDITURES			
Current:			
Regular instruction	4,299,341	52,166	4,351,507
Special education instruction	1,173,799	93,497	1,267,296
Other special instruction	270,154	70,915	341,069
Other instruction	99,762		99,762
Support services and undistributed costs:			
Tuition - Special Education	108,291	36,000	144,291
Student & instruction related services	1,576,908	56,775	1,633,683
School administrative services	400,590		400,590
Other administrative services	399,135		399,135
Central Services	375,123		375,123
Plant operations and maintenance	1,274,720		1,274,720
Pupil transportation	131,680		131,680
Unallocated Benefits	4,484,920	14,133	4,499,053
Capital Outlay	315,511	14,582	330,093
Total expenditures	<u>14,909,933</u>	<u>338,068</u>	<u>15,248,001</u>
Excess (Deficiency) of revenues over expenditures	<u>34,263</u>	<u>(0)</u>	<u>34,263</u>
OTHER FINANCING SOURCES (USES)			
			0
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>0</u>
Net change in fund balances	34,263	(0)	34,263
Fund balance—July 1	3,077,125		3,077,125
Fund balance—June 30	<u>\$ 3,111,388</u>	<u>\$ (0)</u>	<u>\$ 3,111,388</u>

See accompanying Notes to Financial Statements

City of Linwood School District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2) \$ 34,263

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

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

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

Depreciation expense	\$ (763,306)	
Loss on Disposal of Fixed Assets	(222,098)	
Capital outlays	<u>463,581</u>	(521,823)

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

District pension contributions-PERS		
Cost of benefits earned net of employee contributions	<u>(282,234)</u>	(282,234)

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 (+).

(502,494)

Change in net position of governmental activities \$ (1,272,288)

**City of Linwood School District
Statement of Net Position
Proprietary Funds
June 30, 2017**

	Business-Type Activities - Enterprise Funds	
	Before and After School Program	Totals
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 45,740	\$ 45,740
Other receivables	4,538	4,538
Interfund Accounts Receivable		-
Total current assets	50,279	50,279
Total assets	\$ 50,279	\$ 50,279
LIABILITIES		
Current liabilities:		
Accounts payable		\$ -
Prepaid program fees	267	267
Total current liabilities	267	267
Noncurrent Liabilities:		
Compensated absences		-
Total noncurrent liabilities	-	-
Total liabilities	267	267
NET POSITION		
Invested in capital assets net of related debt	-	-
Unrestricted	50,012	50,012
Total net position	\$ 50,012	\$ 50,012

See accompanying Notes to Financial Statements

City of Linwood School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Before and After School Program	Total Proprietary
Operating revenues:		
Charges for services:		
Tuition - net of discounts	\$ 108,777	\$ 108,777
Total operating revenues	<u>108,777</u>	<u>108,777</u>
Operating expenses:		
Salaries	66,993	66,993
Benefits - FICA, DCRP, and Unemployment	6,647	6,647
Rent	13,000	13,000
Audit	500	500
Services	17,321	17,321
General supplies	10,744	10,744
Total Operating Expenses	<u>115,205</u>	<u>115,205</u>
Operating income	<u>(6,428)</u>	<u>(6,428)</u>
Nonoperating revenues (expenses):		
Interest	233	233
Total nonoperating revenues (expenses)	<u>233</u>	<u>233</u>
Capital Assest		
Equipment		-
Net Capital	-	-
Income before contributions & transfers	(6,196)	(6,196)
Transfers in (out)	-	-
Change in net position	<u>(6,196)</u>	<u>(6,196)</u>
Total net position—beginning	56,208	56,208
Total net position—ending	<u>\$ 50,012</u>	<u>\$ 50,012</u>

See accompanying Notes to Financial Statements

**City of Linwood School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

	Before and After School Program	Total Proprietary
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 107,544	\$ 107,544
Payments for salaries and benefits	(73,640)	(73,640)
Rent	(14,000)	(14,000)
Services	(17,321)	(17,321)
Other costs	(500)	(500)
Supplies	(10,853)	(10,853)
Net cash provided by operating activities	<u>(8,770)</u>	<u>(8,770)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers (to)from other funds	<u>-</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	<u>-</u>	<u>-</u>
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	<u>233</u>	<u>233</u>
Net cash provided by investing activities	<u>233</u>	<u>233</u>
Net increase in cash and cash equivalents	(8,537)	(8,537)
Balances—beginning of year	54,277	54,277
Balances—end of year	<u>\$ 45,740</u>	<u>\$ 45,740</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (6,428)	\$ (6,428)
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase/(Decrease) in Accounts Payable		-
Increase/(Decrease) in Deferred Revenues		-
(Increase)/Decrease in accounts receivable, net		-
Total adjustments	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ (6,428)</u>	<u>\$ (6,428)</u>

See accompanying Notes to Financial Statements

**City of Linwood School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

		Agency Fund
ASSETS		
Cash and cash equivalents	\$	78,506
Accounts Receivable		506
Total assets	\$	79,012
LIABILITIES		
Accounts Payable	\$	-
Interfund Accounts Payable		764
Payable to student groups		59,500
Payroll deductions and withholdings		14,610
Total liabilities	\$	79,012

See accompanying Notes to Financial Statements

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City of Linwood School District
Notes to Financial Statements
June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. REPORTING ENTITY

The City of Linwood School District is a Type II district effective November 9, 2016 located in the County of Atlantic, State of New Jersey. As a Type II district, the Board of Education members are elected. Board members who were on the Board prior to November 9, 2016 were appointed by the Mayor. The Board is now comprised of nine members appointed or elected to three-year terms. The purpose of the district is to educate students in grades PreK -8. The City of Linwood School District had an approximate enrollment at June 30, 2017 of 836 students.

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

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

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

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

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position 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.

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

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

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

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

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

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

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - CONTINUED

The following fund types are used by the District:

1. Governmental Funds

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds. Prior to November 9, 2016, as a Type I School District all debt is borne by the municipality rather than the school district.

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - CONTINUED

2. Proprietary Funds

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

3. Enterprise Funds

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

4. Fiduciary Funds

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

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

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

D. BASIS OF ACCOUNTING

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

1. Accrual

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

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.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents

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

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

2. Investments

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

3. Inventories

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2017, the District did not have inventory in the general fund or the enterprise fund.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

4. Capital Assets

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

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

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

5. Revenues

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

6. Expenditures

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

7. Compensated Absences

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

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

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

8. Interfund Activity

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

9. Budgets/Budgetary Control

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

<u>Account Description</u>	<u>Account Number</u>	<u>Amount</u>
Tuition	11-000-100-xxx	(\$15,475)
Related Services	11-000-216-xxx	\$23,310
Extraordinary Services	11-000-217-xxx	\$20,775
Guidance Services	11-000-218-xxx	\$12,200
Library Media Services	11-000-222-xxx	(\$21,950)
General Administration	11-000-230-xxx	\$38,200
Central Services	11-000-25x-xxx	\$21,470
Plant Operations and Maintenance Services	11-000-26x-xxx	(\$103,250)
Employee Benefits	11-000-291-xxx	(\$251,575)
Regular Programs	11-1xx-xxx-xxx	\$52,400
Special Education Programs	11-2xx-xxx-xxx	\$11,190
Deposit to Capital and Maintenance Reserves	12-000-400-932	\$175,000
Equipment	12-000-xxx-xxx	\$16,000
Construction Services	12-000-400-xxx	\$40,000

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.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

9. Budgets/Budgetary Control - Continued

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

10. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The Board of Education began charging tuition to district students for Preschool Regular Education services for a set rate approved by the Board annually, beginning September 1, 2008. The district also began an expanded day kindergarten program with tuition set annually by the Board of Education. Students participating in the 2016-2017 school year in the Preschool program pay a fee of \$2,750 and Expanded Day Kindergarten Program pay a fee of \$3,750 annually. Students eligible for free or reduced meals receive the programs at a reduced rate set annually by the Board. As of June 30, 2017, there was no tuition receivable.

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

11. Tuition Payable

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

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

12. Use of Estimates

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

13. Allocation of Costs

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

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.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

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, 2017, \$0 of the government's bank balance of \$2,429,252 was exposed to custodial credit risk.

NOTE 3. INVESTMENTS

As of June 30, 2017, 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.

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City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 859,382	\$	\$	\$ 859,382
Construction in Progress	150,070	267,140	(148,070.00)	269,140
Total capital assets not being depreciated	<u>1,009,452</u>	<u>267,140</u>	<u>(148,070.00)</u>	<u>1,128,522</u>
Capital assets being depreciated:				
Site Improvements	-			-
Buildings and building improvements	26,465,945	178,086	(163,783)	26,480,247
Machinery & Equipment	1,840,153	18,355	(113,941)	1,744,567
Total capital assets being depreciated at historical cost	<u>28,306,098</u>	<u>196,441</u>	<u>(277,725)</u>	<u>28,224,814</u>
Less accumulated depreciation for:				
Site Improvements	-	-		-
Buildings and improvements	(11,383,659)	(696,045)	92,625	(11,987,080)
Equipment	(1,307,371)	(67,261)	111,073	(1,263,559)
Total Accumulated Depreciation	<u>(12,691,030)</u>	<u>(763,306)</u>	<u>203,698</u>	<u>(13,250,639)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>15,615,068</u>	<u>(566,865)</u>	<u>(74,027)</u>	<u>14,974,175</u>
Governmental activity capital assets, net	<u>\$ 16,624,520</u>	<u>\$ (299,725)</u>	<u>\$ (222,097)</u>	<u>\$ 16,102,697</u>

Depreciation expense as charged to governmental functions as follows:

Regular Instruction	\$ 508,871
Direct Expense of Various Functions	<u>254,435</u>
	<u>\$ 763,306</u>

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u>		<u>Retired/</u>	<u>Balance</u>	<u>Due in</u>
	<u>June 30, 2016</u>	<u>Issued</u>	<u>Adjustment</u>	<u>June 30, 2017</u>	<u>One Year</u>
Compensated					
Absences Payable	\$ 679,398	\$ 1,066,890	\$ 564,396	\$ 1,181,892	\$ 30,000
	<u>\$ 679,398</u>	<u>\$ 1,066,890</u>	<u>\$ 564,396</u>	<u>\$ 1,181,892</u>	<u>\$ 30,000</u>

A. Bonds Payable – The City of Linwood School District was 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. The District has not issued any debt as at Type II district.

B. Bonds Authorized But Not Issued - As of June 30, 2017, the District had no authorized but not issued bonds.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

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 \$3,178.77. 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>	
2018	\$ 38,145
2019	19,876
2020	13,606
2021	13,606

NOTE 7. PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

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, 2017, 2016, and 2015, were \$708,240, \$507,311, and \$384,002, 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, 2017, 2016, and 2015, were \$154,900, \$167,374, and \$158,827, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2017, 2016, and 2015, the State of New Jersey contributed \$590,125, \$604,066, and \$552,453, respectively, to the TPAF for post-retirement medical benefits and life insurance premiums on behalf of the Board. The State of New Jersey contributed \$768 to TPAF for long-term disability insurance. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$431,155, \$468,728, and \$478,657, 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
Notes to Financial Statements
June 30, 2017
(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 PERS 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; PERS 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 PERS 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 PERS, 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 PERS, 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.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

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

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

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2017, the District reported a liability of \$5,141,909 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the District's proportion was .01736126520%, which was a decrease of 9.44% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$436,469. At June 30, 2017, 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 expected and actual experience	\$ 95,624	
Changes of assumptions	1,065,129	
Net difference between projected and actual earnings on pension plan investments	196,066	
Changes in proportion and differences between District contributions and proportionate share of contributions	73,057	343,354
District contributions subsequent to the measurement date	154,235	
Total	\$ 1,584,111	\$ 343,354

\$154,235 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM-CONTINUED

Year ended June 30,		
2018	\$	245,887
2019		245,887
2020		281,099
2021		235,233
2022		78,416
Total	\$	1,086,522

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return: 7.65%	

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM-CONTINUED

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 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.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM-CONTINUED

The following presents the collective net pension liability of the participated employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 6,162,083	5,141,909	4,300,571

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

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	49,845,542
Total	\$ 49,845,542

The net pension liability was measured as of June 30, 2016 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$3,745,199 and revenue of \$3,745,199 for support provided by the State. At June 30, 2016, 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 expected and actual experience	\$ 175,656	\$ 85,244
Changes of assumptions	9,949,768	
Net difference between projected and actual earnings on pension plan investments	909,090	
Changes in proportion and differences between District contributions and proportionate share of contributions		1,504,990
District contributions subsequent to the measurement date		504,624
Total	\$ 11,034,514	\$ 2,094,858

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

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

\$504,624 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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,		
2018	\$	1,387,408
2019		1,387,408
2020		1,625,321
2021		1,520,035
2022		1,284,009
Thereafter		2,240,100
Total	\$	<u>9,444,281</u>

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used 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	7.65%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 20012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging market equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - Multi Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount rate. The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 of employers' 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, 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 3.22% 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 (2.22%) or 1-percentage point higher (4.22%) than the current rate:

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
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.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

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, 2015 there were 107,314 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2016.

NOTE 11. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the entity wide statement of financial position. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

NOTE 12. DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
Siracusa
Equitable
Vanguard – Existing Plans only

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 13. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2017 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, 2016, 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 adopted an encumbrance policy for the fiscal year June 30, 2017 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.

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

Fund	Inter-fund Receivable	Inter-fund Payable
General	\$ 41,435	\$ 289
Special Revenue		40,254
Capital Projects		
Other Funds	289	1,181
	\$ 41,724	\$ 41,724

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.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 18. RECEIVABLES

Receivables at June 30, 2017, 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	\$ 160,093	160,093
Federal Aid	59,319	59,319
Interfunds	41,435	
Other	17,562	17,562
Gross Receivables	278,409	236,974
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 278,409	\$ 236,974

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, 2017.

Restricted Fund Balance

Excess Surplus – At June 30, 2017, excess surplus created in FY16 of \$912,772 will be utilized for expenditures in the 2017-18 budget, while excess surplus created in FY17 of \$633,754 restricted and will be utilized for budget expenditures in 2018-19.

Committed Fund Balance

Capital Reserve Account – Of the \$525,214 balance in the capital reserve account at June 30, 2017, \$0 has been designated for utilization in the 2017-18 budget. These funds are restricted for future capital outlay expenditures for projects in the School District’s long range facilities plan (LRFP).

Maintenance Reserve Account – Of the \$341,033 balance in the maintenance reserve account at June 30, 2017, \$0 has been designated for utilization in the 2017-18 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, 2017, the Board of School Estimates has assigned \$100,000 of general fund balance to expenditures in the 2017-18 budget. \$340,033 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.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 19. FUND BALANCE APPROPRIATED - CONTINUED

Unassigned Fund Balance – At June 30, 2017, the District has \$258,582 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, 2017 is \$633,754.

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.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 733,114
Interest earnings	3,790
Deposits June 30, 2017	
Deposit Refund from Capital Projects	
Withdrawals:	
Budget 2016-17 (Expended)	211,690
Ending balance, June 30, 2017	<u><u>\$525,215</u></u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 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.

City of Linwood School District
Notes to Financial Statements
June 30, 2017
(Continued)

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 317,903
Interest earnings	1,630
Withdrawals:	
Per Approved Budget (Expended):	(53,500)
Deposit Board resolution June 30, 2017	75,000
Ending balance, June 30, 2017	<u><u>\$341,034</u></u>

NOTE 24. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and September 25, 2017, 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.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

Budgetary Comparison Schedules

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,218,084	-	\$ 11,218,084	\$ 11,218,084	-
Miscellaneous	136,000		136,000	275,388	139,388
Total - Local Sources	11,354,084	-	11,354,084	11,493,472	139,388
Federal Sources:					
Education Jobs Fund Act			-		-
Total - Federal Sources	-	-	-	-	-
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	-
- Professional Learning Communities	7,770		7,770	7,770	-
-Non-Public Transportation				174	174
-Extraordinary				140,995	140,995
On-Behalf TPAF Pension Contributions (non-budgeted)			-	1,299,133	1,299,133
Reimbursed TPAF Social Security Contributions (non-budgeted)			-	431,155	431,155
Total - State Sources	1,579,695	-	1,579,695	3,451,152	1,871,457
Total Revenues	\$ 12,933,779	\$ -	\$ 12,933,779	\$ 14,944,624	\$ 2,010,845

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 51,831	\$ 960	\$ 52,791	\$ 52,664	\$ 127
Kindergarten	230,324		230,324	228,624	1,700
Grades 1-5	2,036,214	112,000	2,148,214	2,140,703	7,511
Grades 6-8	1,725,717	(122,300)	1,603,417	1,593,884	9,533
Regular Programs - Home Instruction:					
Salaries of Teachers	\$ 4,000		\$ 4,000	\$ 2,350	\$ 1,650
Purchased Professional - Educational Services		6,700	6,700	4,100	2,600
Purchased Professional - Educational Services					
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services					
Other Purchased Services	47,505	1,000	48,505	44,668	3,837
General Supplies	196,171	55,496	251,667	226,768	24,899
Textbooks	15,000		15,000	5,357	9,643
Other Objects	750		750	223	527
Total Regular Programs	4,307,512	53,856	4,361,368	4,299,341	62,027
Multiple Disabilities					
Salaries of Teachers	196,610	(15,090)	181,520	180,186	1,334
Other Salaries for Instruction		4,100	4,100	4,038	62
General Supplies	4,500	3,500	8,000	7,910	90
Textbooks	1,000		1,000	1,000	-
Total Multiple Disabilities	202,110	(7,490)	194,620	193,135	1,485
Resource Room/Resource Center:					
Salaries of Teachers	692,138	24,000	716,138	709,254	6,884
Other Salaries for Instruction	148,107	(23,200)	124,907	119,741	5,166
General Supplies	9,100	5,800	14,900	13,689	1,211
Textbooks	3,000		3,000	2,941	59
Total Resource Room/Resource Center	852,345	6,600	858,945	845,625	13,320

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Preschool Disabilities - Part Time:					
Salaries of Teachers	\$ 67,437	\$ 9,500	\$ 76,937	\$ 75,092	\$ 1,845
Other Salaries for Instruction	58,356	(40,000)	18,356	12,941	5,415
General Supplies	3,000		3,000	2,871	129
Total Preschool Disabilities - Part Time	128,793	(30,500)	98,293	90,905	7,388
Preschool Disabilities - Full Time					
Salaries of Teachers	17,860	7,200	25,060	24,817	243
Other Salaries for Instruction		13,000	13,000	12,814	186
Supplies	2,000		2,000	884	1,116
Total Preschool Disabilities -Full Time	19,860	20,200	40,060	38,515	1,545
Special Education - Home Instruction					
Salaries of Teachers	4,000	700	4,700	2,980	1,720
Purchased Educational Services		2,700	2,700	2,640	60
Total Special Education - Home Instruction	4,000	3,400	7,400	5,620	1,780
Total Special Education - Instruction	1,207,108	(7,790)	1,199,318	1,173,799	25,519
Basic Skills/Remedial- Instruction					
Salaries of Teachers	211,377	9,500	220,877	219,317	1,560
Other Salaries for Instruction	56,965	(7,000)	49,965	45,606	4,359
General Supplies	1,600	4,500	6,100	5,232	868
Textbooks	3,000	(3,000)	-	-	-
Total Basic Skills/Remedial - Instruction	272,942	4,000	276,942	270,154	6,788

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
School Sponsored Cocurricular Activities - Instruction:					
Salaries	23,114		23,114	22,671	443
Purchased Services	500		500	65	435
Supplies	2,500	1,000	3,500	2,658	842
Total School Sponsored Cocurricular Activities - Instruction	26,114	1,000	27,114	25,395	1,719
School Sponsored Athletics - Instruction					
Salaries	57,540		57,540	46,886	10,654
Purchased Services	6,500		6,500	5,229	1,271
Supplies and Materials	5,500		5,500	4,711	789
Total School Sponsored Athletics - Instruction Before/After School Programs/Instruction	69,540	-	69,540	56,826	12,714
Salaries	5,753	(500)	5,253	5,125	128
Supplies		500	500	136	364
Transfer to Enterprise Fund			-		-
Total Before/After School Programs	5,753	-	5,753	5,261	492
Summer School Instruction					
Salaries	12,660		12,660	12,280	380
Supplies			-		-
Transfer to Enterprise Fund			-		-
Total Summer School Programs	12,660	-	12,660	12,280	380
Total Instruction	5,901,629	51,066	5,952,695	5,843,056	109,639
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools	100,140	(24,000)	76,140	48,500	27,640
Tuition - Private School for the Handicapped	61,000	8,525	69,525	59,791	9,734
Tuition - Out of State			-		-
Total Undistributed Expenditures - Instruction	161,140	(15,475)	145,665	108,291	37,374

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 53,831	\$ 2,230	\$ 56,061	\$ 55,552	\$ 509
Other Purchased Services	250		250		250
Total Undistributed Expenditures - Attendance and Social Work	54,081	2,230	56,311	55,552	759
Undistributed Expenditures - Health Services:					
Salaries	143,715		143,715	142,957	758
Other Purchased Services			-		-
Other Purchased Services	9,000		9,000	6,657	2,343
Supplies and Materials	6,000	(500)	5,500	5,211	289
Other Objects	200		200	149	52
Total Undistributed Expenditures - Health Services	158,915	(500)	158,415	154,974	3,441
Undistributed Expenditures - Speech, OT, PT & Related Services					
Salaries	326,191	(39,690)	286,501	286,178	323
Purchased Professional Educational Services	11,000	62,500	73,500	62,547	10,953
Supplies and Materials	4,500	500	5,000	4,685	315
Total Undistributed Expenditures - Other Support Services - Students - Related Services	341,691	23,310	365,001	353,409	11,592
Undistributed Expenditures - Other Support Services - Students - Extra Services					
Salaries	232,047	15,600	247,647	240,546	7,101
Purchased Professional Educational Services	2,900	3,075	5,975	5,355	620
Supplies and Materials	2,000	2,100	4,100	1,730	2,370
Other Objects			-		-
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	236,947	20,775	257,722	247,631	10,091

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Other Support Services - Guidance	\$ 92,220	\$ 10,700	\$ 102,920	\$ 100,904	\$ 2,016
Salaries of Other Professional Staff	12,000	1,500	13,500	12,752	748
Other Salaries	1,168		1,168	505	664
Other Purchased Prof & Technical Services	1,000		1,000	980	20
Other Purchased Services	6,000		6,000	1,306	4,694
Supplies and Materials	280		280	258	22
Other Objects					
Total Undistributed Expenditures - Other Support Services - Guidance	112,668	12,200	124,868	116,705	8,164
Undistributed Expenditures - Other Support Services - Child Study Team	329,766	(7,100)	322,666	322,661	5
Salaries of Other Professional Staff	43,270	650	43,920	43,905	15
Salaries of Secretarial and Clerical Assistants	3,000	2,500	5,500	5,483	17
Other Salaries		7,735	7,735	7,734	1
Unused Vacation Payment	7,500	(1,500)	7,500	5,705	1,795
Purchased Professional - Educational Services	12,000		10,500	9,317	1,183
Purchased Professional - Technical Services	3,700		3,700	617	3,083
Misc. Purchased Services	6,000	3,500	9,500	8,507	993
Supplies and Materials	3,500	(500)	3,000	2,109	891
Other Objects					
Total Undistributed Expenditures - Other Support Services - Child Study Team	408,736	5,285	414,021	406,037	7,984
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	90,000		90,000	86,223	3,777
Salaries of Other Professional Staff	33,800	500	34,300	34,271	29
Salaries of Secretarial & Clerical	600		600	232	368
Purchased Professional - Educational Services	10,000	(300)	9,700	8,425	1,275
Other Purchased Services	6,750	4,000	10,750	7,662	3,088
Supplies and Materials	1,500		1,500	1,090	410
Other Objects	250		250	239	11
Total Undistributed Expenditures - Improv. of Instr. Services	142,900	4,200	147,100	138,142	8,958

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries - Media Specialist	\$ 29,279	\$ (20,000)	\$ 9,279	\$ 7,269	\$ 2,010
Salaries - Technology Coordinators	79,306	3,050	82,356	80,200	2,156
Other Purchased Services	9,500	(5,000)	4,500	2,967	1,533
Supplies and Materials	7,000		7,000	5,717	1,283
Other Objects	200		200		200
Total Undistributed Expenditures - Educational Media Services - School Library	125,285	(21,950)	103,335	96,152	7,183
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	1,000	2,500	3,500	2,030	1,470
Other Purchased Professional and Technical Services					
Other Purchased Services	7,000		7,000	6,276	724
Supplies and Materials	500		500	500	
Total Undistributed Expenditures - Instructional Staff Training	8,500	2,500	11,000	8,306	2,694
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	211,414		211,414	196,652	14,762
Legal Services	50,000	30,000	80,000	77,540	2,460
Audit Fees	18,500		18,500	17,900	600
Other Purchased Professional Services	4,000	14,000	18,000	10,966	7,034
Purchased Technical Services	7,500		7,500	4,752	2,748
Communications/Telephone	35,000	1,300	36,300	36,203	97
Other Purchased Services	50,700	(6,800)	43,900	43,198	702
Other Purchased Service - Board Expense	500	(300)	200		200
General Supplies	4,000	1,000	5,000	4,894	106
Board Training and Meeting Supplies	500		500	57	443
Board Memberships	3,000		3,000	1,725	1,275
Judgements Against the District					
Miscellaneous Expenditures	8,000	(1,000)	7,000	6,703	297

City of Linwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Total Undistributed Expenditures - Support Services - Gen. Admin.	393,114	38,200	431,314	400,590	30,724
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	\$ 269,064	\$ (38,525)	\$ 230,539	\$ 222,629	\$ 7,910
Salaries of Secretarial and Clerical Assistants	124,952	2,450	127,402	127,152	250
Unused Vacation Payment		6,585	6,585	6,584	1
Other Purchased Services	30,450	20,000	50,450	22,350	28,100
Supplies and Materials	23,000	12,500	35,500	18,245	17,255
Other Objects	2,900		2,900	2,174	726
Total Undistributed Expenditures - Support Serv. - School Admin.	450,366	3,010	453,376	399,135	54,241
Undistributed Expenditures - Business Administration					
Salary	190,795	1,970	192,765	192,742	23
Purchased Professional Services		6,500	6,500	3,850	2,650
Miscellaneous Purchased Services	23,000		23,000	18,336	4,664
Supplies and Materials	6,000	2,120	8,120	6,216	1,904
Miscellaneous Expense	2,500		2,500	1,789	711
Total Undistributed Expenditures - Support Serv. - Business Admin.	222,295	10,590	232,885	222,932	9,953
Undistributed Expenditures - Technical Services					
Salary	94,555	(10,000)	84,555	67,461	17,094
Other Purchased Services	56,000	10,880	66,880	63,014	3,866
Supplies and Materials	14,900	10,000	24,900	21,716	3,184
Other Objects	1,000		1,000		1,000
Total Undistributed Expenditures - Support Serv. - Technical Services	166,455	10,880	177,335	152,191	25,144
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	143,044	4,500	147,544	147,390	154
Cleaning Repairs and Maintenance Services	252,250	(26,686)	225,564	146,999	78,565
Lead Testing		3,500	3,500	2,602	899
General Supplies	26,000	(600)	25,400	19,655	5,745
Other Objects	600		600	400	200
Total Undistributed Expenditures - Required Maintenance for School Facilities	421,894	(19,286)	402,608	317,045	85,563

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	\$ 315,315	\$ (26,000)	\$ 289,315	\$ 284,099	\$ 5,216
Salaries of Non-Instructional	46,093		46,093	45,709	384
Cleaning, Repair and Maintenance Services	33,750	3,311	37,061	35,368	1,693
Other Purchased Property Services	36,000		36,000	35,975	25
Insurance	57,500		57,500	51,232	6,268
Miscellaneous Purchased Services	47,000	(20,000)	27,000	24,554	2,446
General Supplies	84,000	(5,000)	79,000	66,495	12,505
Energy (Heat)	110,000	(51,200)	58,800	49,107	9,693
Energy (Electricity)	325,000	(28,800)	296,200	296,144	56
Energy (Gas)	3,000		3,000	1,303	1,697
Other Objects	1,250		1,250	937	313
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	1,058,908	(127,689)	931,219	890,923	40,296
Undistributed Expenditures - Grounds					
Salaries	1,666	100	1,766	1,765	1
Cleaning, Repairs & Maintenance Services	15,000	6,000	21,000	15,407	5,593
General Supplies	7,500		7,500	3,795	3,705
Total Undistributed Expenditures - Grounds	24,166	6,100	30,266	20,967	9,299
Undistributed Expenditures - Security					
Salaries	34,177	750	34,927	34,915	12
Purchased Property Services			-		-
Purchased Services	10,000	8,725	18,725	4,390	14,335
General Supplies	5,500	39,530	45,030	6,480	38,550
Total Undistributed Expenditures - Security	49,677	49,005	98,682	45,786	52,896
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other Than Between Home and School) - Vendors	\$ 9,500		\$ 9,500	\$ 8,885	\$ 615
Contracted Services - (Between Home and School) - Joint Agmts	25,000	(3,400)	21,600	20,252	1,348
Contracted Services (Special Ed Students) - Joint Agreements	105,000	1,400	106,400	100,775	5,625
Contracted Services - Aid in Lieu of Payments	6,188		6,188	1,768	4,420
Total Undistributed Expenditures - Student Transportation Serv.	145,688	(2,000)	143,688	131,680	12,008

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Unallocated Benefits:					
Social Security Contributions	175,000		175,000	167,511	7,489
Other Retirement - Regular	168,000	(6,000)	162,000	160,658	1,342
Defined Contribution Retirement Program	25,000		25,000	12,729	12,271
Unemployment Compensation	40,000		40,000	32,893	7,107
Workmen's Compensation	135,000	5,688	140,688	140,688	-
Health Benefits	2,525,891	(251,500)	2,274,391	2,191,204	83,187
Tuition Reimbursements	60,000	(24,763)	35,237	21,202	14,035
Other Employee Benefits	17,000	25,000	42,000	27,748	14,252
Total Unallocated Benefits	3,145,891	(251,575)	2,894,316	2,754,632	139,684
On-behalf TPAF Pension Contributions (non-budgeted)				1,299,133	(1,299,133)
Reimbursed TPAF Social Security Contributions (non-budgeted)				431,155	(431,155)
Total On-behalf Contributions	-	-	-	1,730,288	(1,730,288)
Total Undistributed Expenditures	7,829,317	(250,190)	7,579,128	8,751,367	(1,172,239)
Total Current Expense	13,730,946	(199,124)	13,531,822	14,594,423	(1,062,601)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Support Services	8,000	16,000	24,000	18,355	5,645
Administrative Technology					\$ -
Total Equipment	8,000	16,000	24,000	18,355	5,645
Facilities Acquisition and Construction Services					
Architectural and Engineering Services	66,500	50,150	116,650	12,600	104,050
Construction Services	170,000	515,844	685,844	265,709	420,135
Land Improvements	50,000		50,000		50,000
Debt Service Assessment	18,847		18,847	18,847	-
Increase in Capital Reserve	1,000	100,000	101,000		101,000
Increase in Maintenance Reserve	500	75,000	75,500		75,500
Total Facilities Acquisition and Construction Services	306,847	740,994	1,047,841	297,156	750,685
Total Capital Outlay	314,847	756,994	1,071,841	315,511	756,330
Total Expenditures	14,045,793	557,869	14,603,663	14,909,933	(306,271)

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,112,014)	\$ (557,869)	\$ (1,669,884)	\$ 34,691	\$ 1,704,574
Other Sources and (Uses) of Funds			-		-
Fund Balances, July 1	<u>3,222,877</u>		<u>3,222,877</u>	<u>3,222,877</u>	
Fund Balances, June 30	<u>\$ 2,110,863</u>	<u>\$ (557,869)</u>	<u>\$ 1,552,993</u>	<u>\$ 3,257,568</u>	<u>\$ 1,704,574</u>
Reconciliation of Fund Balance					
Reserve for Encumbrances				\$ 340,033	
Excess Surplus - Undesignated				633,754	
Capital Reserve				525,214	
Maintenance Reserve				341,033	
Excess Surplus Designated for Subsequent Year's Expenditures				912,772	
Unreserved Surplus Designated for Subsequent Year's Expenditures				100,000	
Unrestricted Fund Balance				404,762	
				<u>3,257,568</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized				(146,180)	
Fund Balance per Governmental Funds				<u>\$ 3,111,388</u>	

**City of Linwood School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	-	\$ 96,774	\$ 96,774	\$ 91,547	\$ (5,227)
Total - Local Sources	-	96,774	96,774	91,547	(5,227)
State Sources:					
Non Public Aids	1,438	1,022	2,460	764	(1,696)
Total - State Sources	1,438	1,022	2,460	764	(1,696)
Federal Sources:					
Title I	38,678	44,972	83,650	81,078	(2,572)
Title II A	14,074	187	14,261	9,718	(4,543)
I.D.E.A., Part B	163,234	17,476	180,710	178,555	(2,155)
I.D.E.A., Preschool	7,536	1,935	9,471	9,471	-
Total - Federal Sources	223,522	64,570	288,092	278,822	(9,270)
Total Revenues	224,960	162,366	387,326	371,133	(16,193)
EXPENDITURES:					
Instruction					
Salaries of Teachers	136,759	25,080	161,839	158,530	3,309
Tuition	36,000		36,000	36,000	-
Other Purchased Services (400-500 series)		3,450	3,450	2,700	750
General Supplies		81,026	81,026	76,600	4,427
Textbooks	500	134	634	634	-
Total instruction	173,259	109,690	282,949	274,464	8,486

**City of Linwood School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Support Services					
Salaries of Other Professional Staff	\$ 17,500	\$ (2,446)	\$ 15,054	\$ 15,174	\$ (120)
Personal Services - Employee Benefits	11,801	2,514	14,315	14,072	243
Purchased Professional - Educational Services	16,000	33,801	49,801	43,343	6,458
Other Purchased Services	6,000	(1,550)	4,450	4,450	-
Supplies & Materials	400	5,767	6,167	5,048	1,119
Total support services	<u>51,701</u>	<u>38,086</u>	<u>89,787</u>	<u>82,087</u>	<u>7,700</u>
Contribution to Charter Schools			-		
Facilities acquisition and construction services:					
Equipment		14,590	14,590	14,582	8
Total facilities acquisition and construction services	-	14,590	14,590	14,582	8
Total expenditures	224,960	162,366	387,326	371,133	16,194
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 0</u>

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**NOTES TO THE
REQUIRED SUPPLEMENTARY INFORMATION**

**City of Linwood School District
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017**

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	\$ 14,944,624	\$ 371,133
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			240
Current Year			(33,306)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		145,752	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(146,180)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	\$ 14,944,196	\$ 338,067
 Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	14,909,933	371,133
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			240
Current Year			(33,306)
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	\$ 14,909,933	\$ 338,067

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REQUIRED SUPPLEMENTARY INFORMATION
PART III

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

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

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

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

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

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

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

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

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

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

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

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

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Other Supplementary Information

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

**City of Linwood School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2017**

	Linwood Education Foundation	Parent and Teacher Association	Community And Other Local Grants	Non Public Nursing	Non Public Textbook	Non Public Technology & Security	Subtotal State Grants	Subtotal Local Grants	Total
REVENUES:									
State Sources	\$	\$	\$	130	634	\$	764	\$	764
Federal Sources									278,822
Local Sources	72,428	18,542	577				91,547		91,547
Total revenues	72,428	18,542	577	130	634		764	91,547	371,133
EXPENDITURES									
Instruction:									
Salaries of teachers		5,611						5,611	158,530
Tuition									36,000
Other purchased services		700						700	2,700
General supplies	56,746	8,283	577					65,606	76,600
Textbooks					634		634		634
Total instruction	56,746	14,594	577		634		634	71,917	274,464
Support services:									
Salaries of Other Professional Staff				120			120		15,174
Personal services- employee benefits				10			10		14,072
Purchased professional educational service									43,343
Other Purchased Services									4,450
Supplies and materials	1,100	3,948						5,048	5,048
Total support services	1,100	3,948		130			130	5,048	82,087
Facilities acquisition and const. serv.:									
Equipment	14,582							14,582	14,582
Faculties									
Total facilities acquisition and construction services	14,582							14,582	14,582
Total expenditures	72,428	18,542	577	130	634		764	91,547	371,133
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$
	0	-	0	-	-	-	-	0	0

**City of Linwood School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2017**

	No Child Left Behind					
	Title I	Title II A	IDEA Basic	IDEA Preschool	Subtotal Projects	
REVENUES:						
State Sources	\$	\$				\$ -
Federal Sources	81,078	9,718	178,555	9,471		278,822
Local Sources						-
Total revenues	81,078	9,718	178,555	9,471		278,822
EXPENDITURES						
Instruction:						
Salaries of teachers	63,762		81,438	7,719		152,919
Tuition			36,000			36,000
Other purchased services	2,000					2,000
General supplies	5,224		4,608	1,162		10,994
Textbooks						-
Total instruction	70,986	-	122,046	8,881		201,913
Support services:						
Salaries of Other Professional Staff			15,054			15,054
Personal services- employee benefits	6,092		7,380	590		14,062
Purchased professional educational service	4,000	9,718	29,625			43,343
Other purchased services			4,450			4,450
Supplies and materials						-
Total support services	10,092	9,718	56,509	590		76,909
Facilities acquisition and const. serv.:						
Equipment						-
Facilities						-
Total facilities acquisition and construction services	-	-	-	-		-
Total expenditures	81,078	9,718	178,555	9,471		278,822
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -		\$ -

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

City of Linwood School District
Fiduciary Fund
Combining Statement of Fiduciary Net Position
For the Year Ended June 30, 2017

	Agency		
	Student Activity	Payroll	Total
ASSETS:			
Cash and cash equivalents	\$ 63,638	\$ 14,868	\$ 78,506
Accounts receivable	0	-	-
Other Receivables		506	506
Total Assets	\$ 63,638	\$ 15,374	\$ 79,012
LIABILITIES:			
Liabilities:			
Payroll deductions and withholdings	\$	\$ 14,610	\$ 14,610
Interfund payable - general fund		764	764
Due to student groups	59,500		59,500
Encumbrance	4,138		4,138
Accounts Payable			-
Total Liabilities	\$ 63,638	\$ 15,374	\$ 79,012

City of Linwood School District
 Student Activity Agency Fund
 Statement of Changes in Assets and Liabilities
 For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash and cash equivalents	\$ 48,486	\$ 225,506	\$ 210,354	\$ 63,638
Accounts Receivable	5,747		5,747	-
Total assets	<u>\$ 54,233</u>	<u>\$ 225,506</u>	<u>\$ 216,101</u>	<u>\$ 63,638</u>
LIABILITIES:				
Due to Student groups	\$ 54,233	\$ 221,368	\$ 216,101	\$ 59,500
Encumbrance	-	4,138		4,138
Accounts Payable				-
Total liabilities	<u>\$ 54,233</u>	<u>\$ 225,506</u>	<u>\$ 216,101</u>	<u>\$ 63,638</u>

Exhibit H-3

City of Linwood School District
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Elementary School	\$ 15,916	\$ 39,835	\$ 43,569	\$ 12,182
Middle School	28,737	27,346	22,837	33,246
Middle School - Band	5,332	136,035	132,936	8,431
Middle School - Renaissance	2,533	10,675	12,846	363
Middle School - Athletics	1,714	27,126	23,563	5,277
Total all schools	\$ 54,232	\$ 241,017	\$ 235,750	\$ 59,499

**City of Linwood School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash and cash equivalents	\$ 32,274	\$ 9,782,573	\$ 9,799,980	\$ 14,867
Other Receivables	4,357	1,408	\$ 5,259	506
Accounts receivable	-			-
Total assets	<u>\$ 36,631</u>	<u>\$ 9,783,981</u>	<u>\$ 9,805,239</u>	<u>\$ 15,374</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 36,631	\$ 9,783,218	\$ 9,805,239	\$ 14,610
Interfund Accounts Payable		764		764
Total liabilities	<u>\$ 36,631</u>	<u>\$ 9,783,981</u>	<u>\$ 9,805,239</u>	<u>\$ 15,374</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 17,672,349	\$ 17,165,012	\$ 17,038,553	\$ 16,735,301	\$ 16,269,790	\$ 15,896,090	\$ 16,404,629	\$ 16,626,933	\$ 16,624,520	\$ 16,102,697
Restricted	2,006,192	2,205,568	1,425,420	2,095,182	2,620,255	2,508,318	2,470,817	2,503,873	2,873,673	2,852,806
Unrestricted	(162,917)	(235,109)	(135,094)	(68,925)	(89,862)	(135,743)	(165,443)	(3,757,514)	(4,249,099)	(4,978,697)
Total governmental activities net position	\$ 19,515,624	\$ 19,135,471	\$ 18,328,879	\$ 18,761,558	\$ 18,800,183	\$ 18,268,665	\$ 18,710,003	\$ 15,373,292	\$ 15,249,094	\$ 13,976,806
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	\$ 56,208	\$ 50,012
Restricted	17,063	10,428	12,998	8,247	3,504	15,640	23,345	21,426	56,208	50,012
Unrestricted										
Total business-type activities net position	\$ 17,063	\$ 10,428	\$ 12,998	\$ 8,247	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426	\$ 56,208	\$ 50,012
District-wide										
Invested in capital assets, net of related debt	\$ 17,672,349	\$ 17,165,012	\$ 17,038,553	\$ 16,735,301	\$ 16,269,790	\$ 15,896,090	\$ 16,404,629	\$ 16,626,933	\$ 16,624,520	\$ 16,102,697
Restricted	2,006,192	2,205,568	1,425,420	2,095,182	2,620,255	2,508,318	2,470,817	2,503,873	2,873,673	2,852,806
Unrestricted	(145,854)	(224,681)	(122,096)	(60,678)	(86,358)	(120,103)	(142,098)	(3,756,088)	(4,192,891)	(4,928,685)
Total district net position	\$ 19,532,687	\$ 19,145,899	\$ 18,341,877	\$ 18,769,805	\$ 18,803,687	\$ 18,284,305	\$ 18,733,348	\$ 15,394,718	\$ 15,305,302	\$ 14,026,818

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,833,394	\$ 5,875,586	\$ 5,442,124	\$ 5,520,145	\$ 5,899,699	\$ 6,225,783	\$ 6,556,097	\$ 7,829,568	\$ 7,964,606	\$ 8,628,752
Special education	1,826,694	1,886,210	1,998,542	2,079,317	1,947,629	1,910,498	2,006,509	2,054,226	2,181,381	2,512,965
Other special education	325,825	367,224	456,919	462,302	467,334	537,332	606,976	690,759	645,998	676,317
Vocational										
Other instruction	97,537	92,712	110,236	106,716	108,608	131,952	176,888	206,036	197,938	197,821
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	178,606	41,919	76,634	51,602	54,485	50,062	122,377	130,598	159,964	144,291
Student & instruction related services	1,987,306	1,902,933	2,123,052	2,046,076	2,208,777	2,400,283	2,293,476	2,251,394	2,730,790	3,239,485
General administrative services	460,862	493,990	481,801	627,900	537,265	681,491	622,165	641,990	703,286	669,407
School administrative services	488,557	511,239	572,223	572,136	542,144	633,132	520,678	544,828	726,228	626,851
Business administrative and technology services	552,943	576,479	568,960	504,207	590,664	588,051	428,886	550,854	598,379	666,976
Plant operations and maintenance	1,840,508	1,839,031	1,900,082	1,731,066	1,844,198	1,831,614	1,857,886	2,096,898	2,034,279	1,996,640
Pupil transportation	197,798	137,510	164,673	132,531	124,999	132,802	132,096	136,680	148,906	213,525
Special Schools										
Charter Schools										
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation										
Total governmental activities expenses	<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>	<u>18,091,755</u>	<u>19,573,030</u>
Business-type activities:										
Child Care	41,224	49,463	48,658	51,897	48,093	55,568	72,969	74,414	81,403	115,205
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>	<u>81,403</u>	<u>115,205</u>
Total district expenses	<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>	<u>\$ 18,173,158</u>	<u>\$ 19,688,235</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ 30,896	\$ 22,500	\$ 34,392	\$ 28,000	\$ 10,452	88,885	144,055	162,002	212,747
Pupil transportation	-	-	116,798	122,762	96,555	138,605	82,837	32,273	-	-
General Administrative Services	-	-	72,032	71,117	62,799	71,117	1,555,990	3,301,697	4,033,833	5,308,931
Plant operations and maintenance	1,603,331	1,148,190	1,289,999	1,306,089	1,560,720	1,664,215				
Operating grants and contributions										
Capital grants and contributions										
Total governmental activities program revenues	<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>	<u>4,195,835</u>	<u>5,521,678</u>
Business-type activities:										
Charges for services	47,900	42,541	51,021	47,008	43,301	67,639	80,632	72,442	116,110	108,777
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<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>	<u>116,110</u>	<u>108,777</u>
Total district program revenues	<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>	<u>\$ 4,311,945</u>	<u>\$ 5,630,455</u>
Net (Expense)/Revenue										
Governmental activities	\$ (12,186,699)	\$ (12,545,747)	\$ (12,465,949)	\$ (12,298,723)	\$ (12,777,728)	\$ (13,238,611)	\$ (13,596,322)	\$ (13,655,806)	\$ (13,895,920)	\$ (14,051,352)
Business-type activities	6,676	(6,922)	2,363	(4,889)	(4,792)	12,071	7,663	(1,972)	34,707	(6,428)
Total district-wide net expense	<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>\$ (13,657,778)</u>	<u>\$ (13,861,213)</u>	<u>\$ (14,057,780)</u>

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

	2008	2009	2010	2011	2012	Fiscal Year Ending June 30, 2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 9,663,553	\$ 10,151,229	\$ 10,005,884	\$ 11,030,881	\$ 10,841,517	\$ 10,936,586	\$ 11,153,974	\$ 11,376,075	\$ 11,517,868	\$ 11,218,084
Taxes levied for debt service	2,043,686	1,919,639	1,547,814	1,593,406	1,862,286	1,668,517	1,702,738	1,620,550	1,658,433	1,720,436
Unrestricted grants and contributions	-	(25,909)	(13,019)	(309)	(3,366)	(3,366)	1,355,062	831,596	559,411	
Funds received from the City of Linwood	(4,200)	120,636	118,677	107,414	112,549	105,357	(297,966)	(173,228)	(37,887)	(222,098)
Loss on Disposal of Equipment	140,164						123,852	115,181	73,897	62,641
Miscellaneous income	(10,000)									
Transfer to Enterprise Fund										
Cancellation of Construction in Progress										
Total governmental activities	11,833,203	12,165,595	11,659,356	12,731,392	12,816,352	12,707,094	14,037,660	13,770,174	13,771,722	12,779,064
Business-type activities:										
Investment earnings	387	287	207	138	49	65	42	53	75	233
Transfers	10,000									
Total business-type activities	10,387	287	207	138	49	65	42	53	75	233
Total district-wide	\$ 11,843,590	\$ 12,165,882	\$ 11,659,563	\$ 12,731,530	\$ 12,816,401	\$ 12,707,159	\$ 14,037,702	\$ 13,770,227	\$ 13,771,797	\$ 12,779,297
Change in Net Position										
Governmental activities	\$ (353,496)	\$ (380,152)	\$ (806,593)	\$ 432,669	\$ 38,624	\$ (531,517)	\$ 441,338	\$ 114,368	\$ (124,198)	\$ (1,272,288)
Business-type activities	17,063	(6,635)	2,570	(4,751)	(4,743)	12,136	7,705	(1,919)	34,782	(6,196)
Total district	\$ (336,433)	\$ (386,787)	\$ (804,023)	\$ 427,918	\$ 33,881	\$ (519,381)	\$ 449,043	\$ 112,449	\$ (89,416)	\$ (1,278,484)

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ 1,859,907	\$ 2,495,255	\$ 1,112,779	\$ 930,624	\$ 824,903	\$ 912,772	\$ 633,754
Committed						1062588	1,175,166	1,158,161	1,472,763	1,779,019
Assigned				235275	125,000	332,993	365,027	520,809	488,138	340,033
Unassigned				275259	278,585	240,723	267,005	173,632	203,452	258,582
Reserved	1,823,623	2,109,149	1,425,419							
Unreserved	184,263	60,603	174,676							
Total general fund	\$ 2,007,886	\$ 2,169,752	\$ 1,600,095	\$ 2,370,441	\$ 2,898,840	\$ 2,749,083	\$ 2,737,822	\$ 2,677,505	\$ 3,077,125	\$ 3,011,388
All Other Governmental Funds										
Reserved	\$ 484,946	\$ 182,569	\$ 96,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Total all other governmental funds	\$ 484,946	\$ 182,569	\$ 96,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: CAFR Schedule B-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	9,663,553	10,151,229	10,005,884	11,030,881	10,841,517	10,936,586	11,153,974	11,376,075	11,517,868	11,218,084
Tuition charges		43,466	22,500	34,392	28,000	10,452	88,885	144,055	162,002	212,747
Interest earnings	2,009	2,010	43,466	30,626	35,321	21,613	7,227	6,428	4,646	17,617
Miscellaneous	30,011	12,465	240,106	368,394	262,451	331,266	250,345	219,323	124,075	116,057
State sources	3,388,911	2,787,982	2,245,376	2,499,772	2,880,138	3,060,981	2,912,569	3,000,729	3,239,709	2,152,355
Federal sources	199,576	233,208	544,340	299,559	317,000	233,952	295,276	228,878	259,551	266,271
Total revenue	13,284,060	13,230,360	13,101,672	14,263,624	14,364,427	14,594,850	14,708,276	14,975,488	15,307,851	13,983,131
Expenditures										
Instruction										
Regular Instruction	4,065,629	4,352,544	3,950,965	3,975,422	4,192,618	4,274,823	4,558,263	4,587,761	4,451,480	4,351,507
Special education instruction	1,273,129	1,391,567	1,439,633	1,495,039	1,384,081	1,314,662	1,395,067	1,203,680	1,219,191	1,267,296
Other special instruction	201,195	248,242	298,514	303,072	300,685	331,907	384,454	373,873	309,639	341,069
Other instruction	85,440	92,712	110,236	106,716	108,608	109,104	123,252	117,197	116,562	99,762
Support Services:										
Tuition	132,913	31,075	55,202	37,162	38,720	50,062	122,377	130,598	159,964	144,291
Student & instruction related services	1,385,067	1,410,658	1,529,323	1,473,515	1,569,666	1,648,111	1,594,587	1,547,111	1,526,260	1,633,683
General administrative services	340,504	378,985	449,689	452,185	381,807	422,777	298,192	441,162	445,944	399,135
School Administrative services	434,748	460,123	412,196	412,033	419,755	434,729	432,573	374,394	431,856	400,590
Business Administrative & Technology Services	271,830	333,422	307,218	363,113	385,275	402,754	362,012	378,535	367,438	375,123
Plant operations and maintenance	1,282,756	1,363,287	1,368,709	1,246,655	1,310,578	1,325,880	1,291,734	1,437,144	1,249,159	1,274,720
Pupil transportation	137,855	101,937	118,621	95,444	88,831	74,456	91,843	94,284	98,697	131,680
Unallocated employee benefits	1,958,936	2,055,131	2,271,701	2,303,257	2,373,003	2,571,533	2,697,307	2,665,760	2,717,064	3,199,920
On Behalf Payments - TPAF & FICA	1,345,225	864,498	860,243	904,379	1,082,988	1,392,381	1,208,934	1,379,112	1,580,105	
Charter Schools	778,447	375,867	595,324	325,287	199,412	391,428	1,514,004	1,136,790	794,283	330,093
Capital outlay										
Debt service:										
Principal										
Interest and other charges										
Total expenditures	13,693,674	13,460,048	13,767,574	13,493,279	13,836,027	14,744,607	16,074,599	15,867,401	15,467,642	13,948,869
Excess (Deficiency) of revenues over (under) expenditures	(409,614)	(229,688)	(665,902)	770,345	528,400	(149,757)	(1,366,323)	(891,913)	(159,791)	34,262
Other Financing sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds										
Transfer from capital reserves										
Transfers in	250,000	165,000					1,355,062	831,596	559,411	
Transfers out	(10,000)									
Total other financing sources (uses)	240,000	165,000	-	-	-	-	1,355,062	831,596	559,411	-
Net change in fund balances	\$ (169,614)	\$ (64,688)	\$ (665,902)	\$ 770,345	\$ 528,400	\$ (149,757)	\$ (11,261)	\$ (60,317)	\$ 399,620	\$ 34,262
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Building</u> <u>Use And</u> <u>Rentals</u>	<u>Shared</u> <u>Services</u> <u>Revenue</u>	<u>Misc.</u>	<u>Total</u>
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
2016	4,646	162,002	19,775	-	104,300	290,723
2017	17,617	212,747	19,505		40,854	290,723

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)	
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										
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 ^c										
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	996,616,333										
2016	17,526,500	842,408,500	876,200	38,300	117,900,700	978,750,200		978,750,200	1,162	958,713,096										
2017	15,718,000	828,083,400			117,749,100	961,550,500		961,550,500	1,174	958,713,096										

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	
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	0.877	0.438	3.100
2015	1.160	0.043	1.203	0.648	0.902	0.472	3.225
2016	1.162	0.050	1.212	0.645	0.900	0.465	3.222
2017	1.174	0.057	1.231	0.684	0.928	0.491	3.334

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	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Stablis Master Fund, LLC	\$ 21,100,000	1	2.19%			
Central Square	9,216,000	2	0.96%	7,107,100	3	0.91%
Brandall Estates, LLC	7,500,000	3	0.78%	7,065,500	2	0.91%
LG - OHI, Linwood, LLC	6,829,900	4	0.71%			
Central Park East	6,000,000	5	0.62%	5,388,200	4	0.69%
Linwood Golf & Country Club	3,068,000	6	0.32%	4,190,800	5	0.54%
Linwood Professional Plaza	3,019,700	7	0.31%	2,436,600	7	0.31%
Alexon Enterprises	2,490,500	8	0.26%	2,024,600	8	0.26%
Central Properties	1,637,200	9	0.17%			
Ocean City Home	1,573,800	10	0.16%			
CPL				9,208,000	1	1.18%
CCC Atlantic				4,236,900	6	0.54%
Individual Taxpayer #1				1,497,200	10	0.19%
Access 1 Communications				2,019,900	9	0.26%
Total	\$ 62,435,100		6.49%	\$ 45,174,800		5.79%

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2016	11,517,868	11,517,868	100.00%	-
2017	11,218,084	11,517,868	102.67%	-

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	Bond Anticipation Notes (BANs)	Capital Leases			
2008	9,884,210			-		9,884,210	3.50%	32,702
2009	8,095,000			230,778		8,325,778	2.94%	39,106
2010	7,814,251			230,778		8,045,029	2.87%	39,153
2011	6,618,881					6,618,881	2.26%	39,545
2012	5,487,514					5,487,514	1.85%	41,338
2013	4,591,815			2265000		6,856,815	2.33%	41,927
2014	3,316,323			2,265,000		5,581,323	1.83%	41,659
2015	3,076,007			3,502,000		6,578,007	1.87%	43,336
2016	2,740,691			3,502,000		6,242,691	2.07%	43,336
2017	2,410,375			3,447,000		5,857,375	1.94%	43,336

Source: City of Linwood Finance Office Records

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^c
	General Obligation Bonds ^b	Deductions	Net General Bonded Debt Outstanding		
2008	9,884,210	-	9,884,210	1.89%	32,702
2009	8,095,000	-	8,095,000	1.04%	39,106
2010	7,814,251	-	7,814,251	1.00%	39,153
2011	6,618,881	-	6,618,881	0.85%	39,545
2012	5,487,514	-	5,487,514	0.70%	41,338
2013	4,591,815	-	4,591,815	0.58%	41,927
2014	3,316,323	-	3,316,323	0.42%	41,659
2015	3,076,007	-	3,076,007	0.39%	43,336
2016	2,740,691	-	2,740,691	0.27%	43,336
2017	2,410,375	-	2,410,375	0.24%	43,336

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

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

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

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

City of Linwood School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2016
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
City of Linwood	\$ 12,633,121	100.00%	\$ 12,633,121
Other debt			
Mainland Regional High School Debt (City's Share)	36,830,000	32.39%	11,930,407
County of Atlantic (City's Share)	160,505,901	2.44%	3,916,655
<hr/>			
Subtotal, Overlapping Debt			28,480,183
Linwood School District Direct Debt			<u>6,207,375</u>
Total Direct and Overlapping Debt			<u>\$ 34,687,558</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 2016

	Equalized valuation basis
	2016 \$ 933,209,573
	2015 965,865,609
	2014 1,019,633,515
	<u>[A] \$ 2,918,708,697</u>
Average equalized valuation of taxable property	<u>[A/3] \$ 972,902,899</u>
Debt Limit (3% of Avg Equal Value)	<u>[B] 29,187,087 a</u>
Net school debt	<u>[C] 5,857,375</u>
Legal debt margin	<u>[B-C] \$ 23,329,712</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 30,087,284	\$ 33,914,251	\$ 36,486,737	\$ 37,607,291	\$ 37,175,817	\$ 36,387,943	\$ 31,776,042	\$ 32,179,753	\$ 30,058,294	\$ 29,187,087
Total net debt applicable to limit	<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>6,242,691</u>	<u>5,857,375</u>
Legal debt margin	<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>\$ 23,815,603</u>	<u>\$ 23,329,712</u>
Total net debt applicable to the limit as a percentage of debt limit	41.30%	33.86%	22.19%	20.78%	17.80%	15.08%	14.45%	24.26%	20.77%	20.07%

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
2008	7,213	282,071,578	39,106	4.6%
2009	7,225	282,880,425	39,153	8.3%
2010	7,091	280,413,595	39,545	8.5%
2011	7,081	292,714,378	41,338	8.6%
2012	7,075	296,633,525	41,927	8.6%
2013	7,071	294,570,789	41,659	9.0%
2014	7,032	304,738,752	43,336	7.2%
2015	6,973	302,181,928	43,336	6.6%
2016	6,973	302,181,928	43,336	5.8%
2017	6,973	302,181,928	43,336	5.8%

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	2017		2008		Percentage of Total Employment
	Employees	Rank (Optional)	Employees	Rank (Optional)	
		NOT AVAILABLE		NOT AVAILABLE	
	-		-		0.00%

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	59.2	60.8	64.0	59.5	60.3	60.1	60.4	59.5	58.1	51.5
Special education	44.8	37.8	45.2	45.4	45.0	42.0	37.5	37.4	40.5	38.8
Other special education	2.6	4.2	7.6	6.0	5.4	6.3	8.1	7.6	6.5	3.6
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	15.6	19.5	11.2	15.7	15.3	15.0	15.7	15.7	11.9	13.8
General administrative services	2.2	2.2	2.2	2.3	2.2	2.3	2.3	2.3	2.3	1.7
School administrative services	5.6	6.1	6.0	6.1	6.1	5.6	5.6	5.6	5.0	5.0
Business administrative & Technology services	3.8	3.9	3.8	4.1	4.1	4.4	4.2	4.3	4.0	3.8
Plant operations and maintenance	22.0	21.8	18.0	17.5	17.1	15.3	15.8	15.9	15.9	15.2
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Child Care	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total	156.5	157.0	158.7	157.1	156.2	151.6	150.4	149.0	144.9	134.1

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	Elementary	Middle School				
2008	1,000	12,915,227	12,915	2.19%	84.1	1:13	1:16	992.1	957.6	-1.36%	96.50%
2009	977	13,084,181	13,392	3.69%	88.6	1:11	1:14	977.6	940.4	-1.46%	96.20%
2010	945	13,172,250	13,939	4.08%	86.3	1:13	1:13	941.2	903.4	-3.72%	96.00%
2011	901	13,167,992	14,615	4.85%	81.6	1:11	1:11	910.3	875.9	-3.28%	96.20%
2012	890	13,636,615	15,322	4.84%	81.8	1:11	1:11	884.7	856.8	-2.81%	96.80%
2013	885	14,353,179	16,218	5.85%	83.1	1:10	1:12	889.6	856.1	0.55%	96.20%
2014	863	14,560,595	16,872	4.03%	82.6	1:13	1:12	868.0	835.1	-2.43%	96.22%
2015	860	14,730,611	17,129	1.52%	81.5	1:14	1:15	863.9	828.8	-0.47%	95.93%
2016	835	14,673,359	17,573	2.59%	76.0	1:15	1:19	838.8	804.6	-2.90%	95.92%
2017	836	13,618,776	16,290	-7.30%	76.0	1:16	1:20	843.2	806.6	0.52%	95.66%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	494	531	504	435	462	438	444	446	435	439
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	501	446	441	466	428	448	419	417	403	397
Other										
Poplar School Building (1961)										
Square Feet	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, 2017
 Early Learning Center = 0
 Elementary = 1
 Middle School = 1
 Other = 0

Source: District records, ASSA

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

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

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

School Facilities	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Seaview Elementary	72,360	66,538	71,848	\$ 38,662	\$ 76,307	\$ 102,084	\$ 33,799	\$ 76,136	\$ 70,743	\$ 67,201
Belhaven Middle School	96,895	108,467	157,556	63,307	118,863	103,730	91,521	107,891	100,139	91,463
Poplar Avenue School	-	-	-	1,618	6,702	1,957	3,259	3,310	1,591	1,702
Total School Facilities	169,255	175,005	229,403	103,587	201,872	207,770	128,579	187,337	172,473	160,366
Other Facilities	147,790	140,144	165,480	202,925	195,835	190,527	187,292	169,038	172,078	165,263
Grand Total	\$ 317,045	\$ 315,149	\$ 394,883	\$ 306,512	\$ 397,707	\$ 398,297	\$ 315,871	\$ 356,375	\$ 344,551	\$ 325,629

**City of Linwood School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2017
Unaudited**

Company	Type of Coverage	Coverage	Deductible
Chartis Insurance	School Board Legal Liability		\$ 10,000
	- claims made form		
	- each claim	\$5,000,000	
	- aggregate	5,000,000	
School Alliance Insurance Fund	Worker's Compensation		n/a
	- Coverage A - Statutory		
	- Coverage B - Employer's Liability	5,000,000	
	Excess Over Worker's Compensation		
	- Accidental and Occupational Illness	52 Weeks	7 Day Wait
	- Maximum	250,000	
	Commercial Package		
	- Property - Blanket Bldg & Contents	40,284,509	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	68,185	2,500
	- Computer Coverage - Hardware	750,000	2,500
	- 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		1,000
	- Collision		1,000
	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 Zurich - Voluntary	- Full Excess	500,000	None
	- Dental Sub Limit	4,000	
Markel Insurance Volunteers Policy	Full Excess	25,000	100
	Accidental Death and Dismemberment	5,000	
	Benefit Period	52 Weeks	

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Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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

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

We have audited the basic financial statements of the Board of Education of the City of Linwood School District School State of New Jersey, as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated September 25, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Linwood School District's internal control over compliance. This report is an integral part of the audit performed in accordance with Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Michael S. Garcia

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

September 25, 2017



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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

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

Report on Compliance for Each Major State Program

We have audited the City of Linwood School District's State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017. The City of Linwood School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Program

In our opinion, the City of Linwood School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the City of Linwood School District as of and for the year ended June 30, 2017, and have issued our report thereon dated September 25, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

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

Michael S. Garcia

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

September 25, 2017

**City of Linwood School District
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2017**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Balance	Carryover/Amount	Cash 6/30/17	Budgetary Expenditures	Repayment of Prior Years' Balances/Adjustments	Deferred Revenue 6/30/17	(Accounts Receivable) 6/30/17	Due to Grantor at 6/30/17	Memo	
												Budgetary Receivable 6/30/17	Cumulative Total Expenditures
State Department of Education													
General Fund:													
State Aid Public Cluster:													
Security Aid	17-495-034-5120-084	07/01/16-06/30/17	\$ 64,088	\$	\$	64,088	\$	\$	\$	\$	\$	5,930	\$ 64,088
Transportation Aid	17-495-034-5120-014	07/01/16-06/30/17	102,504		102,504	102,504						9,485	102,504
Special Education Aid	17-495-034-5120-089	07/01/16-06/30/17	487,951		487,951	487,951						45,153	487,951
Equalization Aid	17-495-034-5120-078	07/01/16-06/30/17	128,197		128,197	128,197						11,863	128,197
Adjustment Aid	17-495-045-5120-085	07/01/16-06/30/17	773,175		773,175	773,175						71,547	773,175
Per Pupil Growth Aid	17-495-034-5120-097	07/01/16-06/30/17	8,005		8,005	8,005						741	8,005
PARCC Readiness Aid	17-495-034-5120-098	07/01/16-06/30/17	8,005		8,005	8,005						741	8,005
Professional Learning Communities	17-495-034-5120-101	07/01/16-06/30/17	7,770		7,770	7,770						719	7,770
Other State Aid													
Non-Public Transportation Aid	16-495-045-5120-014	07/01/15-06/30/16	577	(577)									
Non-Public Transportation Aid	17-495-045-5120-014	07/01/16-06/30/17	174			174				(174)			174
Extraordinary Aid	17-100-034-5120-473	07/01/16-06/30/17	140,995			140,995				(140,995)			140,995
Extraordinary Aid	16-100-034-5120-473	07/01/15-06/30/16	88,375	(88,375)									
Reimbursed TPAF													
Social Security Contributions	16-495-034-5094-003	07/01/15-06/30/16	468,732	(19,176)		19,176				(18,924)			
Social Security Contributions	17-495-034-5094-003	07/01/16-06/30/17	431,155			431,155							
Total General Fund			(108,128)	0	2,100,054	2,152,019	0	0	0	(160,093)	0	146,180	1,720,864
Special Revenue Fund:													
Non-Public Textbook Aid	17-100-034-5120-064	07/01/16-06/30/17	634		634	634							634
Non-Public Technology Aid	17-100-034-5120-373	07/01/16-06/30/17	286		286						286		
Non-Public Security Aid	17-100-034-5120-509	07/01/16-06/30/17	550		550						550		
Non-Public Security Aid	16-100-034-5120-509	07/01/15-06/30/16	250	18				18					
Non-Public Nursing	16-100-034-5120-070	07/01/15-06/30/16	900	792				792					
Non-Public Nursing	17-100-034-5120-070	07/01/16-06/30/17	990		990	130					860		130
Total Special Revenue Fund			810	0	2,460	764	810	0	0	0	1,696	0	764
Total State Financial Assistance			\$ (107,318)	\$ -	\$ 2,102,514	\$ 2,152,783	\$ 810	\$ -	\$ -	\$ (160,093)	\$ 1,696	\$ 146,180	\$ 1,721,628

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, 2017

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 \$33,734. 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	\$ -	\$ 3,450,724	\$ (1,299,133)	\$ 2,151,591
Special Revenue Fund	245,516	764		246,280
	<u>245,516</u>	<u>3,451,488</u>	<u>(1,299,133)</u>	<u>2,397,871</u>
Total Financial Award Revenues	<u>\$ 245,516</u>	<u>\$ 3,451,488</u>	<u>\$ (1,299,133)</u>	<u>\$ 2,397,871</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, 2017. 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, 2017.

**City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2017**

I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:		
	<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, 2017
 (Continued)

I. Summary of Auditor’s Results (Continued)

State Awards

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

GMIS Numbers

Name of State Program

17-495-034-5120-084	<u>State Aid-Public</u>
17-495-034-5120-089	Security Aid
17-495-034-5120-078	Special Education Aid
17-495-034-5120-085	Equalization Aid
17-495-034-5120-097	Adjustment Aid
17-495-034-5120-098	Per Pupil Growth Aid
17-495-034-5120-101	PARCC Readiness Aid
	Professional Learning Community Aid

City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2017
(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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