

Comprehensive Annual Financial Report

of the

Linwood Board of Education

Linwood, New Jersey

for the Fiscal Year ended June 30, 2019



Excellence in Education and Learning

Prepared by:

Linwood Board of Education Finance Department

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Introductory Section



Linwood Public Schools

Excellence in Teaching and Learning

Seaview Elementary School
Belhaven Middle School

51 Belhaven Avenue
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November 22, 2019

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

Dear Members of the Board:

The comprehensive annual financial report of the Linwood School District for the fiscal year ended June 30, 2019 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 II district which is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14 as established by NCGA Statement No. 3. 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 2018-2019 fiscal year with an average daily enrollment of 813.2 students, which is a .83% decrease from the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2018-2019	813.2	-.83%
2017-2018	820.0	-2.75%
2016-2017	843.2	0.52%
2015-2016	838.8	-2.91%
2014-2015	863.9	-0.47%

2) ECONOMIC OUTLOOK

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

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

The District received notification on July 13, 2018 of reduced State aid in the amount of \$146,983 after the 2018-2019 budget was finalized in May 2018. The Board approved the use of additional fund balance to compensate for the loss of aid, however, programs and services will be significantly impacted this year and moving forward. The district expects state aid will continue to decrease over the next four years as adjustment aid is phased out.

3) MAJOR INITIATIVES

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

Our District has begun the process of implementing a new Strategic Plan for the next five years. The plan includes goals and action plans in the areas of Curriculum and Instruction, Reading and Writing, Professional

Development, Safety and Security, Communication, Fiscal and Human Resources, and Master Schedule Innovation. These goals encompass the feedback from various stakeholders throughout our design process that included school staff, District staff, administration, Board of Education members, and community members. As part of the goal development process, each District goal has sub-goals included that focus more attention to the specific needs of students and the District staff and schools. Professional development opportunities will continue to focus on data-driven instruction and our benchmarking systems. Teachers will focus on LinkIt data, ELA benchmarking data, and Math student performance benchmarks to align our PD to our Strategic Plan and District goals.

As we continue to enhance the work of our District, the staff will engage in a further development of Professional Learning Communities and vertical and horizontal articulation while reviewing students' data. With Linkit! as our data warehouse and as one basis for analysis of student performance, our teachers will examine best practice instructional strategies along with administrative staff. Instructional progress and the further development of specific identified skills for students will remain the focus of these grade level, team, and cohort PLC meetings. As part of the growth mindset within the District, our staff will recommend professional development, fine-tune district instructional plans, and collaboratively meet and review data as we support student performance across the curriculum.

Students and staff wellness will remain a focus as well. Our schools are implementing SEL activities throughout our programming to increase wellness for students including a PBIS system of supports at the elementary school and a reenergizing of the Renaissance program at the middle school. Staff also will be a focus of these initiatives as we plan year two of our staff wellness professional development day and other professional development focused on enhancing the climate and culture of our buildings. District curriculums have been updated as well to meet the needs of our students with expanded options for students that will pave the way for more social and emotional learning experiences. We are working to provide further enhancement and implementation of technology-based instruction with untethered devices. We support student learning across the curriculum in a one-to-one environment of Chromebooks at almost all grade levels in the middle school. Students continue to cultivate their skills through the Google platform, which is heavily used throughout the District.

While we continue our efforts to develop our programming, the District has remained focused on the facilities and campus upgrades for the school community as well. In 2019-2020, we continue to align with our plans to implement safety and security measures and projects to support the lifespan of the buildings. Once again, classroom furniture upgrades, continued retrofits/upgrades for our HVAC systems, additions to our Long Range Facilities Plan for projects at both schools, and a review of options for redesigned security vestibules at both buildings are part of our plans. The District will continue to retrofit and upgrade the facilities and structure to promote energy efficiencies and security infrastructure. The district will be exploring green energy solutions during the 2019-2020 school year. The entire school community takes pride in the appearance and functionality of our buildings and campuses. The District remains committed to offering excellent programs and services in facilities that support student, staff, and community safety and security, as well as school pride.

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

4) INTERNAL ACCOUNTING CONTROLS:

The management of the City of Linwood Board of Education is responsible for establishing and maintaining an internal control structure to ensure that the assets of the District are protected from

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

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

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

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) DEBT ADMINISTRATION:

The Linwood School District was a Type I School District. Effective November 9, 2016, the District became a Type II School District. In the State of New Jersey, all Type I school debt is borne by the municipality rather than the school district. The District acquired debt previously held by the City of Linwood authorized pursuant to School Board Ordinance 10-2013 for school projects completed by the District June 2016. Title 18A:24-63 provides that Board of Education shall assume and pay any

notes and other obligations, other than permanent bonds, therefore duly issued or incurred by the municipality pursuant to said ordinance. The temporary note in the amount of \$2,560,000 was transferred to the school district effective July 3, 2018. The School District held the bond sale June 19, 2018. The bond has a twelve year maturity schedule with a Net Interest Cost of 2.970632%.

8) CASH MANAGEMENT:

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

9) RISK MANAGEMENT:

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

10) OTHER INFORMATION:

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

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

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

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

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

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

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

The school system is governed by a nine member Board of Education who are elected to serve staggered three-year terms. As of June 30, 2019, the District employed 96.2 full time equivalent of instructional staff and 43.1 full time equivalent support services staff. Enrollment as of September 2019 was 821 students, including preschool inclusion.

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,

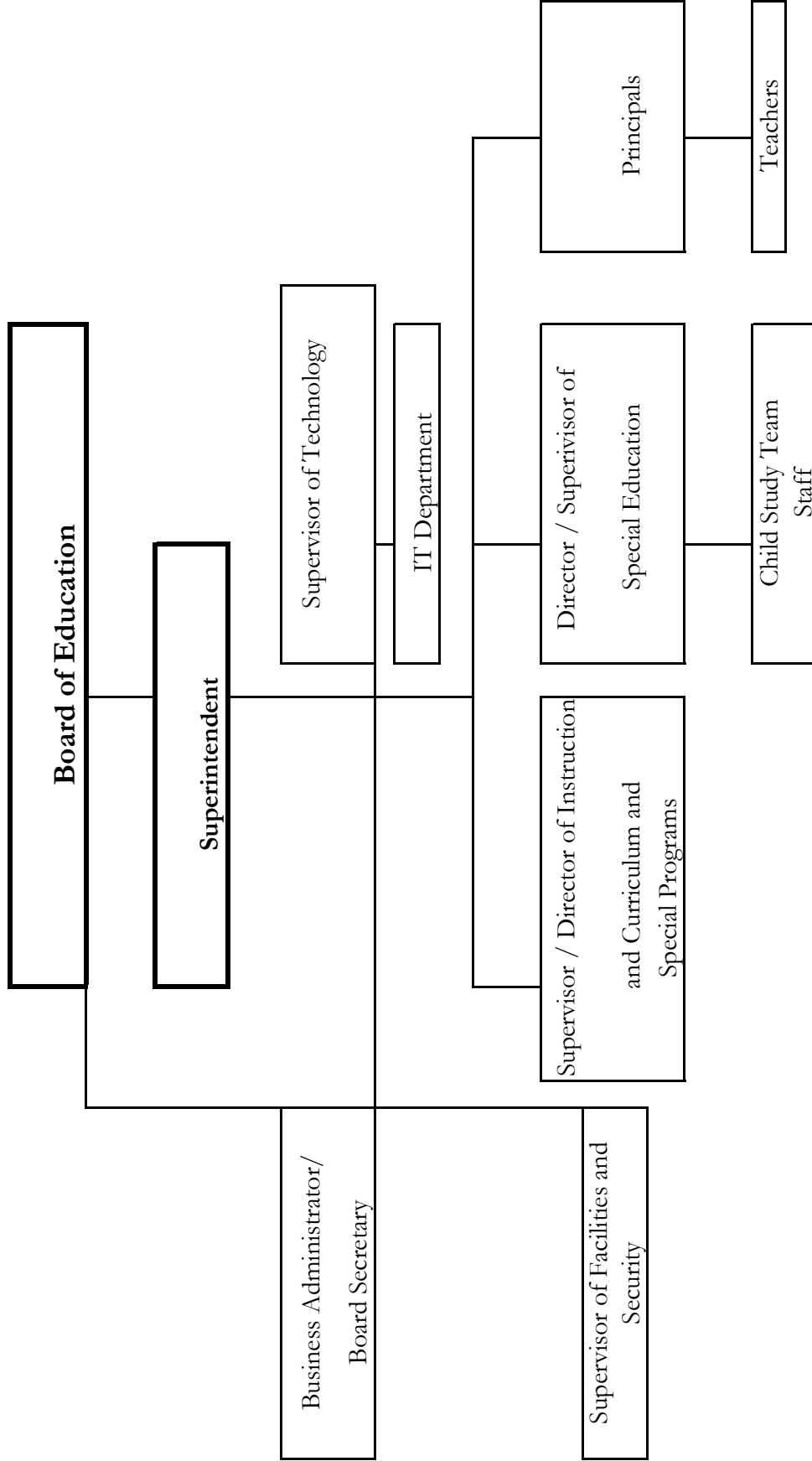
Brian Pruitt

Brian Pruitt
Superintendent of Schools

Teri J. Weeks

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

CITY OF LINWOOD BOARD OF EDUCATION
CHART OF ORGANIZATION



LINWOOD BOARD OF EDUCATION

LINWOOD, NEW JERSEY

Roster of Officials

June 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Donna Michael Ziereis, President	2021
Jason Goldstein, Vice President	2020
Judd McLaughlin	2019
Michele DeMorat	2021
Joanne Scannell	2019
Craig Kahn	2019
Casey Lowry	2020
Alexa Barrera	2020
Steve Evinski	2021
<u>Other Officials</u>	
Brian Pruitt, Superintendent	
Teri J. Weeks, School Business Administrator/Board Secretary	
Kelly A Batz, Treasurer	
Will Donio, Esq., Solicitor	

LINWOOD BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Ford Scott and Associates
Ocean City, New Jersey

Attorney

William Donio, Esq.
Atlantic City, New Jersey

Architect of Record

Remington & Vernick
Pleasantville, New Jersey

Official Depositories

OceanFirst Bank
New Road, Linwood, NJ 08221

Susquehanna Bank
New Road, Linwood, NJ 08221

TD Bank
New Road, Somers Point, NJ 08244

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Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Linwood School District, State of New Jersey, as of and for the year ended June 30, 2019, 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, 2019, 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 November 22 2019 on our consideration of the City of Linwood School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Linwood School District's internal control over financial reporting and compliance.

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

Michael S. Garcia

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

November 22, 2019

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REQUIRED SUPPLEMENTARY INFORMATION
PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Linwood City School District's ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on **June 30, 2019**. 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 \$300,802 from FY 18 to FY 19 which represents a 3% decrease from the prior year.
- The State of New Jersey reimbursed the District \$443,493 during the fiscal year ended June 30, 2019 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 \$1,862,795 during the fiscal year ended June 30, 2019 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, 2019 the District had a total excess surplus of \$602,632.
- During the fiscal year ended June 30, 2019, the District's General Fund revenue realized was \$150,554 less than General Fund expenditures. During the prior fiscal year, revenue was less than expenses by \$327,540.

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	All revenues and expenses during the	Revenues for which cash is	All revenues and expenses,	All revenues and expenses during

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

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s *net position* and how they have changed. Net position – the difference between the District’s assets and liabilities – is one way to measure the District’s financial health, or *position*.

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

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

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

Fund Financial Statements

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

The District has three kinds of funds:

- *Governmental Funds* – Most of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Current and other assets	\$ 2,755,541	\$ 2,985,399	\$ 54,164	\$ 49,908
Capital assets	15,505,788	15,746,633		
Deferred Outflows	635,968	971,917		
Total assets	18,897,297	19,703,949	54,164	49,908
Long-term liabilities	5,967,973	6,668,445		
Other liabilities	116,254	201,552	2,867	3,543
Deferred Inflows	1,400,655	1,121,714	6,675	759
Total liabilities	7,484,882	7,991,711	9,542	4,302
Net assets				
Invested in capital assets	15,505,788	15,746,633		
Restricted	2,314,193	2,510,474		
Unrestricted	(6,407,565)	(6,544,869)	44,622	45,606
Total net position	\$ 11,412,416	\$ 11,712,238	\$ 44,622	\$ 45,606

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, 2019, the District did have \$1,223,135 excess fund balance, of which \$620,503 is designated for use in the 2019-2020 district budget.

Changes in Net Position. The total revenue of the District increased approximately \$172,571 predominately due to the increases in tax levy.

Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2019 fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenue						
Charges for services	\$ 208,961	\$ 217,547	\$ 131,774	\$ 107,993	\$ 340,735	\$ 325,540
Federal grants	284,330	289,563			284,330	289,563
State grants and entitlements	4,740	1,985			4,740	1,985
Local Grants	48,579	17,516			48,579	17,516
General revenues						
Property taxes	11,526,749	11,354,178			11,526,749	11,354,178
State aid entitlements	5,182,219	6,655,534			5,182,219	6,655,534
Other	76,857	70,041	402	305	77,259	70,346
Total revenues	17,332,435	18,606,364	132,176	108,298	17,464,611	18,714,662
Expenses						
Instruction:						
Regular	7,767,960	8,928,769			7,767,960	8,928,769
Special Education	2,375,873	2,927,692			2,375,873	2,927,692
Other special instruction	545,805	844,759			545,805	844,759
Other instruction	229,022	192,466			229,022	192,466
Support services:						
Student & instruction related services	3,091,171	3,376,419			3,091,171	3,376,419
Tuition	227,288	199,815			227,288	199,815
School administration services	682,698	759,204			682,698	759,204
General & business admin services	1,296,055	1,526,904			1,296,055	1,526,904
Plant operations & maintenance	2,171,700	2,766,866			2,171,700	2,766,866
Pupil transportation	129,360	192,710			129,360	192,710
Principal and Interest Payments	39,560				39,560	-
Business-type activities			133,156	112,704	133,156	112,704
Total expenses	18,556,492	21,715,604	133,156	112,704	18,689,648	21,828,308

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$2,639,288 which is \$144,560 less than the beginning of the year. The decrease in fund balance was the result of the reliance of fund balance as a revenue source to support the 2018-2019 budget as planned. Overall, the financial position of the District remains sound.

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

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type II School District, are approved by voters. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 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 expenditures was more than the budget by approximately \$144,560. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual expenditures were more than actual revenues by \$300,802. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had invested \$15,505,788 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 \$240,845, or 1.5% over last year.

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Land	\$ 903,250	\$ 903,250
Construction In Progress	0	181,664
Buildings and Improvements	14,052,970	14,204,165
Machinery & Equipment	549,568	457,554
Total	<u>\$ 15,505,788</u>	<u>\$ 15,746,633</u>

During the 2019 fiscal year, the District completed Bleacher Replacement Project and HVAC upgrades along with some security upgrades. The District will continue to investigate a Lighting efficiency upgrades along with implementing additional security upgrades.

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

Long-Term Debt

New Jersey State Statutes governing Type I School Districts require the bonded debt be assumed by the City and provision for amortization of principal and interest on the outstanding debt is included in the City budget. The district was Type I prior to November 9, 2016. When the District became a Type II school district effective 2016 the City of Linwood held temporary notes authorized pursuant to School Board Ordinance 10-2013 for school projects completed by the District June 2016. Title 18A:24-63 provides that Board of Education shall assume and pay any notes and other obligations, other than permanent bonds, therefore duly issued or incurred by the municipality pursuant to said ordinance. The temporary note in the amount of \$2,560,000 was transferred to the school district effective July 3, 2018. The School District held the bond sale June 19, 2018. The bond has a twelve year maturity schedule with a Net Interest Cost of 2.970632%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

The District continues to streamline operations to reduce overall budget expenditures. The District is experiencing a slight increase in enrollment effective the 2019-2020 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

City of Linwood School District
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,451,121	\$ 23,135	\$ 2,474,256
Receivable - State	196,770		196,770
Receivable - Federal	69,417		69,417
Due from Fiduciary Funds	5,549		5,549
Other Accounts Receivable	32,684	31,029	63,713
Capital assets:			
Land	903,250		903,250
Construction in Progress	-		-
Depreciable capital assets, net of depreciation	14,602,538		14,602,538
Total Assets	<u>18,261,329</u>	<u>54,164</u>	<u>18,315,493</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>635,968</u>		<u>635,968</u>
LIABILITIES			
Accounts payable	103,448	2,867	106,315
Advances	12,806	6,675	19,480
Noncurrent liabilities:			
Due beyond one year	2,681,233		2,681,233
Net Pension Liability	3,286,740		3,286,740
Total liabilities	<u>6,084,227</u>	<u>9,541</u>	<u>6,093,769</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>1,400,655</u>		<u>1,400,655</u>
NET POSITION			
Invested in capital assets, net of related debt	15,505,788		15,505,788
Restricted for:			
Other Purposes	14,808		14,808
Capital Reserve	517,811		517,811
Maintenance Reserve	352,445		352,445
Excess Surplus - Undesignated	602,632		602,632
Excess Surplus - Designated	620,503		620,503
Subsequent Year's Expenditures	205,994		205,994
Unrestricted	(6,407,564)	44,625	(6,362,939)
Total net position	<u>\$ 11,412,417</u>	<u>\$ 44,625</u>	<u>\$ 11,457,042</u>

See accompanying Notes to Financial Statements

City of Linwood School District
Statement of Activities
For the Year Ended June 30, 2019

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	\$ 5,603,149	\$ 2,164,811	\$ 208,961	\$ 2,341,151	\$ (5,217,848)	\$ -	\$ (5,217,848)
Special education	1,713,754	662,119		807,892	(1,567,981)		(1,567,981)
Other special instruction	393,698	152,107		230,341	(315,464)		(315,464)
Other instruction	165,197	63,825		67,954	(161,068)		(161,068)
Support services:							
Tuition	227,288			36,000	(191,288)		(191,288)
Student & instruction related services	2,229,709	861,462		983,770	(2,107,401)		(2,107,401)
School administrative services	469,530	213,168		39,860	(642,838)		(642,838)
Central Services	465,710	187,528		35,065	(618,173)		(618,173)
General Administrative services	442,102	200,716		37,531	(605,287)		(605,287)
Plant operations and maintenance	1,493,599	678,101		142,509	(2,029,191)		(2,029,191)
Pupil transportation	89,018	40,342		7,543	(121,817)		(121,817)
Unallocated benefits	5,224,179	(5,224,179)		11,683	11,683		11,683
Principal and Interest payments	39,560			(39,560)			(39,560)
Total governmental activities	18,556,492	0	208,961	4,741,299	(13,606,231)	-	(13,606,231)
Business Type Activities							
Child Care	133,156		131,774			(1,382)	(1,382)
Total government	\$ 18,689,647	\$ 0	\$ 340,735	\$ 4,741,299	\$ (13,606,231)	\$ (1,382)	\$ (13,607,613)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 11,526,749		\$ 11,526,749
Federal and State aid not restricted					1,702,805		1,702,805
Miscellaneous Income					71,303	402	71,704
Other Sources - Bond Proceeds					5,554		5,554
Total general revenues, special items and transfers					13,306,411	402	13,306,812
Change in Net Position					(299,821)	(980)	(300,801)
Net Position—beginning,					11,712,238	45,605	11,757,843
Net Position—ending					\$ 11,412,417	\$ 44,625	\$ 11,457,042

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, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,480,562	\$ 613	\$ 5,994	\$ 1,487,169
Capital Reserve Account	517,811			517,811
Maintenance Reserve Account	446,141			446,141
Receivable - Federal		69,417		69,417
Receivable - State	196,770			196,770
Tuition Receivable	11,053			11,053
Due from other funds	64,758			64,758
Other Assets	7,290	14,341		21,631
Total assets	<u>\$ 2,724,385</u>	<u>\$ 84,371</u>	<u>\$ 5,994</u>	<u>\$ 2,814,750</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 82,342	\$ 21,107		\$ 103,448
Interfund Accounts Payable		59,209		59,209
Unearned revenue	8,750	4,056		12,806
Total liabilities	<u>91,092</u>	<u>84,371</u>	<u>-</u>	<u>175,463</u>
Fund Balances:				
Restricted for:				
Excess surplus Undesignated	602,632			602,632
Excess surplus Designated	620,503			620,503
Committed to:				
Capital Reserve	517,811			517,811
Maintenance Reserve	352,445			352,445
Assigned to:				
Designated for subsequent year's expenditures	200,000		5,994	205,994
Other purposes	14,808			14,808
Unreserved, reported in:				
General fund	325,094			325,094
Total Fund balances	<u>2,633,294</u>	<u>-</u>	<u>5,994</u>	<u>2,639,288</u>
Total liabilities and fund balances	<u>\$ 2,724,385</u>	<u>\$ 84,371</u>	<u>\$ 5,994</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

15,505,788

Pension Liabilities Net of Deferred Outflows & Inflows

(4,051,426)

Some liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.

(2,681,233)

Net position of governmental activities

\$ 11,412,416

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, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	\$ 11,486,749		\$ 40,000	\$ 11,526,749
Miscellaneous	280,264			280,264
State sources	3,812,323	4,740		3,817,063
Federal sources		284,330		284,330
Local sources		48,579		48,579
	<u>15,579,336</u>	<u>337,650</u>	<u>40,000</u>	<u>15,956,986</u>
EXPENDITURES				
Current:				
Regular instruction	4,294,085	36,321		4,330,406
Special education instruction	1,221,531	102,947		1,324,478
Other special instruction	235,875	68,395		304,270
Other instruction	127,674			127,674
Support services and undistributed costs:				
Tuition - Special Education	191,288	36,000		227,288
Student & instruction related services	1,656,646	66,590		1,723,236
School administrative services	426,414			426,414
Other administrative services	401,505			401,505
Central Services	427,279			427,279
Plant operations and maintenance	1,356,447			1,356,447
Pupil transportation	80,699			80,699
Unallocated Benefits	5,212,496	11,683		5,224,179
Capital Outlay	97,953	15,713		113,666
Principal and Interest on Bonds			39,560	39,560
Total expenditures	<u>15,729,890</u>	<u>337,649</u>	<u>39,560</u>	<u>16,107,099</u>
Excess (Deficiency) of revenues over expenditures	<u>(150,554)</u>	<u>0</u>	<u>440</u>	<u>(150,114)</u>
OTHER FINANCING SOURCES (USES)				
			-	0
Bond Proceeds			5,554	5,554
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>5,554</u>	<u>5,554</u>
Net change in fund balances	(150,554)	0	5,994	(144,560)
Fund balance—July 1	2,783,848			2,783,848
Fund balance—June 30	<u>\$ 2,633,294</u>	<u>\$ 0</u>	<u>\$ 5,994</u>	<u>\$ 2,639,288</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, 2019**

Total net change in fund balances - governmental funds (from B-2) \$ (144,560)

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.

	\$	(354,510)	
Depreciation expense			
Loss on Disposal of Fixed Assets			
Capital outlays		<u>113,665</u>	(240,845)

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.

		166,040	
District pension contributions-PERS			
Cost of benefits earned net of employee contributions		<u>(101,066)</u>	64,974

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 (+).

20,609

Change in net position of governmental activities \$ (299,822)

**City of Linwood School District
Statement of Net Position
Proprietary Funds
June 30, 2019**

	Business-Type Activities - Enterprise Funds	
	Before and After School Program	Totals
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,135	\$ 23,135
Other receivables	31,029	31,029
Interfund Accounts Receivable		-
Total current assets	54,164	54,164
Total assets	\$ 54,164	\$ 54,164
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 2,867	\$ 2,867
Prepaid program fees	6,675	6,675
Total current liabilities	9,541	9,541
Noncurrent Liabilities:		
Compensated absences		-
Total noncurrent liabilities	-	-
Total liabilities	9,541	9,541
NET POSITION		
Invested in capital assets net of related debt	-	-
Unrestricted	44,622	44,622
Total net position	\$ 44,622	\$ 44,622

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, 2019

	<u>Before and After School Program</u>	<u>Total Proprietary</u>
Operating revenues:		
Charges for services:		
Tuition - net of discounts	\$ 131,774	\$ 131,774
	-	-
Total operating revenues	<u>131,774</u>	<u>131,774</u>
Operating expenses:		
Salaries	73,340	73,340
Benefits - FICA, DCRP, and Unemployment	7,502	7,502
Educational Services	1,400	1,400
Rent	13,000	13,000
Audit	500	500
Services	33,650	33,650
General supplies	3,764	3,764
Total Operating Expenses	<u>133,156</u>	<u>133,156</u>
Operating income	<u>(1,382)</u>	<u>(1,382)</u>
Nonoperating revenues (expenses):		
Interest	402	402
Total nonoperating revenues (expenses)	<u>402</u>	<u>402</u>
Capital Asset		
Equipment		-
Net Capital	-	-
Income before contributions & transfers	(980)	(980)
Transfers in (out)	-	-
Change in net position	<u>(980)</u>	<u>(980)</u>
Total net position—beginning	45,602	45,602
Total net position—ending	<u>\$ 44,622</u>	<u>\$ 44,622</u>

See accompanying Notes to Financial Statements

**City of Linwood School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019**

	<u>Before and After School Program</u>	<u>Total Proprietary</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 110,118	\$ 110,118
Payments for salaries and benefits	(81,519)	(81,519)
Educational Services	(1,400)	(1,400)
Rent	(13,000)	(13,000)
Services	(33,650)	(33,650)
Other costs	(500)	(500)
Supplies	(3,764)	(3,764)
Net cash provided by operating activities	<u>(23,715)</u>	<u>(23,715)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers (to)from other funds		-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	402	402
Net cash provided by investing activities	<u>402</u>	<u>402</u>
Net increase in cash and cash equivalents	(23,313)	(23,313)
Balances—beginning of year	46,448	46,448
Balances—end of year	<u>\$ 23,135</u>	<u>\$ 23,135</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,382)	\$ (1,382)
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase/(Decrease) in Accounts Payable	(677)	(677)
Increase/(Decrease) in Deferred Revenues	5,915	5,915
(Increase)/Decrease in accounts receivable, net	(27,571)	(27,571)
Total adjustments	<u>(22,333)</u>	<u>(22,333)</u>
Net cash provided by operating activities	<u>\$ (23,714)</u>	<u>\$ (23,714)</u>

See accompanying Notes to Financial Statements

**City of Linwood School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019**

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 74,460
Accounts Receivable	15,775
Total assets	\$ 90,236
LIABILITIES	
Accounts Payable	\$ -
Interfund Accounts Payable	5,548
Payable to student groups	68,285
Payroll deductions and withholdings	16,402
Total liabilities	\$ 90,236

See accompanying Notes to Financial Statements

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City of Linwood School District
Notes to Financial Statements
June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. REPORTING ENTITY

The City of Linwood School District is a Type II district effective November 9, 2016 located in the County of Atlantic, State of New Jersey. As a Type II district, the Board of Education members are elected. The Board is comprised of nine members appointed or elected to three-year terms. The purpose of the district is to educate students in grades PreK -8. The City of Linwood School District had an approximate enrollment at June 30, 2019 of 813 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, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

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

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

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

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - CONTINUED

The following fund types are used by the District:

1. Governmental Funds

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - CONTINUED

2. Proprietary Funds

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

3. Enterprise Funds

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

4. Fiduciary Funds

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

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

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

D. BASIS OF ACCOUNTING

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

1. Accrual

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

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Modified Accrual

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

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents

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

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

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

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

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

2. Investments

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

3. Inventories

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2019, 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, 2019
(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, 2019
(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	\$25,075
Related Services	11-000-216-xxx	(\$19,750)
Extraordinary Services	11-000-217-xxx	\$85,370
Library Media Services	11-000-222-xxx	(\$49,500)
General Administration	11-000-230-xxx	\$32,500
School Administration	11-000-240-xxx	(\$25,750)
Operations and Maintenance	1x-000-26x-xxx	\$32,804
Benefits	11-000-291-xxx	(\$174,466)
Regular Instruction	11-1xx-100-xxx	\$11,150
Special Education	11-2xx-100-xxx	(\$67,743)
School Sponsored Activities	11-4xx-100-xxx	\$22,850

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, 2019
(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 2018-2019 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.

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.

The district receives students from other public school districts. Tuition charges were established by the Board of Education. The charges are subject to adjustment when final costs have been determined. The district had tuition receivable from other public school districts in the amount of \$11,053

11. Tuition Payable

Tuition charges for the fiscal years 2018-2019 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 2016-2017 school year and received a tuition adjustment of \$7,032. The District also had a student attend private schools for the disabled during the 2018-2019 school year. Tuition adjustment notifications are anticipated next budget cycle.

12. Use of Estimates

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

13. Allocation of Costs

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

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

F. ACCOUNTING CHANGES

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

NOTE 2. CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2019, \$0 of the government's bank balance of \$2,898,114 was exposed to custodial credit risk.

NOTE 3. INVESTMENTS

As of June 30, 2019, the district did not have any investments.

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

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

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

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 903,250	\$	\$	\$ 903,250
Construction in Progress	181,664		(181,664)	-
Total capital assets not being depreciated	<u>1,084,914</u>	<u>-</u>	<u>(181,664)</u>	<u>903,250</u>
Capital assets being depreciated:				
Site Improvements	-			-
Buildings and building improvements	26,871,483	21,085	181,664	27,074,231
Machinery & Equipment	1,695,797	92,580		1,788,377
Total capital assets being depreciated at historical cost	<u>28,567,280</u>	<u>113,665</u>	<u>181,664</u>	<u>28,862,608</u>
Less accumulated depreciation for:				
Site Improvements	-	-		-
Buildings and improvements	(12,667,320)	(353,943)		(13,021,264)
Equipment	(1,238,243)	(566)		(1,238,809)
Total Accumulated Depreciation	<u>(13,905,563)</u>	<u>(354,509)</u>	<u>-</u>	<u>(14,260,073)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>14,661,717</u>	<u>(240,844)</u>	<u>181,664</u>	<u>14,602,535</u>
Governmental activity capital assets, net	<u>\$ 15,746,631</u>	<u>\$ (240,844)</u>	<u>\$ -</u>	<u>\$ 15,505,785</u>

Depreciation expense as charged to governmental functions as follows:

Regular Instruction	\$ 236,339
Direct Expense of Various Functions	<u>118,170</u>
	<u>\$ 354,509</u>

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Issued</u>	<u>Retired/ Adjustment</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due in</u> <u>One Year</u>
Compensated					
Absences Payable	\$ 2,701,842	\$ 1,058,379	\$ 1,078,988	\$ 2,681,233	\$ 28,371
	<u>\$ 2,701,842</u>	<u>\$ 1,058,379</u>	<u>\$ 1,078,988</u>	<u>\$ 2,681,233</u>	<u>\$ 28,371</u>

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

B. Bonds Authorized But Not Issued - As of June 30, 2019, the District did not have any outstanding authorized bonds.

NOTE 6. OPERATING LEASES

The District is leasing various copy machines and multifunction printers for the schools and administrative office. The lease terms vary from three to five years. The monthly payment is \$2,650. The following are minimum lease payments due for the lease on an annual basis.

Future minimum lease payments are as follows:

2020	31,808
2021	31,808
2022	23,328
2023	23,328
2024	23,238

NOTE 7. PENSION PLANS

Description of Plans

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

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

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

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The School District's contributions to TPAF for the years ending June 30, 2019, 2018, and 2017, were \$1,145,679, \$904,380, and \$708,240 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, 2019, 2018, and 2017, were \$166,485, \$159,015, and \$154,900, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2019, 2018, and 2017, the State of New Jersey contributed \$519,677, \$584,120, and \$590,125, respectively, to the TPAF for post-retirement medical benefits and life insurance premiums on behalf of the Board. The State of New Jersey contributed \$672 to TPAF for long-term disability insurance. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$443,493, \$436,213, and \$431,155, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

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

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

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

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

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

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

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

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

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

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2019, the District reported a liability of \$3,286,740 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the District's proportion was .01669285740%, which was a decrease of 2.04% from its proportion measured as of June 30, 2017.

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

For the year ended June 30, 2019, the District recognized pension expense of \$101,066. At June 30, 2018, 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	\$ 62,679	\$ 16,947
Changes of assumptions	541,600	1,050,925
Net difference between projected and actual earnings on pension plan investments		30,830
Changes in proportion and differences between District contributions and proportionate share of contributions	31,689	301,953
District contributions subsequent to the measurement date	166,040	
Total	\$ 802,008	\$ 1,400,655

\$166,040 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 30,855
2020	(52,880)
2021	(339,171)
2022	(303,874)
2023	(99,617)
Total	\$ (764,687)

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all period in the measurement:

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

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 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 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participated employers as of June 30, 2018, 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 (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the net pension liability	\$ 3,951,493	3,286,740	2,729,390.01

Pension plan fiduciary net position.

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

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, 2019, 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		38,143,253
Total	\$	38,143,253

The net pension liability was measured as of June 30, 2018 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, 2018, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,223,618 and revenue of \$2,223,618 for support provided by the State. At June 30, 2018, 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	\$ 851,530	57,696
Changes of assumptions	6,627,485	9,640,310
Net difference between projected and actual earnings on pension plan investments		3,474
Changes in proportion and differences between District contributions and proportionate share of contributions		3,586,753
District contributions subsequent to the measurement date	906,339	
Total	\$ 8,385,354	\$ 13,288,233

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

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

\$906,339 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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 <u>June 30,</u>		
2019	\$	629,343
2020		327,436
2021		(349,362)
2022		(233,864)
2023		(1,151,948)
Thereafter		<u>(5,030,823)</u>
Total	\$	<u>(5,809,218)</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.25%
Salary increases	
2012-2021	1.55-4.55%
Thereafter	2.00-5.45%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return.</u>
Risk Mitigation Services	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts Venture Capital	8.25%	13.08%

Discount rate. The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.78% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 4.86% as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.86%) or 1-percentage point higher (5.86%) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position.

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

NOTE 10. OTHER POST-RETIREMENT BENEFITS

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirement. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State’s pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, and increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State’s contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year’s \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 53, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Total OPEB Liability

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 10. OTHER POST-RETIREMENT BENEFITS – CONTINUED

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportional share percentage determined under paragraphs 193 and 203 through 205 of GASBS no. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Actuarial assumptions and other imputes:

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: The discount rate basis under GASB 75 is required to be consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate will be based on this index rate that is reported on the last Friday prior to the measurement date.

The discount rates as of June 30, 2016, 2017, and 2018 are 2.58%, 3.58%, and 3.87%, respectively.
Health Care Trend: For pre-Medicare PPO medical benefits, the initial amount is 5.8% and decreases to 5.0% long term trend rate after 8 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after 8 years. For prescription drug benefits, the initial trend rate is 8% decreasing to a 5.0% long-term trend rate after 7 years.

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

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

Mortality rates were based on RP-2006 headcount-weighted mortality table for healthy and disabled lives with fully generational mortality improvement projections from the central year using Scale MP-2017.

Pre-retirement Healthy Mortality: RP-2006 headcount-weighted healthy employee male/female mortality table with fully generational mortality improvement projections from the central year using scale MP-2017.

Post-retirement Healthy Mortality: RP-2006 headcount-weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using scale MP-2017.

Disabled Mortality: RP-2006 headcount-weighted disabled male/female mortality table with fully generational improvement projections from the central year using scale MP-2017

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 10. OTHER POST-RETIREMENT BENEFITS – CONTINUED

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

Balance at 6/30/17	\$	53,639,841,858
Changes for the year:		
Service cost		1,984,642,729
Interest		1,970,236,232
Differences between Expected & Actual Experiences		(5,002,065,740)
Changes in assumptions or other inputs		(5,291,448,855)
Contributions: Member		42,614,005
Benefit payments		<u>(1,232,987,247)</u>
Net changes		<u>(7,529,008,876)</u>
Balance at 6/30/18	\$	<u>46,110,832,982</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

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

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

	<u>1% Decrease</u> (2.87%)	<u>Discount Rate</u> (3.87%)	<u>1% Increase</u> (4.87%)
Total OPEB Liability (School Retirees)	54,512,391,175	46,110,832,982	39,432,461,816

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

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

	<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	38,113,289,045	46,110,832,982	56,687,891,003

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$1,560,973 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 10. OTHER POST-RETIREMENT BENEFITS – CONTINUED

In accordance with GASB 75, the board of education’s proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees’ OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (4,476,086,167)
Changes of assumptions		(10,335,978,867)
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
Total	\$ -	(14,812,065,034)

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

Year ended <u>June 30,</u>	
2019	\$ (1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	(5,685,972,069)
Total	\$ (14,812,065,034)

(Contributions made after June 30, 2018 are reported as deferred outflow of resources but are not amortized in the expense.)

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

NOTE 11. COMPENSATED ABSENCES

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

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

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 11. COMPENSATED ABSENCES - CONTINUED

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

NOTE 12. DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
Syracusa
Equitable
Vanguard

NOTE 13. RISK MANAGEMENT

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

Property and Liability Insurance - The District joined the SPELL Joint Insurance Fund (JIF) effective July 1, 2017 for commercial insurance coverage for property, liability and surety bonds. The JIF is an established Self-Funded program. Premiums are paid into the fund and are available to pay claims, claim reserves and administrative costs of the program. The trust was established to pay legitimate claims against the Board, which the Board has the obligation to pay such claims. During the fiscal year ended June 30, 2019 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Worker's Compensation Fund Joint Insurance Fund - The District is retaining risk by the established self-funded workers' compensation fund through SPELL JIF. Premiums are paid into the fund and are available to pay claims, claim reserves and administrative costs of the program. The trust was established to pay legitimate claims against the Board, which the Board has the obligation to pay such claims. As of June 30, 2019, the amounts of any claims or settlements did not exceed insurance coverage.

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

NOTE 14. COMMITMENTS

The District has adopted an encumbrance policy for the fiscal year June 30, 2019 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.

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

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 is expected within the State of New Jersey's funding formula. The district expects this to have an effect on programs and activities.

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2019:

Fund	Inter-fund Receivable	Inter-fund Payable
General	\$ 64,757	
Special Revenue		59,209
Other Funds		5,548
	<u>\$ 64,757</u>	<u>\$ 64,757</u>

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

NOTE 18. RECEIVABLES

Receivables at June 30, 2019, 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	\$ 196,770	196,770
Federal Aid	69,417	69,417
Interfunds	64,758	64,758
Other	11,053	11,053
Gross Receivables	341,998	341,998
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 341,998	\$ 341,998

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

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, 2019.

Restricted Fund Balance

Excess Surplus – At June 30, 2019, excess surplus created in FY18 of \$620,503 will be utilized for expenditures in the 2019-20 budget, while excess surplus created in FY19 of \$602,632 restricted and will be utilized for budget expenditures in 2020-21.

Committed Fund Balance

Capital Reserve Account – Of the \$517,811 balance in the capital reserve account at June 30, 2019, \$0 has been designated for utilization in the 2019-20 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 \$352,445 balance in the maintenance reserve account at June 30, 2019, \$0 has been designated for utilization in the 2019-20 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, 2019, the School District has assigned \$205,994 of general and debt service fund balances to expenditures in the 2019-20 budget. \$14,808 was assigned for other purposes as of year-end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance – At June 30, 2019, the District has \$325,094 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, 2019 is \$602,632.

NOTE 21. LITIGATION

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

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 22. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$	439,354
Interest earnings		3,457
Deposits June 30, 2019		75,000
Deposit Refund from Capital Projects		
Withdrawals:		
Budget 2018-19 (Expended)		_____
Ending balance, June 30, 2019	\$	517,811

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects at June 30, 2019 is \$4,351,000. The withdrawals from the capital reserve, if any, are for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 23. MAINTENANCE RESERVE ACCOUNT

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

The activity of the Maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$	343,442
Interest earnings		2,699
Withdrawals:		
Per Approved Budget (Expended):		93,696
Deposit Board resolution June 30, 2019		100,000
Ending balance, June 30, 2019	\$	352,445

City of Linwood School District
Notes to Financial Statements
June 30, 2019
(Continued)

NOTE 24. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2019 and November 22, 2019 the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure that have not been accounted for in the financial statements.

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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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,486,749	-	\$ 11,486,749	\$ 11,486,749	-
Miscellaneous	140,000		140,000	280,264	140,264
Total - Local Sources	<u>11,626,749</u>	<u>-</u>	<u>11,626,749</u>	<u>11,767,013</u>	<u>140,264</u>
Federal Sources:					
Education Jobs Fund Act			-		-
Total - Federal Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
State Sources:					
Transportation Aid	111,744		111,744	111,744	-
Special Education Aid	607,272		607,272	607,272	-
Equalization Aid	128,197		128,197	128,197	-
Security Aid	64,088		64,088	64,088	-
Adjustment Aid	594,598		594,598	594,598	-
Other State Aid			-		-
- Non-Public Transportation			-	1,160	1,160
- Extraordinary			-	195,610	195,610
On-Behalf TPAF Pension Contributions (non-budgeted)			-	1,666,025	1,666,025
Reimbursed TPAF Social Security Contributions (non-budgeted)			-	443,493	443,493
Total - State Sources	<u>1,505,899</u>	<u>-</u>	<u>1,505,899</u>	<u>3,812,187</u>	<u>2,306,288</u>
Total Revenues	<u>\$ 13,132,648</u>	<u>\$ -</u>	<u>\$ 13,132,648</u>	<u>\$ 15,579,200</u>	<u>\$ 2,446,552</u>

City of Linwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 60,265		\$ 60,265	\$ 58,201	\$ 2,064
Kindergarten	227,103	37,000	264,103	254,457	9,646
Grades 1-5	2,098,222	5,000	2,103,222	2,100,758	2,464
Grades 6-8	1,663,815	(17,850)	1,645,965	1,645,264	701
Regular Programs - Home Instruction:					
Salaries of Teachers	4,000	(600)	3,400	760	2,640
Purchased Professional - Educational Services		600	600	180	420
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services			-		-
Other Purchased Services	81,000	2,500	83,500	83,500	-
General Supplies	189,660	(1,000)	188,660	150,579	38,081
Textbooks	26,000	(14,500)	11,500		11,500
Other Objects	500		500	385	115
Total Regular Programs	4,350,565	11,150	4,361,715	4,294,085	67,630
Multiple Disabilities					
Salaries of Teachers	177,849	(20,000)	157,849	154,950	2,899
Other Salaries for Instruction	13,493	(7,500)	5,993	24	5,969
General Supplies	6,600		6,600	4,207	2,393
Textbooks	2,200		2,200	317	1,883
Total Multiple Disabilities	200,142	(27,500)	172,642	159,498	13,144
Resource Room/Resource Center:					
Salaries of Teachers	710,114	(10,000)	700,114	684,811	15,303
Other Salaries for Instruction	181,499	(33,000)	148,499	137,350	11,149
General Supplies	15,400		15,400	8,601	6,799
Textbooks	7,000		7,000		7,000
Total Resource Room/Resource Center	914,013	(43,000)	871,013	830,762	40,251

City of Linwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Preschool Disabilities - Part Time:					
Salaries of Teachers	\$ 85,683		\$ 85,683	\$ 83,448	\$ 2,235
Other Salaries for Instruction	47,939	18,000	65,939	65,314	625
General Supplies	3,000		3,000	1,678	1,322
Total Preschool Disabilities - Part Time	136,622	18,000	154,622	150,440	4,182
Preschool Disabilities - Full Time					
Salaries of Teachers	72,224	4,900	77,124	76,496	628
Other Salaries for Instruction	10,333	(6,000)	4,333	2,959	1,374
Supplies	4,100		4,100	617	3,483
Total Preschool Disabilities - Full Time	86,657	(1,100)	85,557	80,072	5,485
Special Education - Home Instruction					
Salaries of Teachers	10,000		10,000	760	9,240
Purchased Educational Services			-		-
Total Special Education - Home Instruction	10,000	-	10,000	760	9,240
Total Special Education - Instruction	1,347,434	(53,600)	1,293,834	1,221,531	72,303
Basic Skills/Remedial- Instruction					
Salaries of Teachers	275,547	(60,263)	215,284	214,261	1,023
Other Salaries for Instruction	29,935	(19,500)	10,435	8,922	1,513
General Supplies	2,000		2,000		2,000
Textbooks	3,000		3,000		3,000
Total Basic Skills/Remedial - Instruction	310,482	(79,763)	230,719	223,184	7,535
Bilingual Education - Instruction:					
Salaries of Teachers	25,551		25,551	12,691	12,860
Total Bilingual Education - Instruction	25,551	-	25,551	12,691	12,860

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
School Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 29,819	\$ 12,400	\$ 42,219	\$ 42,116	\$ 103
Purchased Services	500		500		500
Supplies	5,000		5,000	1,771	3,229
Total School Sponsored Cocurricular Activities - Instruction	35,319	12,400	47,719	43,886	3,833
School Sponsored Athletics - Instruction					
Salaries	71,273	(12,400)	58,873	50,729	8,144
Purchased Services	6,500		6,500	5,170	1,331
Supplies and Materials	7,001		7,001	2,858	4,143
Total School Sponsored Athletics - Instruction Before/After School Programs/Instruction	84,774	(12,400)	72,374	58,756	13,618
Salaries	3,000		3,000	2,160	840
Supplies	500		500	70	430
Transfer to Enterprise Fund			-		-
Total Before/After School Programs	3,500	-	3,500	2,230	1,270
Summer School Instruction					
Salaries	5,800		5,800		5,800
Supplies	500		500		500
Transfer to Enterprise Fund			-		-
Total Summer School Programs	6,300	-	6,300	-	6,300
Other Supplemental Instruction					
Salaries		22,850	22,850	22,802	48
Total Other Supplemental	-	22,850	22,850	22,802	48
Total Instruction	6,163,925	(99,363)	6,064,562	5,879,164	185,398
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools	46,680	(39,525)	7,155	6,340	815
Tuition - Private School for the Handicapped	120,751	55,500	176,251	175,921	330
Tuition - In State - Other	-	9,100	9,100	9,028	73
Total Undistributed Expenditures - Instruction	167,431	25,075	192,506	191,288	1,218

City of Linwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 61,917		\$ 61,917	\$ 58,105	\$ 3,812
Other Purchased Services	2,500		2,500		2,500
Total Undistributed Expenditures - Attendance and Social Work	64,417	-	64,417	58,105	6,312
Undistributed Expenditures - Health Services:					
Salaries	144,699	(950)	143,749	142,243	1,506
Other Purchased Services	7,090	1,450	8,540	7,469	1,071
Supplies and Materials	7,000	1,450	8,450	8,164	286
Other Objects	300		300	149	152
Total Undistributed Expenditures - Health Services	159,089	1,950	161,039	158,024	3,015
Undistributed Expenditures - Speech, OT, PT & Related Services					
Salaries	352,871	(25,750)	327,121	326,620	501
Purchased Professional Educational Services	20,500	5,000	25,500	21,375	4,125
Supplies and Materials	4,500	1,000	5,500	5,195	305
Total Undistributed Expenditures - Other Support Services - Students - Related Services	377,871	(19,750)	358,121	353,190	4,931
Undistributed Expenditures - Other Support Services - Students - Extra Services					
Salaries	249,833	54,970	304,803	298,471	6,332
Purchased Professional Educational Services	54,000	30,400	84,400	74,684	9,716
Supplies and Materials	1,000		1,000	589	411
Other Objects			-		-
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	304,833	85,370	390,203	373,744	16,459

City of Linwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Other Support Services - Guidance	\$ 122,278	\$ 500	\$ 122,778	\$ 122,458	\$ 320
Salaries of Other Professional Staff	12,001		12,001	4,840	7,161
Other Salaries	1,200		1,200		1,200
Other Purchased Prof & Technical Services	2,300		2,300	356	1,944
Other Purchased Services	7,500		7,500	1,687	5,813
Supplies and Materials	150	130	280	258	22
Other Objects					
Total Undistributed Expenditures - Other Support Services - Guidance	145,429	630	146,059	129,599	16,460
Undistributed Expenditures - Other Support Services - Child Study Team	314,599	8,000	322,599	318,510	4,089
Salaries of Other Professional Staff	17,612		17,612	17,612	0
Salaries of Secretarial and Clerical Assistants	5,000	2,000	7,000	2,660	4,340
Other Salaries					
Unused Vacation Payment	9,500	(1,400)	8,100	6,855	1,245
Purchased Professional - Educational Services	12,000		12,000	10,488	1,512
Purchased Professional - Technical Services	5,500		5,500	2,328	3,172
Misc. Purchased Services	7,500		7,500	5,181	2,319
Supplies and Materials	1,760		1,760	1,189	571
Other Objects					
Total Undistributed Expenditures - Other Support Services - Child Study Team	373,471	8,600	382,071	364,824	17,247
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	90,000	1,900	91,900	91,817	83
Salaries of Other Professional Staff	23,000		23,000	10,320	12,680
Salaries of Secretarial & Clerical	17,612		17,612	17,612	0
Purchased Professional - Educational Services	7,000		7,000		7,000
Other Purchased Services	8,000		8,000	2,089	5,911
Supplies and Materials	2,230		2,230	836	1,394
Other Objects	2,000		2,000		2,000
Total Undistributed Expenditures - Improv. of Instr. Services	149,842	1,900	151,742	122,674	29,068

City of Linwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries - Media Specialist	\$ 50,250	\$ (50,000)	\$ 250	\$	250
Salaries - Technology Coordinators	78,154	500	78,654	78,583	71
Other Purchased Services	6,000		6,000	3,406	2,594
Supplies and Materials	4,500		4,500	3,872	628
Other Objects	200		200		200
Total Undistributed Expenditures - Educational Media Services - School Library	139,104	(49,500)	89,604	85,862	3,743
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	12,680		12,680	87	12,593
Other Purchased Professional and Technical Services	16,500	(5,000)	11,500	6,659	4,842
Other Purchased Services	9,225		9,225	3,879	5,346
Supplies and Materials	500		500		500
Total Undistributed Expenditures - Instructional Staff Training	38,905	(5,000)	33,905	10,624	23,281
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	213,931		213,931	213,861	70
Legal Services	52,659	40,000	92,659	90,721	1,938
Audit Fees	18,500		18,500	18,000	500
Other Purchased Professional Services		4,500	4,500	3,900	600
Purchased Technical Services	5,250		5,250	4,635	615
Communications/Telephone	42,500		42,500	41,728	772
Other Purchased Services	56,750	(12,775)	43,975	42,062	1,913
Other Purchased Service - Board Expense	500	775	1,275	1,125	150
General Supplies	5,000		5,000	2,306	2,694
Board Training and Meeting Supplies	500		500	38	462
Board Memberships	7,000		7,000	6,703	297
Judgements Against the District			-		-
Miscellaneous Expenditures	2,000		2,000	1,335	665
Total Undistributed Expenditures - Support Services - Gen. Admin.	404,590	32,500	437,090	426,414	10,676

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	\$ 237,661	\$ 50	\$ 237,711	\$ 237,704	\$ 7
Salaries of Secretarial and Clerical Assistants	135,697	700	136,397	132,373	4,024
Unused Vacation Payment			-		-
Other Purchased Services	44,098	(19,500)	24,598	20,488	4,110
Supplies and Materials	19,500	(7,000)	12,500	8,653	3,847
Other Objects	2,730		2,730	2,287	443
Total Undistributed Expenditures - Support Serv. - School Admin.	439,686	(25,750)	413,936	401,505	12,431
Undistributed Expenditures - Business Administration					
Salary	206,586		206,586	205,580	1,006
Purchased Professional Services	6,000	5,000	11,000	3,475	7,525
Miscellaneous Purchased Services	32,277		32,277	23,964	8,313
Supplies and Materials	6,000		6,000	1,604	4,396
Miscellaneous Expense	2,500		2,500	2,040	460
Total Undistributed Expenditures - Support Serv. - Business Admin.	253,363	5,000	258,363	236,662	21,701
Undistributed Expenditures - Technical Services					
Salary	125,269		125,269	125,157	112
Other Purchased Services	49,167	5,000	54,167	53,231	936
Supplies and Materials	14,900		14,900	11,408	3,492
Other Objects	1,000		1,000	820	180
Total Undistributed Expenditures - Support Serv. - Technical Services	190,336	5,000	195,336	190,617	4,719
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	150,266		150,266	150,265	1
Cleaning Repairs and Maintenance Services	184,049	32,500	216,549	188,252	28,297
Lead Testing			-		-
General Supplies	27,000	(4,000)	23,000	15,645	7,355
Other Objects	500	25	525	525	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	361,815	28,525	390,340	354,686	35,654

City of Linwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	\$ 310,653		\$ 310,653	\$ 303,259	\$ 7,394
Salaries of Non-Instructional	32,958		32,958	23,902	9,056
Cleaning, Repair and Maintenance Services	44,000	(10,000)	34,000	22,553	11,447
Other Purchased Property Services	37,000	1,000	38,000	36,379	1,621
Insurance	56,000		56,000	55,016	984
Miscellaneous Purchased Services	44,000	(16,500)	27,500	23,040	4,460
General Supplies	89,000		89,000	82,834	6,166
Energy (Heat)	60,000		45,000	33,409	11,591
Energy (Electricity)	310,000	(15,000)	310,000	297,315	12,685
Energy (Gas)	2,000		2,000	1,257	743
Other Objects	1,000		1,000	755	245
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	986,611	(40,500)	946,111	879,719	66,392
Undistributed Expenditures - Grounds					
Salaries	7,565		7,565	7,564	1
Cleaning, Repairs & Maintenance Services	40,000		40,000	22,362	17,638
General Supplies	8,000		8,000	5,278	2,722
Total Undistributed Expenditures - Grounds	55,565	-	55,565	35,204	20,361
Undistributed Expenditures - Security					
Salaries	37,549	4,200	41,749	41,502	247
Purchased Property Services	38,067	7,500	45,567	40,350	5,217
Purchased Services			-		-
General Supplies	3,000	7,500	10,500	4,987	5,513
Total Undistributed Expenditures - Security	78,616	19,200	97,816	86,838	10,978
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other Than Between Home and School) - Vendors	10,000		10,000	8,228	1,773
Contracted Services - (Between Home and School) - Joint Agmnts	27,000		27,000	22,652	4,348
Contracted Services (Special Ed Students) - Joint Agreements	74,900		74,900	45,400	29,501
Contracted Services - Aid in Lieu of Payments	5,000		5,000	4,420	580
Total Undistributed Expenditures - Student Transportation Serv.	116,900	-	116,900	80,699	36,201

City of Linwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Unallocated Benefits:					
Social Security Contributions	\$ 170,000	\$ 620	\$ 170,620	\$ 169,304	\$ 1,316
Other Retirement - Regular	160,000	6,500	166,500	166,485	15
Defined Contribution Retirement Program	15,000	10,280	25,280	19,446	5,834
Unemployment Compensation	34,000	100	34,100	33,115	985
Workmen's Compensation	124,925	1,885	126,810	126,810	-
Health Benefits	2,702,603	(132,851)	2,569,752	2,559,099	10,653
Tuition Reimbursements	60,000	(52,000)	8,000	6,121	1,879
Disability	19,250	(4,000)	15,250	9,266	5,984
Other Employee Benefits	25,560	(5,000)	20,560	13,331	7,229
Total Unallocated Benefits	3,311,338	(174,466)	3,136,872	3,102,978	33,894
On-behalf TPAF Pension Contributions (non-budgeted)				1,666,025	(1,666,025)
Reimbursed TPAF Social Security Contributions (non-budgeted)				443,493	(443,493)
Total On-behalf Contributions	-	-	-	2,109,518	(2,109,518)
Total Undistributed Expenditures	8,119,212	(101,216)	8,017,996	9,752,773	(1,734,777)
Total Current Expense	14,283,137	(200,579)	14,082,558	15,631,937	(1,549,380)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Support Services				3,578	1
Administrative Technology		3,579	3,579		
Technology	8,000	(1,307)	6,693		6,693
Maintenance				73,289	19
Instructional Equipment	50,001	23,307	73,308		
Grades 1-5					
Total Equipment	58,001	25,579	83,580	76,867	6,713

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Facilities Acquisition and Construction Services					
Architectural and Engineering Services					
Construction Services					
Land Improvements	\$ 2,239		\$ 2,239	\$ 2,239	\$ -
Debt Service Assessment	18,847		18,847	18,847	-
Increase in Capital Reserve	1,000	75,000	76,000		76,000
Increase in Maintenance Reserve	500	100,000	100,500		100,500
	<u>22,586</u>	<u>175,000</u>	<u>197,586</u>	<u>21,086</u>	<u>176,500</u>
Total Facilities Acquisition and Construction Services					
	80,587	200,579	281,166	97,953	183,213
Total Capital Outlay					
	<u>14,363,723</u>	<u>-</u>	<u>14,363,723</u>	<u>15,729,890</u>	<u>(1,366,167)</u>
Total Expenditures					
	<u>(1,231,075)</u>	<u>-</u>	<u>(1,231,075)</u>	<u>(150,690)</u>	<u>1,080,385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Other Sources and (Uses) of Funds					
Fund Balances, July 1					
	<u>2,928,067</u>	<u>-</u>	<u>2,928,067</u>	<u>2,928,067</u>	
Fund Balances, June 30					
	<u>\$ 1,696,992</u>	<u>\$ -</u>	<u>\$ 1,696,992</u>	<u>\$ 2,777,377</u>	<u>\$ 1,080,385</u>
Reconciliation of Fund Balance					
Reserve for Encumbrances				\$ 14,808	
Excess Surplus - Undesignated				602,632	
Capital Reserve				517,811	
Maintenance Reserve				352,445	
Excess Surplus Designated for Subsequent Year's Expenditures				620,503	
Unreserved Surplus Designated for Subsequent Year's Expenditures				200,000	
Unrestricted Fund Balance				469,177	
				<u>2,777,377</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized				(144,083)	
Fund Balance per Governmental Funds				<u>\$ 2,633,294</u>	

City of Linwood School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ -	\$ 57,334	\$ 57,334	\$ 48,062	\$ (9,272)
Total - Local Sources	-	57,334	57,334	48,062	(9,272)
State Sources:					
Non Public Aids		6,392	6,392	4,740	(1,652)
Total - State Sources	-	6,392	6,392	4,740	(1,652)
Federal Sources:					
Title I	53,825	23,671	77,496	75,419	(2,077)
Title II A	16,500	725	17,225	11,960	(5,265)
Title IV		10,000	10,000	5,805	(4,195)
I.D.E.A., Part B	175,110	5,853	180,963	180,963	-
I.D.E.A., Preschool	7,090	2,520	9,610	9,610	-
Total - Federal Sources	252,525	42,769	295,294	283,757	(11,537)
Total Revenues	252,525	106,495	359,020	336,560	(22,460)
EXPENDITURES:					
Instruction					
Salaries of Teachers	141,910	(67)	141,843	141,283	560
Tuition	36,000		36,000	36,000	-
Other Purchased Services (400-500 series)		10,109	10,109	9,154	955
General Supplies	1,500	55,230	56,730	51,865	4,865
Textbooks		1,015	1,015	1,015	-
Other Objects					
Total Instruction	179,410	66,287	245,697	239,316	6,380
Support Services					
Salaries of Other Professional Staff	\$ 21,600	\$ (7,440)	\$ 14,160	\$ 11,430	\$ 2,730
Personal Services - Employee Benefits	13,815	(1,881)	11,934	11,683	251
Purchased Professional - Educational Services	35,000	13,008	48,008	43,029	4,979
Other Purchased Services	2,500	1,171	3,671	3,671	-
Supplies & Materials	200	18,591	18,791	11,717	7,074
Total support services	73,115	23,449	96,564	81,530	15,034
Contribution to Charter Schools					
Facilities acquisition and construction services:					
Equipment		16,759	16,759	15,713	1,046
Total facilities acquisition and construction services	-	16,759	16,759	15,713	1,046
Total expenditures	252,525	106,495	359,020	336,560	22,460
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2019**

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	\$ 15,579,200	\$ 336,560
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			1,090
Current Year			0
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		144,219	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(144,083)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	\$ 15,579,336	\$ 337,650
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	15,729,890	336,560
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			1,090
Current Year			0
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	\$ 15,729,890	\$ 337,650

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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

	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.01669285740%	0.01703984870%	0.01736126520%	0.01917167650%	0.01926610610%	0.01879825340%
District's proportionate of the net pension liability (asset)	\$ 3,286,740	\$ 3,966,604	\$ 5,141,909	\$ 4,370,213	\$ 3,607,142	\$ 3,592,720
District's covered payroll	\$ 1,197,883	\$ 1,172,186	\$ 1,172,944	\$ 1,178,942	\$ 1,331,545	\$ 1,329,423
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	274.38%	338.39%	438.38%	370.69%	270.90%	270.25%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	47.93%	47.93%	47.93%	52.08%	52.08%

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 five 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**

	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 166,040	\$ 157,856	\$ 154,235	\$ 167,374	\$ 158,827	\$ 141,641
Contributions in relation to the contractually required contribution	<u>166,040</u>	<u>157,856</u>	<u>154,235</u>	<u>167,374</u>	<u>158,827</u>	<u>141,641</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,197,883	\$ 1,172,186	\$ 1,172,944	\$ 1,178,942	\$ 1,331,545	\$ 1,329,423
Contributions as a percentage of covered-employee payroll	13.86%	13.47%	13.15%	14.20%	11.93%	10.65%

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

Note: This schedule is required by GASB 68 to be show information for a 10 year period.
 However, information is only currently available for five 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

	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>38,143,253</u>	<u>42,453,738</u>	<u>49,845,542</u>	<u>40,683,913</u>	<u>36,468,438</u>	<u>33,698,008</u>
Total	<u>\$ 38,143,253</u>	<u>\$ 42,453,738</u>	<u>\$ 49,845,542</u>	<u>\$ 40,683,913</u>	<u>\$ 36,468,438</u>	<u>\$ 33,698,008</u>
District's covered payroll	\$ 6,085,306	\$ 5,958,815	\$ 6,277,658	\$ 6,445,788	\$ 6,435,835	\$ 6,435,914
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	28.71%	28.71%	28.71%	33.64%	33.76%

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2,016</u>
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	-	-
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 34,573,061</u>	<u>\$ 38,670,539</u>	<u>\$ 41,871,109</u>
Total	<u>\$ 34,573,061</u>	<u>\$ 38,670,539</u>	<u>\$ 41,871,109</u>
District's covered payroll	7,283,189	7,131,001	7,450,602
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:			
Service Cost	1,286,771	1,551,540	
Interest Cost	1,414,636	1,225,338	
Differences between Expected & Actual	(1,938,933)		
Changes in Assumptopns	(3,967,432)	(5,114,738)	
Member Contributions	31,951	32,982	
Benefit Payments	(924,471)	(895,692)	
Change in Total Opeb Liability	<u>(4,097,478)</u>	<u>(3,200,570)</u>	
State's proportionate share of the net OPEB liability (asset) associated with the District -			
Beginning Balance	<u>38,670,539</u>	<u>41,871,109</u>	
Ending Balance	<u>34,573,061</u>	<u>38,670,539</u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	474.70%	542.29%	

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

Note: This schedule is required by GASB 75 to show information for a 10 year period.
However, information is only currently available for two years.
Additional years will be presented as they become available.

Other Supplementary Information

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

**City of Linwood School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2019**

	Linwood Education Foundation	Parent and Teacher Association	Non Public Security	Non Public Nursing	Non Public Textbook	Non Public Technology	Subtotal State Grants	Subtotal Local Grants	Total
REVENUES:									
State Sources			2,790	254	1,015	681	4,740	\$	4,740
Federal Sources	33,667	14,395							283,757
Local Sources								48,062	48,062
Total revenues	<u>33,667</u>	<u>14,395</u>	<u>2,790</u>	<u>254</u>	<u>1,015</u>	<u>681</u>	<u>4,740</u>	<u>48,062</u>	<u>336,560</u>
EXPENDITURES									
Instruction:									
Salaries of teachers									141,283
Tuition									36,000
Other purchased services	5,704	3,450						9,154	9,154
General supplies	16,474	2,464						18,939	51,865
Textbooks					1,015		1,015		1,015
Other Objects									
Total instruction	<u>22,178</u>	<u>5,914</u>	<u>-</u>	<u>-</u>	<u>1,015</u>	<u>-</u>	<u>1,015</u>	<u>28,093</u>	<u>239,316</u>
Support services:									
Salaries of Other Professional Staff									11,430
Personal services- employee benefits									11,683
Purchased professional educational service				254			254		43,029
Other Purchased Services	1,000	3,257	2,790			681	3,471	4,257	3,671
Supplies and materials	1,000	3,257	2,790	254		681	3,725	4,257	11,717
Total support services	<u>1,000</u>	<u>3,257</u>	<u>2,790</u>	<u>254</u>	<u>-</u>	<u>681</u>	<u>3,725</u>	<u>4,257</u>	<u>81,530</u>
Facilities acquisition and const. serv.:									
Equipment	10,489	5,224						15,713	15,713
Facilities									
Total facilities acquisition and construction services	<u>10,489</u>	<u>5,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,713</u>	<u>15,713</u>
Total expenditures	<u>33,667</u>	<u>14,395</u>	<u>2,790</u>	<u>254</u>	<u>1,015</u>	<u>681</u>	<u>4,740</u>	<u>48,062</u>	<u>336,560</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Linwood School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	Title I	Title II A	Title IV	IDEA Basic	IDEA Preschool	Impact Aid	Subtotal Projects
REVENUES:							
State Sources	\$ 75,419	\$ 11,960	\$ 5,805	\$ 180,963	9,610	\$ -	\$ 283,757
Federal Sources							
Local Sources							
Total revenues	75,419	11,960	5,805	180,963	9,610	-	283,757
EXPENDITURES							
Instruction:							
Salaries of teachers	45,680		440	87,603	7,560		141,283
Tuition				36,000			36,000
Other purchased services							
General supplies	22,142		3,000	6,800	984		32,926
Textbooks							
Other objects							
Total instruction	67,822	-	3,440	130,403	8,544	-	210,209
Support services:							
Salaries of Other Professional Staff	3,810			7,620			11,430
Personal services- employee benefits	3,787		33	7,285	578		11,683
Purchased professional educational service		10,010		32,765			42,775
Other purchased services		1,950	949	284	488		3,671
Supplies and materials			1,383	2,606			3,989
Total support services	7,597	11,960	2,365	50,560	1,066	-	73,548
Facilities acquisition and const. serv.:							
Equipment							
Facilities							
Total facilities acquisition and construction services	-	-	-	-	-	-	-
Total expenditures	75,419	11,960	5,805	180,963	9,610	-	283,757
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, 2019

	Agency		
	Student Activity	Payroll	Total
ASSETS:			
Cash and cash equivalents	\$ 53,826	\$ 20,634	\$ 74,460
Accounts receivable	14,459	-	14,459
Other Receivables		1,316	1,316
Total Assets	\$ 68,285	\$ 21,950	\$ 90,236
LIABILITIES:			
Liabilities:			
Payroll deductions and withholdings		\$ 16,402	\$ 16,402
Interfund payable - General Fund		5,548	5,548
Due to student groups	68,285		68,285
Encumbrance	0		-
Accounts Payable			-
Total Liabilities	\$ 68,285	\$ 21,950	\$ 90,236

**City of Linwood School District
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS:				
Cash and cash equivalents	\$ 61,012	\$ 198,024	\$ 205,210	\$ 53,826
Accounts Receivable	3,000	14,459	3,000	14,459
Total assets	<u>\$ 64,012</u>	<u>\$ 212,483</u>	<u>\$ 208,210</u>	<u>\$ 68,285</u>
LIABILITIES:				
Due to Student groups	\$ 64,012	\$ 212,483	\$ 208,210	\$ 68,285
Encumbrance	-			-
Accounts Payable	<u>0</u>			<u>-</u>
Total liabilities	<u>\$ 64,012</u>	<u>\$ 212,483</u>	<u>\$ 208,210</u>	<u>\$ 68,285</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, 2019**

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Elementary School	\$ 11,868	\$ 19,781	\$ 17,774	\$ 13,875
Middle School	32,022	36,679	31,730	36,970
Middle School - Band	12,735	134,152	135,904	10,983
Middle School - Renaissance	2,236	14,121	15,482	874
Middle School - Athletics	<u>5,152</u>	<u>7,749</u>	<u>7,320</u>	<u>5,582</u>
Total all schools	<u>\$ 64,012</u>	<u>\$ 212,483</u>	<u>\$ 208,210</u>	<u>\$ 68,285</u>

**City of Linwood School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS:				
Cash and cash equivalents	\$ 78	\$ 10,047,270	\$ 10,026,714	\$ 20,634
Other Receivables	416	1,270	370	1,316
Accounts receivable	-			-
Total assets	<u>\$ 495</u>	<u>\$ 10,048,539</u>	<u>\$ 10,027,084</u>	<u>\$ 21,950</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 495	\$ 10,042,991	\$ 10,027,084	\$ 16,402
Interfund Accounts Payable	0	5,548		5,548
Total liabilities	<u>\$ 495</u>	<u>\$ 10,048,539</u>	<u>\$ 10,027,084</u>	<u>\$ 21,950</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balance of the general long-term liabilities of the school district. This includes serial bonds outstanding, the outstanding principal balance on capital leases.

City of Linwood School District
Schedule of General Serial Bonds
As of June 30, 2019

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2019			Interest Rate	Balance June 30, 2018	Decreased	Refunded	Balance June 30, 2019
			Date	Amount	Amount					
School Bonds, Series 218	7/3/2018	2,560,000	7/15/2019	140,000	2.250%	2,560,000			2,560,000	
			7/15/2020	150,000	2.500%					
			7/15/2021	160,000	2.750%					
			7/15/2022	170,000	2.750%					
			7/15/2023	180,000	3.000%					
			7/15/2024	200,000	3.000%					
			7/15/2025	210,000	3.000%					
			7/15/2026	230,000	3.000%					
			7/15/2027	280,000	3.000%					
			7/15/2028	280,000	3.000%					
		7/15/2029	280,000	3.000%						
		7/15/2030	280,000	3.000%						
						\$ 2,560,000	-	-	2,560,000	

**City of Linwood School District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 40,000		40,000	40,000	-
Total - Local Sources	40,000	-	40,000	40,000	-
Total Revenues	40,000	-	40,000	40,000	-
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	40,000		40,000	39,560	440
Total Regular Debt Service	40,000	-	40,000	39,560	440
Total Expenditures	40,000	-	40,000	39,560	440
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	440	440
Other Financing Sources(Uses):					
Bond Proceeds			-	5,554	5,554
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	5,994	5,994
Fund Balance, July 1			-	-	-
Fund Balance, June 30	-	-	-	5,994	5,994
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ -	-	-	5,994	5,994

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.									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets, net of related debt	\$ 17,038,553	\$ 16,735,301	\$ 16,269,790	\$ 15,896,090	\$ 16,404,629	\$ 16,626,933	\$ 16,624,520	\$ 16,102,697	\$ 15,746,633	\$ 15,505,788
Restricted	1,425,420	2,095,182	2,620,255	2,508,318	2,470,817	2,503,873	2,873,673	2,852,806	2,510,474	2,314,193
Unrestricted	(135,094)	(68,925)	(89,862)	(135,743)	(165,443)	(3,757,514)	(4,249,099)	(4,978,697)	(6,544,868)	(6,407,564)
Total governmental activities net position	\$ 18,328,879	\$ 18,761,558	\$ 18,800,183	\$ 18,268,665	\$ 18,710,003	\$ 15,373,292	\$ 15,249,094	\$ 13,976,806	\$ 11,712,239	\$ 11,412,417
Business-type activities										
Invested in capital assets, net of related debt	\$ 12,998	\$ 8,247	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426	\$ 56,208	\$ 50,012	\$ 45,605	\$ 44,625
Restricted										
Unrestricted	\$ 12,998	\$ 8,247	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426	\$ 56,208	\$ 50,012	\$ 45,605	\$ 44,625
Total business-type activities net position	\$ 12,998	\$ 8,247	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426	\$ 56,208	\$ 50,012	\$ 45,605	\$ 44,625
District-wide										
Invested in capital assets, net of related debt	\$ 17,038,553	\$ 16,735,301	\$ 16,269,790	\$ 15,896,090	\$ 16,404,629	\$ 16,626,933	\$ 16,624,520	\$ 16,102,697	\$ 15,746,633	\$ 15,505,788
Restricted	1,425,420	2,095,182	2,620,255	2,508,318	2,470,817	2,503,873	2,873,673	2,852,806	2,510,474	2,314,193
Unrestricted	(122,096)	(60,678)	(86,358)	(120,103)	(142,098)	(3,736,088)	(4,192,891)	(4,928,685)	(6,499,263)	(6,362,939)
Total district net position	\$ 18,341,877	\$ 18,769,805	\$ 18,803,687	\$ 18,284,305	\$ 18,733,348	\$ 15,394,718	\$ 15,305,302	\$ 14,026,818	\$ 11,757,844	\$ 11,457,042

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,442,124	\$ 5,520,145	\$ 5,899,699	\$ 6,225,783	\$ 6,556,097	\$ 7,829,568	\$ 7,964,606	\$ 8,628,752	\$ 8,928,769	\$ 7,767,960
Special education	1,998,542	2,079,317	1,947,629	1,910,498	2,006,509	2,054,226	2,181,381	2,512,965	2,927,692	2,375,873
Other special education	456,919	462,302	467,334	557,332	606,976	690,759	645,998	676,317	844,759	545,805
Vocational										
Other instruction	110,236	106,716	108,608	131,952	176,888	206,036	197,938	197,821	192,466	229,022
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	76,634	51,602	54,485	50,062	122,377	130,598	159,964	144,291	199,815	227,288
Student & instruction related services	2,123,052	2,046,076	2,208,777	2,400,283	2,293,476	2,251,394	2,730,790	3,239,485	3,376,419	3,091,171
General administrative services	481,801	627,900	537,265	681,491	622,165	641,990	703,286	669,407	742,257	642,818
School administrative services	572,223	572,136	542,144	633,132	520,678	544,828	726,228	626,851	759,204	682,698
Business administrative and technology services	568,960	504,207	590,664	588,051	428,886	550,854	598,379	666,976	784,647	653,236
Plant operations and maintenance	1,900,082	1,731,066	1,844,198	1,831,614	1,857,886	2,096,898	2,034,279	1,996,640	2,765,866	2,171,700
Pupil transportation	164,673	132,531	124,999	132,802	132,096	136,680	148,906	213,525	192,710	129,360
Special Schools										
Charter Schools										
Interest on long-term debt										39,560
Unallocated depreciation										
Total governmental activities expenses	<u>13,895,246</u>	<u>13,833,998</u>	<u>14,325,802</u>	<u>15,123,000</u>	<u>15,324,034</u>	<u>17,133,831</u>	<u>18,091,755</u>	<u>19,573,030</u>	<u>21,714,604</u>	<u>18,556,491</u>
Business-type activities:										
Child Care	48,658	51,897	48,093	55,568	72,969	74,414	81,403	115,205	112,704	133,156
Total business-type activities expense	48,658	51,897	48,093	55,568	72,969	74,414	81,403	115,205	112,704	133,156
Total district expenses	<u>13,943,904</u>	<u>13,885,895</u>	<u>14,373,895</u>	<u>15,178,568</u>	<u>15,397,003</u>	<u>17,208,245</u>	<u>18,173,158</u>	<u>19,688,235</u>	<u>21,827,308</u>	<u>18,689,647</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 22,500	\$ 34,392	\$ 28,000	\$ 10,452	88,885	144,055	162,002	212,747	217,547	208,961
Pupil transportation										
General Administrative Services	116,798	122,762	96,555	138,605	82,837	32,273	-	-	-	-
Plant operations and maintenance		72,032	62,799	71,117						
Operating grants and contributions	1,289,999	1,306,089	1,360,720	1,664,215	1,555,990	3,301,697	4,033,833	5,308,931	6,108,947	4,741,299
Capital grants and contributions										
Total governmental activities program revenues	<u>1,429,297</u>	<u>1,535,275</u>	<u>1,548,074</u>	<u>1,884,389</u>	<u>1,727,712</u>	<u>3,478,025</u>	<u>4,195,835</u>	<u>5,521,678</u>	<u>6,326,494</u>	<u>4,950,260</u>
Business-type activities:										
Charges for services:										
Child care	51,021	47,008	43,301	67,639	80,632	72,442	116,110	108,777	107,993	131,774
Operating grants and contributions										
Capital grants and contributions										
Total business-type activities program revenues	<u>51,021</u>	<u>47,008</u>	<u>43,301</u>	<u>67,639</u>	<u>80,632</u>	<u>72,442</u>	<u>116,110</u>	<u>108,777</u>	<u>107,993</u>	<u>131,774</u>
Total district program revenues	<u>1,480,318</u>	<u>1,582,283</u>	<u>1,591,375</u>	<u>1,952,028</u>	<u>1,808,344</u>	<u>3,550,467</u>	<u>4,311,945</u>	<u>5,630,455</u>	<u>6,434,487</u>	<u>5,082,034</u>
Net (Expense)/Revenue										
Governmental activities	\$ (12,465,949)	\$ (12,298,723)	\$ (12,777,728)	\$ (13,238,611)	\$ (13,596,322)	\$ (13,655,806)	\$ (13,895,920)	\$ (14,051,352)	\$ (15,388,110)	\$ (13,606,231)
Business-type activities	2,363	(4,889)	(4,792)	12,071	7,663	(1,972)	34,707	(6,428)	(4,711)	(1,382)
Total district-wide net expense	<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>	<u>\$ (15,392,821)</u>	<u>\$ (13,607,613)</u>

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,005,884	\$ 11,030,881	\$ 10,841,517	\$ 10,936,586	\$ 11,153,974	\$ 11,376,075	\$ 11,517,868	\$ 11,218,084	\$ 11,354,178	\$ 11,526,749
Taxes levied for debt service	1,547,814	1,593,406	1,862,286	1,668,517	1,702,738	1,620,550	1,658,433	1,720,436	1,699,323	1,702,805
Unrestricted grants and contributions	(13,019)	(309)		(3,366)	1,355,062	831,596	559,411	(222,098)		
Funds received from the City of Linwood	118,677	107,414	112,549	105,357	123,852	115,181	73,897	62,641	70,041	71,303
Loss on Disposal of Equipment										
Miscellaneous income										
Transfer to Enterprise Fund										
Bond Proceeds										
Total governmental activities	\$ 11,659,356	\$ 12,731,392	\$ 12,816,352	\$ 12,707,094	\$ 14,037,660	\$ 13,770,174	\$ 13,771,722	\$ 12,779,064	\$ 13,123,542	\$ 13,306,411
Business-type activities:										
Investment earnings	207	138	49	65	42	53	75	233	305	402
Transfers										
Total business-type activities	\$ 207	\$ 138	\$ 49	\$ 65	\$ 42	\$ 53	\$ 75	\$ 233	\$ 305	\$ 402
Total district-wide	\$ 11,659,563	\$ 12,731,530	\$ 12,816,401	\$ 12,707,159	\$ 14,037,702	\$ 13,770,227	\$ 13,771,797	\$ 12,779,297	\$ 13,123,847	\$ 13,306,813
Change in Net Position										
Governmental activities	\$ (806,593)	\$ 432,669	\$ 38,624	\$ (531,517)	\$ 441,338	\$ 114,368	\$ (124,198)	\$ (1,272,288)	\$ (2,264,568)	\$ (299,820)
Business-type activities	2,570	(4,751)	(4,743)	12,136	7,705	(1,919)	34,782	(6,196)	(4,406)	(980)
Total district	\$ (804,023)	\$ 427,918	\$ 33,881	\$ (519,381)	\$ 449,043	\$ 112,449	\$ (89,416)	\$ (1,278,484)	\$ (2,268,974)	\$ (300,800)

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Restricted	\$ -	\$ 1,859,907	\$ 2,495,255	\$ 1,112,779	\$ 930,624	\$ 824,903	\$ 912,772	\$ 633,754	\$ 620,503	\$ 602,632
Committed				1062588	1,175,166	1,158,161	1,472,763	1,779,019	1,872,702	1,696,753
Assigned		235275	125,000	332,993	365,027	520,809	488,138	340,033	17,268	14,808
Unassigned		275259	278,585	240,723	267,005	173,632	203,452	258,582	273,375	325,094
Reserved	1,425,419									
Unreserved	174,676									
Total general fund	\$ 1,600,095	\$ 2,370,441	\$ 2,898,840	\$ 2,749,083	\$ 2,737,822	\$ 2,677,505	\$ 3,077,125	\$ 3,011,388	\$ 2,783,848	\$ 2,639,287
All Other Governmental Funds										
Reserved	\$ 96,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Total all other governmental funds	\$ 96,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: CAFR Schedule B-1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	10,005,884	11,030,881	10,841,517	10,936,586	11,153,974	11,376,075	11,517,868	11,218,084	11,354,178	11,526,749
Tuition charges	22,500	34,392	28,000	10,452	88,885	144,055	162,002	212,747	217,547	208,961
Interest earnings	43,466	30,626	35,321	21,613	7,227	6,428	4,646	17,617	22,735	29,173
Miscellaneous	240,106	368,394	262,451	331,266	250,345	219,323	124,075	116,057	64,822	90,709
State sources	2,245,376	2,499,772	2,880,138	3,060,981	2,912,569	3,000,729	3,239,709	2,152,355	5,267,260	3,817,063
Federal sources	544,340	299,559	317,000	233,952	295,276	228,878	259,551	266,271	289,563	284,330
Total revenue	13,101,672	14,263,624	14,364,427	14,594,850	14,708,276	14,975,488	15,307,851	13,983,131	17,216,106	15,956,985
Expenditures										
Instruction										
Regular instruction	3,950,965	3,975,422	4,192,618	4,274,823	4,558,263	4,587,761	4,451,480	4,351,507	4,185,206	4,330,406
Special education instruction	1,439,633	1,495,039	1,384,081	1,314,662	1,395,067	1,203,680	1,219,191	1,267,296	1,372,835	1,324,478
Other special instruction	298,514	303,072	300,685	331,907	384,454	373,873	309,639	341,069	386,041	304,270
Other instruction	110,236	106,716	108,608	109,104	123,252	117,197	116,562	99,762	100,255	127,674
Support Services:										
Tuition	55,202	37,162	38,720	50,062	122,377	130,598	159,964	144,291	164,766	227,288
Student & instruction related services	1,529,323	1,473,515	1,569,666	1,648,111	1,594,587	1,547,111	1,526,260	1,633,683	1,583,333	1,723,236
General administrative services	449,689	452,185	381,807	422,777	298,192	441,162	445,944	399,135	397,483	426,414
School Administrative services	412,196	412,033	419,755	434,729	432,573	374,394	431,856	400,590	409,287	401,505
Business Administrative & Technology Services	307,218	363,113	385,275	402,754	362,012	378,535	367,438	375,123	445,222	427,279
Plant operations and maintenance	1,368,709	1,246,655	1,310,578	1,325,880	1,291,734	1,437,144	1,249,159	1,274,720	1,486,167	1,356,447
Pupil transportation	118,621	95,444	88,831	74,456	91,843	94,284	98,697	131,680	103,548	80,699
Unallocated employee benefits	2,271,701	2,303,257	2,373,003	2,571,533	2,697,307	2,665,760	2,717,064	3,199,920	2,953,207	5,224,179
On Behalf Payments - TPAF & FICA	860,243	904,379	1,082,988	1,392,381	1,208,934	1,379,112	1,580,105	390,093	390,344	113,666
Charter Schools	595,324	325,287	199,412	391,428	1,514,004	1,136,790	794,283	330,093	390,344	113,666
Capital outlay										
Debt service:										
Principal										39,560
Interest and other charges										16,107,101
Total expenditures	13,767,574	13,493,279	13,836,027	14,744,607	16,074,599	15,867,401	15,467,642	13,948,869	17,543,645	16,107,101
Excess (Deficiency) of revenues over (under) expenditures	(665,902)	770,345	528,400	(149,757)	(1,366,323)	(891,913)	(159,791)	34,262	(327,540)	(150,116)
Other Financing sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds										5,554
Transfer from capital reserves					1,355,062	831,596	559,411			
Transfers in										
Transfers out										
Total other financing sources (uses)					1,355,062	831,596	559,411			
Net change in fund balances	\$ (665,902)	\$ 770,345	\$ 528,400	\$ (149,757)	\$ (11,261)	\$ (60,317)	\$ 399,620	\$ 34,262	\$ (327,540)	\$ (144,562)
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%	0.2%

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>
2010	43,466	22,500	20,091	116,798	103,217	306,072
2011	30,626	34,392	29,225	194,794	144,375	433,412
2012	35,321	28,000	32,275	159,354	70,822	325,772
2013	21,614	10,452	10,840	209,722	110,703	363,331
2014	7,227	88,885	14,475	82,837	153,033	346,457
2015	6,428	144,055	14,213	32,273	172,837	369,806
2016	4,646	162,002	19,775	-	104,300	290,723
2017	17,617	212,747	19,505	-	40,854	290,723
2018	22,735	217,547	17,380	-	47,442	305,104
2019	29,173	208,961	15,175	-	81,088	334,397

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)
2010	14,155,200	683,098,000	749,400	34,600	86,453,100	784,490,300	653,040	785,143,340	1.492	1,198,611,612
2011	14,045,800	681,296,900	749,400	34,600	96,181,000	792,307,700	568,851	792,876,551	1.527	1,212,931,431
2012	14,045,800	677,447,400	749,400	34,600	96,181,000	788,458,200	584,044	789,042,244	1.381	1,059,201,391
2013	13,303,800	668,610,000	749,400	34,600	96,528,400	779,226,200	577,697	779,803,897	1.417	1,058,617,347
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 ^c
2015	18,239,300	845,963,100	876,200	38,300	120,935,300	986,052,200		986,052,200	1.160	996,616,333
2016	17,526,500	842,408,500	876,200	38,300	117,900,700	978,750,200		978,750,200	1.162	958,713,096
2017	15,718,000	828,083,400			117,749,100	961,550,500		961,550,500	1.174	958,713,096
2018	14,122,400	817,881,000			117,903,400	949,906,800		949,906,800	1.203	949,695,300
2019	14,122,400	817,669,500			117,903,400	949,695,300		949,695,300	1.243	896,277,180

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	
2010	1.340	0.152	1.492	0.733	0.954	0.473	3.652
2011	1.380	0.147	1.527	0.776	0.976	0.505	3.784
2012	1.381	0.129	1.510	0.784	0.992	0.491	3.777
2013	1.417	0.131	1.548	0.799	0.999	0.582	3.928
2014	1.116	0.040	1.156	0.629	0.877	0.438	3.100
2015	1.160	0.043	1.203	0.648	0.902	0.472	3.225
2016	1.162	0.050	1.212	0.645	0.900	0.465	3.222
2017	1.174	0.057	1.231	0.684	0.928	0.491	3.334
2018	1.203	0.059	1.262	0.708	0.948	0.484	3.402
2019	1.293	0.043	1.336	0.712	0.961	0.471	3.480

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	2019			2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Stablis Master Fund, LLC	\$ 22,360,000	1	2.35%			
Central Square	9,865,200	2	1.04%	7,065,000	2	0.90%
Brandall Estates, LLC	7,500,000	3	0.79%			0.00%
Linwood Care Property LLC	6,829,900	4	0.72%	1,497,200		
Central Park East	4,600,000	5	0.48%	7,107,100	3	0.91%
Linwood Golf & Country Club	4,026,200	6	0.42%	5,388,200	4	0.69%
Taxpayer 1	3,122,900	7	0.33%	2,024,000	8	0.26%
Linwood Professional Plaza	2,300,000	8	0.24%	3,748,800	5	0.48%
Alexon Enterprises	2,490,500	9	0.26%	1,449,100	10	
Taxpayer 2	1,824,000	10	0.19%			0.00%
CPL				9,208,000	1	1.17%
CCC Atlantic				3,490,000	6	0.44%
Access 1 Communications				2,436,600	7	0.31%
Total	\$ 64,918,700		6.84%	\$ 43,414,000		5.15%

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	
2010	10,005,884	10,005,884	100.00%	-
2011	11,030,881	11,030,881	100.00%	-
2012	10,841,517	10,841,517	100.00%	-
2013	10,936,586	10,936,586	100.00%	-
2014	11,153,974	11,153,974	100.00%	-
2015	11,376,075	11,376,075	100.00%	-
2016	11,517,868	11,517,868	100.00%	-
2017	11,517,868	11,517,868	100.00%	-
2018	11,354,178	11,354,178	100.00%	-
2019	11,526,749	11,526,749	100.00%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2010	7,814,251			230,778		8,045,029	2.91%	32,702
2011	6,618,881					6,618,881	2.30%	38,964
2012	5,487,514					5,487,514	1.87%	40,744
2013	4,591,815			226,500		6,856,815	2.31%	41,664
2014	3,316,323			2,265,000		5,581,323	1.85%	42,201
2015	3,076,007			3,502,000		6,578,007	2.17%	43,244
2016	2,740,691			3,502,000		6,242,691	1.87%	44,053
2017	2,410,375			3,447,000		5,857,375	1.86%	44,771
2018	2,057,864			3,362,000		5,419,864	1.73%	46,557
2019	6,819,287			606,000		7,425,287	2.37%	46,557

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		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^c
	General Obligation Bonds ^b	Deductions			
2010	7,814,251	-	7,814,251	1.50%	32,702
2011	6,618,881	-	6,618,881	0.84%	38,964
2012	5,487,514	-	5,487,514	0.70%	40,744
2013	4,591,815	-	4,591,815	0.58%	41,664
2014	3,316,323	-	3,316,323	0.42%	42,201
2015	3,076,007	-	3,076,007	0.39%	43,244
2016	2,740,691	-	2,740,691	0.27%	44,053
2017	2,410,375	-	2,410,375	0.24%	44,771
2018	2,057,864	-	2,057,864	0.21%	46,557
2019	1,669,287	-	1,669,287	0.17%	46,557

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, 2018
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	\$ 11,738,250	100.00%	\$ 11,738,250
Other debt			
Mainland Regional High School Debt (City's Share)		30.90%	-
County of Atlantic (City's Share)		2.44%	-
Subtotal, Overlapping Debt			<u>11,738,250</u>
Linwood School District Direct Debt			<u>2,560,000</u>
Total Direct and Overlapping Debt			<u>\$ 14,298,250</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 2018

	Equalized valuation basis
	2018 \$ 896,277,180
	2017 905,415,254
	2016 933,209,573
	<u>[A] \$ 2,734,902,007</u>
Average equalized valuation of taxable property	[A/3] \$ 911,634,002
Debt Limit (3% of Avg Equal Value)	[B] 27,349,020 ^a
Net school debt	[C] 6,534,574
Legal debt margin	<u>[B-C] \$ 20,814,446</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 36,486,737	\$ 37,607,291	\$ 37,175,817	\$ 36,387,943	\$ 31,776,042	\$ 32,179,753	\$ 30,058,294	\$ 29,187,087	\$ 18,990,752	\$ 27,349,020
Total net debt applicable to limit	8,095,000	7,814,251	6,618,881	5,487,514	4,591,815	7,806,323	6,242,691	5,857,375	5,419,864	6,534,574
Legal debt margin	<u>\$ 28,391,737</u>	<u>\$ 29,793,040</u>	<u>\$ 30,556,936</u>	<u>\$ 30,900,429</u>	<u>\$ 27,184,227</u>	<u>\$ 24,373,430</u>	<u>\$ 23,815,603</u>	<u>\$ 23,329,712</u>	<u>\$ 13,570,888</u>	<u>\$ 20,814,446</u>
Total net debt applicable to the limit as a percentage of debt limit	22.19%	20.78%	17.80%	15.08%	14.45%	24.26%	20.77%	20.07%	28.54%	23.89%

Source: Abstract of Ratables 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
2010	7,092	276,332,688	38,964	8.5%
2011	7,073	288,182,312	40,744	8.6%
2012	7,060	294,147,840	41,664	8.6%
2013	7,025	296,462,025	42,201	9.0%
2014	6,963	301,107,972	43,244	7.2%
2015	6,881	303,128,693	44,053	6.6%
2016	6,818	305,248,678	44,771	5.8%
2017	6,767	315,051,219	46,557	5.8%
2018	6,740	313,794,180	46,557	3.7%
2019	6,740	313,794,180	46,557	3.7%

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 March 2017

^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	2019		2010	
	Employees	Rank (Optional)	Employees	Rank (Optional)
				Percentage of Total Employment
		NOT AVAILABLE		
	-		-	0.00%

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction										
Regular	64.0	59.5	60.3	60.1	60.4	59.5	58.1	53.2	53.9	49.5
Special education	45.2	45.4	45.0	42.0	37.5	37.4	40.5	41.3	39.4	41.6
Other special education	7.6	6.0	5.4	6.3	8.1	7.6	6.5	5.0	6.0	4.5
Other instruction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
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	11.2	15.7	15.3	15.0	15.7	15.7	11.9	15.2	15.1	16.5
General administrative services	2.2	2.3	2.2	2.3	2.3	2.3	2.3	1.7	2.2	2.2
School administrative services	6.0	6.1	6.1	5.6	5.6	5.6	5.0	5.0	5.0	5.0
Business administrative & Technology services	3.8	4.1	4.1	4.4	4.2	4.3	4.0	3.8	4.8	4.8
Plant operations and maintenance	18.0	17.5	17.1	15.3	15.8	15.9	15.9	15.8	15.6	13.9
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	158.7	157.1	156.2	151.6	150.4	149.0	144.9	141.8	142.8	139.3

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				
2010	945	13,172,250	13,939	4.08%	113.9	1:13	941.2	903.4	-6.42%	96.20%	
2011	901	13,167,992	14,615	4.85%	110.7	1:11	910.3	875.9	-3.28%	96.00%	
2012	890	13,636,615	15,322	4.84%	110.7	1:11	884.7	856.8	-2.81%	96.20%	
2013	885	14,353,179	16,218	5.85%	108.4	1:10	889.6	856.1	0.55%	96.80%	
2014	863	14,560,595	16,872	4.03%	106.0	1:13	868.0	835.1	-2.43%	96.20%	
2015	860	14,730,611	17,129	1.52%	104.5	1:14	863.9	828.8	-0.47%	96.22%	
2016	835	14,673,359	17,573	2.59%	105.1	1:15	838.8	804.6	-2.90%	95.93%	
2017	836	13,618,776	16,290	-7.30%	99.5	1:16	843.2	806.6	0.52%	95.66%	
2018	822	17,153,302	20,868	28.10%	99.3	1:16	820.0	782.8	-2.75%	95.47%	
2019	806	15,953,875	19,794	-5.15%	96.2	1:16	813.2	779.2	-0.83%	95.82%	

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).
- d Note 2018 is implementation of OPEB liability reporting

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Elementary										
Seaview Elementary School (1961)	72,019	72,019	72,019	72,019	72,019	72,019	72,019	72,019	72,019	72,019
Square Feet	417	417	417	417	417	417	417	417	417	417
Capacity (students)	504	435	462	438	444	446	435	439	423	424
Enrollment										
Middle School										
Belhaven Middle School (1908)	109,278	109,278	109,278	109,278	109,278	109,278	109,278	109,278	109,278	109,278
Square Feet	537	537	537	537	537	537	537	537	537	537
Capacity (students)	441	466	428	448	419	417	403	397	399	382
Enrollment										
Other										
Poplar School Building (1961)	17,305	17,305	17,305	17,305	17,305	-	-	-	-	-
Square Feet										
<i>Note: Poplar School was turned over to the City effective June 23, 2014</i>										

Number of Schools at June 30, 2017

 Early Learning Center = 0

 Elementary = 1

 Middle School = 1

 Other = 0

Source: District records, ASSA

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

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

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

School Facilities	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Seaview Elementary	76,120	144,929	72,360	66,538	71,848	\$ 38,662	\$ 76,307	\$ 102,084	\$ 33,799	\$ 76,136
Belhaven Middle School	127,780	142,458	96,895	108,467	157,556	63,307	118,863	103,730	91,521	107,891
Poplar Avenue School	-	-	-	-	-	1,618	6,702	1,957	3,259	3,310
Total School Facilities	203,900	287,387	169,255	175,005	229,403	103,587	201,872	207,770	128,579	187,337
Other Facilities	150,790	147,391	147,790	140,144	165,480	202,925	195,835	190,527	187,292	169,038
Grand Total	\$ 354,690	\$ 434,778	\$ 317,045	\$ 315,149	\$ 394,883	\$ 306,512	\$ 397,707	\$ 398,297	\$ 315,871	\$ 356,375

**City of Linwood School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2019
Unaudited**

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

Source: District Insurance Policies

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Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

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

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

We have audited the basic financial statements of the Board of Education of the City of Linwood School District School State of New Jersey, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 22, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Michael S. Garcia

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

November 22, 2019



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major State Program

We have audited the City of Linwood School District's State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019. 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, 2019.

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, 2019, and have issued our report thereon dated November 22, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

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

Michael S. Garcia

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

November 22, 2019

CITY OF LINWOOD SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 for the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/18	Carryover/Amount	Cash Received	Budgetary Expenditures			(MEMO) Passed Through to Sub-Recipients	Adjustments	Repayment of Prior Years' Balances/	Deferred Revenue 6/30/19	(Accounts Receivable) 6/30/19	Due to Grantor at 6/30/19
									Pass Through	Source	Total						
U.S. Department of Education																	
Passed-through State Department of Education:																	
General Fund:																	
None																	
Total General Fund																	
U.S. Department of Education																	
Passed-through State Department of Education																	
Special Revenue Fund:																	
No Child Left Behind (N.C.L.B.):																	
Title I	84.010A	S010A150030	NCLB-2680-19	07/01/18-06/30/19	68,406		9,390	49,032		75,419						(28,206)	
	84.010A	S010A150030	NCLB-2680-18	07/01/17-06/30/18	70,879	(6,760)	(9,390)	4,941									
Title IV	84.424	S424A170031	NCLB-2680-19	07/01/18-06/30/19	10,000			1,832		5,805						(3,973)	
Title II A	84.367A	S367A150029	NCLB-2680-18	07/01/17-06/30/18	21,368	(724)		724									
Title II A	84.367A	S367A150029	NCLB-2680-19	07/01/18-06/30/19	17,225			4,400		11,960						(7,560)	
Impact Aid	84.938C	S938C18005	N/A	07/01/17-6/30/18	18,000	(18,000)		18,000									
Special Education Cluster (IDEA)																	
IDEA Part B, Basic Regular	84.027	H027A150100	FT-2680-19	07/01/18-06/30/19	180,963			156,508		180,963						(24,455)	
IDEA Part B, Basic Regular	84.027	H027A150100	FT-2680-18	07/01/17-06/30/18	181,479	(15,712)		15,712									
IDEA Part B, Preschool	84.173	H173A150114	PT-2680-19	07/01/18-06/30/19	9,610			4,959		9,610						(4,651)	
IDEA Part B, Preschool	84.173	H173A150114	PT-2680-17	07/01/16-06/30/17	9,471												
Total Special Revenue Fund						(41,196)		256,108		283,757						(68,845)	
Total Federal Financial Assistance						(41,196)		256,108		283,757						(68,845)	

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

**City of Linwood School District
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2019**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Balance	Carryover/Amount	Cash 6/30/19	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments	Deferred Revenue 6/30/19	(Accounts Receivable) 6/30/19	Due to Grantor at 6/30/19	Budgetary Receivable 6/30/19	Memo
													Cumulative Total Expenditures
State Department of Education													
General Fund:													
State Aid Public Cluster:													
Security Aid	19-495-034-5120-084	07/01/18-06/30/19	\$ 64,088	\$	\$	64,088	\$ 64,088	\$	\$	\$	\$	6,236	\$ 64,088
Transportation Aid	19-495-034-5120-014	07/01/18-06/30/19	111,744		111,744	111,744						10,732	111,744
Special Education Aid	19-495-034-5120-089	07/01/18-06/30/19	607,272		607,272	607,272						58,448	607,272
Equalization Aid	19-495-034-5120-078	07/01/18-06/30/19	128,197		128,197	128,197						12,328	128,197
Adjustment Aid	19-495-045-5120-085	07/01/18-06/30/19	594,598		594,598	594,598						56,338	594,598
Other State Aid													
Non-Public Transportation Aid	18-495-045-5120-014	07/01/17-06/30/18	870	(870)		870							870
Non-Public Transportation Aid	19-495-045-5120-014	07/01/18-06/30/19					1,160			(1,160)			
Extraordinary Aid	19-100-034-5120-473	07/01/18-06/30/19					195,610			(195,610)			
Extraordinary Aid	18-100-034-5120-473	07/01/17-06/30/18	142,796	(143,351)		143,351							143,351
On-Behalf TPAF Pension Contribution	19-495-034-5094-003	07/01/18-06/30/19	1,666,025			1,666,025							1,666,025
On-Behalf OPPEB- GASB 75	19-495-034-5094-003	07/01/18-06/30/19											0
Reimbursed TPAF			443,493			443,493				0			443,493
Social Security Contributions	19-495-034-5094-003	07/01/18-06/30/19											
Total General Fund				(144,221)	0	2,093,613	3,812,187	0	0	(196,770)	0	144,082	3,759,638
Special Revenue Fund:													
Non-Public Textbook Aid	18-100-034-5120-064	07/01/17-06/30/18	603	3				3					1,015
Non-Public Textbook Aid	19-100-034-5120-064	07/01/18-06/30/19	1,015		1,015	1,015							
Non-Public Technology Aid	18-100-034-5120-373	07/01/17-06/30/18	407	17				17					681
Non-Public Technology Aid	19-100-034-5120-373	07/01/18-06/30/19	684		684	681					3		681
Non-Public Security Aid	19-100-034-5120-509	07/01/18-06/30/19	2,850		2,850	2,790					60		2,790
Non-Public Security Aid	18-100-034-5120-509	07/01/17-06/30/18	825	2				2					
Non-Public Nursing	18-100-034-5120-070	07/01/17-06/30/18	1,067	895				895					
Non-Public Nursing	19-100-034-5120-070	07/01/18-06/30/19	1,843		1,843	254					1,589		254
Total Special Revenue Fund				917	0	6,392	4,740	917	0	0	1,652	0	4,740
Total State Financial Assistance			\$ (143,304)	\$ -	\$ 2,100,005	\$ 3,816,927	\$ 917	\$ -	\$ -	\$ (196,770)	\$ 1,652	\$ 144,082	\$ 3,764,378
													(1,666,025)
													2,150,902

Less: On-Behalf Contributions (1,666,025)
2,150,902

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, 2019

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the General Fund and Special Revenue Fund on the GAAP basis. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,090. 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	\$	\$ 3,812,323	\$ (1,666,025)	\$ 2,146,298
Special Revenue Fund	284,330	4,740		289,070
	<u>284,330</u>	<u>3,817,063</u>	<u>(1,666,025)</u>	<u>2,435,368</u>
Total Financial Award Revenues	\$ <u>284,330</u>	\$ <u>3,817,063</u>	\$ <u>(1,666,025)</u>	\$ <u>2,435,368</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, 2019. 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, 2019.

**City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2019**

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, 2019
 (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

19-495-034-5120-078	Equalization Aid
19-495-034-5120-089	Special Education Categorical Aid
19-495-034-5120-084	Security Aid
19-495-034-5120-085	Adjustment Aid

City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2019
(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.