



LINWOOD
PUBLIC SCHOOLS

Excellence in Teaching and Learning

Comprehensive Annual Financial Report

of the

Linwood Board of Education
Linwood, New Jersey

for the Fiscal Year ended June 30, 2020

Prepared by:

Linwood Board of Education Finance Department

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	1-6
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9

FINANCIAL SECTION

Independent Auditor's Report	10-12
-------------------------------------	-------

Required Supplementary Information - Part I	
Management's Discussion and Analysis	13-19

Basic Financial Statements

A DISTRICT - WIDE FINANCIAL STATEMENTS

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

B FUND FINANCIAL STATEMENTS

Governmental Funds:

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

Proprietary Funds:

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

Fiduciary Funds:

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

Notes to Financial Statements	29-56
--------------------------------------	-------

TABLE OF CONTENTS

Page

Required Supplementary Information - Part II

C	Budgetary Comparison Schedules		
	C-1	Budgetary Comparison Schedule - General Fund	57-69
	C-2	Budgetary Comparison Schedule - Special Revenue Fund	70

Notes to the Required Supplementary Information

	C-3	Budget - to - GAAP Reconciliation	71
--	-----	-----------------------------------	----

L Required Supplementary Information-Part III

	L-1	Schedule of District's Proportionate Share of Net Position Liability (PERS)	72
	L-2	Schedule of District Contributions (PERS)	73
	L-3	Schedule of District's Proportionate Share of Net Position Liability (IPAF)	74

M	M-1	Schedule of District's Proportionate Share of Net OPEB Liability	75
----------	-----	--	----

Other Supplementary Information

D	School Level Schedules (General Fund):		N/A
----------	--	--	-----

E	Special Revenue Fund:		
	E-1	Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	76-77

F	Capital Projects Fund:		
	F-1	Summary Statement of Project Expenditures	N/A
	F-2	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis	N/A
	F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Various Improvements	N/A

G	Proprietary Funds:		
	Enterprise Fund:		
	G-1	Statement of Net Position	N/A
	G-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
	G-3	Statement of Cash Flows	N/A

H	Fiduciary Funds		
	H-1	Combining Statement of Fiduciary Net Position	78
	H-2	Combining Statement of Changes in Fiduciary Net Position	79
	H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	80
	H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	81

TABLE OF CONTENTS

Page

Other Supplementary Information (Continued)

I Long-Term Debt

I-1	Schedule of Serial Bonds	82
I-2	Statement of Obligations Under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	83

J STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Position by Component	84
J-2	Changes in Net Position	85-86
J-3	Fund Balances, Governmental Funds	87
J-4	Changes in Fund Balances, Governmental Funds	88
J-5	General & Special Revenue Fund Other Local Revenue by Source	89

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property	90
J-7	Direct and Overlapping Property Tax Rates	91
J-8	Principal Property Tax Payers	92
J-9	Property Tax Levies and Collections	93

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	94
J-11	Ratios of Net General Bonded Debt Outstanding	95
J-12	Direct and Overlapping Governmental Activities Debt	96
J-13	Legal Debt Margin Information	97

Demographic and Economic Data

J-14	Demographic and Economic Statistics	98
J-15	Principal Employers	99

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	100
J-17	Operating Statistics	101
J-18	School Building Information	102
J-19	Required Maintenance for School Facilities	103
J-20	Insurance Schedule	104

K SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	105-106
K-2	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and New Jersey OMB Circular 15-08	107-109
K-3	Schedule of Expenditures of Federal Awards, Schedule A	110
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	111
K-5	Notes to Schedules of Awards and Financial Assistance	112
K-6	Schedule of Findings and Questioned Costs	113-115

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Introductory Section



LINWOOD

PUBLIC SCHOOLS

Excellence in Teaching and Learning
Belhaven Middle School
Seaview Elementary School

51 Belhaven Avenue
Linwood, NJ 08221
www.linwoodschoos.org
609.926.6700

January 8, 2021

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, 2020 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 2019-2020 fiscal year with an average daily enrollment of 829.7 students, which is a 2.03% increase from the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2019-2020	829.7	2.03%
2018-2019	813.2	-.83%
2017-2018	820.0	-2.75%
2016-2017	843.2	0.52%
2015-2016	838.8	-2.91%

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 for the 2019-2020 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 2019-2020 school year. Both programs have been very successful.

The District received notification on March 7, 2019 of reduced State aid in the amount of \$83,056 for the 2019-2020 school year. 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 continues its commitment to offering excellence in programs and services for the Linwood School Community. The District staff provides 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 educational experiences where students are challenged, thrive, and develop a lifelong love of learning that extends beyond the walls of our schools.

The District has implemented its new Strategic Plan for 2019-2024. The 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 drive decision making for our District. These goals encompass the feedback from 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.

District staff will engage in a further development of Professional Learning Communities and vertical and horizontal articulation reviewing students' data. Our data warehouse – LinkIt! – serves as one basis for analysis of student performance while our certified staff examines instructional best practices. Instructional progress and the further development of specific identified skills for students remains our focus within grade levels, teams, and cohort PLC meetings. Professional development opportunities focus on data-driven instruction and 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. The District has embraced a growth mindset that is still taking hold, and 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.

As instruction is a main goal and focus, so is student and staff well-being. Our schools are implementing SEL activities throughout our programming including a PBIS system of supports at Seaview School and a reenergizing of the Renaissance program at Belhaven. Staff wellness through professional development day and other events enhances 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 augmentation 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. Safety and security measures and projects to support the lifespan of the buildings are always prioritized. Once again, classroom furniture upgrades, continued retrofits of HVAC systems, additions to Long Range Facilities Plans for both schools, and improving space usage are priorities as well. The District will research energy efficiencies through exploring green energy solutions during the upcoming 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.

The experiences of the health emergency and ongoing pandemic have impacted our plans as well. This is true through all facets of our programming and planning. Increased need for resources, personnel, PPE, facilities changes and integration of all measures for health and safety have and will continue to impact or initiatives moving forward. This will include services for students and staff as we handle the continued pandemic and into the future to support the academic growth and social and emotional wellness of our school community.

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 educational experiences that offer 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, 2020, the District employed 92.9 full time equivalent of instructional staff and 42.3 full time equivalent support services staff. Enrollment as of September 2020 was 819 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,

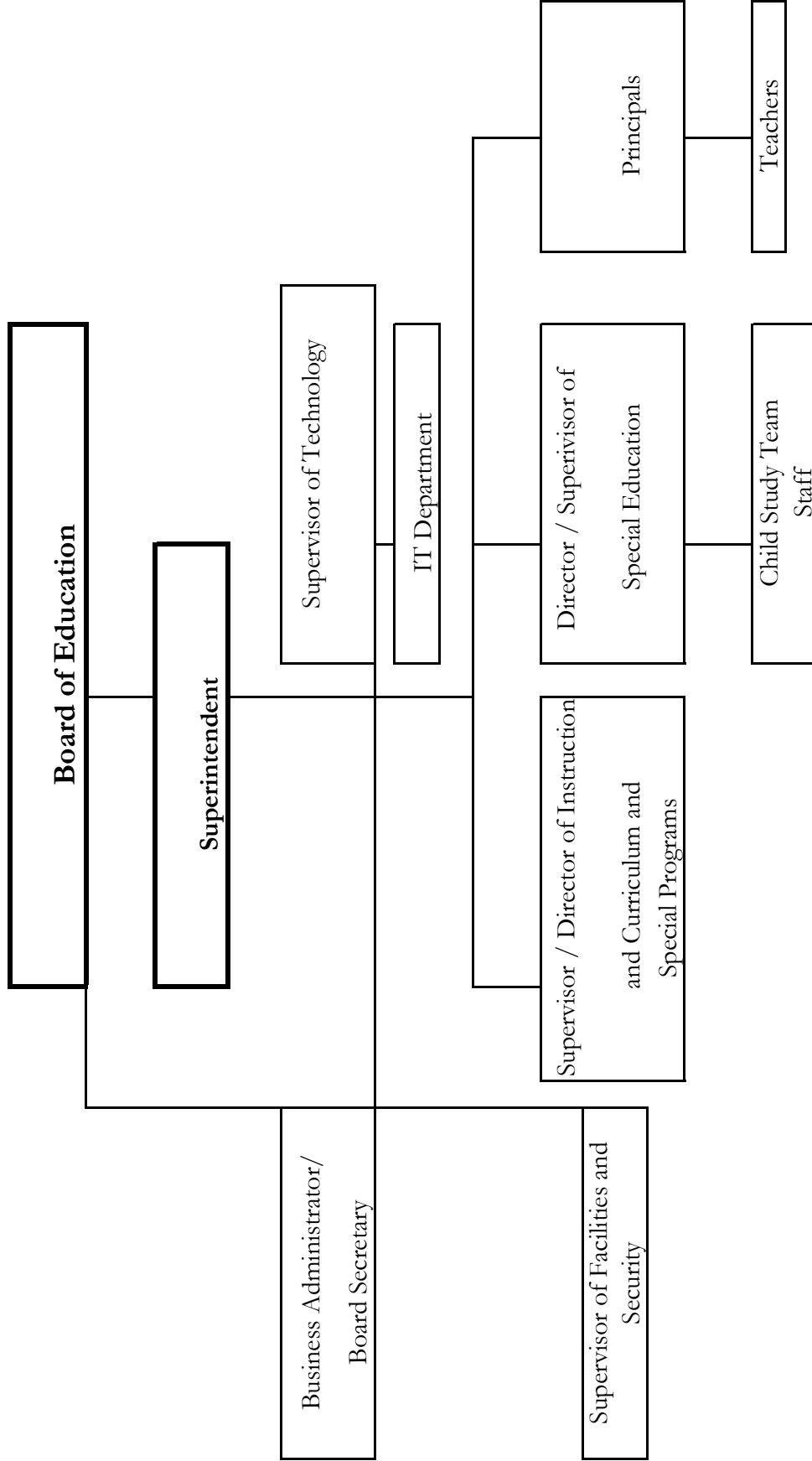
Brian Pruitt

Brian Pruitt
Superintendent of Schools

Kevin Byrnes

Kevin Byrnes
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, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Donna Michael-Ziereis, President	2021
Jason Goldstein, Vice President	2020
Alexa Barrera	2020
Michele DeMorat	2021
Holly DiLeo	2022
Steven Evinski	2021
Craig Kahn	2022
Casey Lowry	2020
Gina Osbeck	2022

Other Officials

Brian Pruitt, Superintendent

Teri J. Weeks, School Business Administrator/Board Secretary (through 1/30/20)

Frank Onorato, Interim School Business Administrator/Board Secretary (1/30/20-6/30/20)

Kevin Byrnes, School Business Administrator/Board (as of 7/1/20)

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

Ocean First Bank
New Road, Linwood, NJ 08221

Republic Bank
New Road, Linwood, 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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021 on our consideration of the City of Linwood School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Linwood School District's internal control over financial reporting and compliance.

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

Michael S. Garcia

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

January 8, 2021

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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, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District increased \$2,057,661 from FY 19 to FY 20 which represents a 18% increase from the prior year.
- The State of New Jersey reimbursed the District \$465,933 during the fiscal year ended June 30, 2020 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 \$1,808,208 during the fiscal year ended June 30, 2020 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, 2020 the District had a total excess surplus of \$597,513.
- During the fiscal year ended June 30, 2020, the District's General Fund revenue realized was \$545,592 more than General Fund expenditures. During the prior fiscal year, revenue was less than expenses by \$150,554.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Scope	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
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	
	2020	2019	2020	2019
Current and other assets	\$ 3,232,674	\$ 2,755,541	\$ 28,242	\$ 54,164
Capital assets	14,750,855	15,505,788		
Deferred Outflows	462,720	635,968		
Total assets	18,446,249	18,897,297	28,242	54,164
Long-term liabilities	3,570,101	5,967,973		
Other liabilities	53,238	116,254		2,867
Deferred Inflows	1,336,451	1,400,655		6,675
Total liabilities	4,959,790	7,484,882	-	9,542
Net assets				
Invested in capital assets	14,750,855	15,505,788		
Restricted	2,872,458	2,314,193		
Unrestricted	(4,136,855)	(6,407,565)	28,242	44,622
Total net position	\$ 13,486,458	\$ 11,412,416	\$ 28,242	\$ 44,622

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, 2020, the District did have \$1,200,145 excess fund balance, of which \$597,513 is designated for use in the 2020-2021 district budget.

Changes in Net Position. The total revenue of the District increased approximately \$1,026,994 predominately due to the increases in tax levy.

Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2020 fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenue						
Charges for services	\$ 204,691	\$ 208,961	\$ 94,635	\$ 131,774	\$ 299,326	\$ 340,735
Federal grants	225,820	284,330			225,820	284,330
State grants and entitlements	2,266	4,740			2,266	4,740
Local Grants	53,459	48,579			53,459	48,579
General revenues						
Property taxes	12,543,717	11,526,749			12,543,717	11,526,749
State aid entitlements	5,195,648	5,182,219			5,195,648	5,182,219
Other	79,493	76,857	661	402	80,154	77,259
Total revenues	18,305,094	17,332,435	95,296	132,176	18,400,390	17,464,611
Expenses						
Instruction:						
Regular	6,381,029	7,767,960			6,381,029	7,767,960
Special Education	1,864,700	2,375,873			1,864,700	2,375,873
Other special instruction	325,771	545,805			325,771	545,805
Other instruction	200,807	229,022			200,807	229,022
Support services:						
Student & instruction related services	2,533,190	3,091,171			2,533,190	3,091,171
Tuition	175,913	227,288			175,913	227,288
School administration services	831,512	682,698			831,512	682,698
General & business admin services	1,003,525	1,296,055			1,003,525	1,296,055
Plant operations & maintenance	1,675,921	2,171,700			1,675,921	2,171,700
Pupil transportation	134,023	129,360			134,023	129,360
Principal and Interest Payments	212,600	39,560			212,600	39,560
Business-type activities			111,679	133,156	111,679	133,156
Total expenses	15,338,991	18,556,492	111,679	133,156	15,450,670	18,689,648

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$3,179,436 which is \$540,148 more than the beginning of the year. The increase in fund balance was the result of the significantly less spending in the 2019-2020 compared to prior years. 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 less than the budget by approximately \$540,148. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual expenditures were less than actual revenues by \$2,057,658. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had invested \$14,750,852 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 \$754,933, or 5% over last year.

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Land	\$ 903,250	\$ 903,250
Buildings and Improvements	13,386,426	14,052,970
Machinery & Equipment	461,176	549,568
Total	<u>\$ 14,750,852</u>	<u>\$ 15,505,788</u>

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%.

FOR THE FUTURE

The Linwood School District is in good financial condition presently.

In conclusion, the Linwood School District has committed itself to financial excellence for many years. In addition, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue to identify operational efficiencies which allow it to meet the challenges of declining State aid.

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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,892,981	\$ 20,980	\$ 2,913,961
Receivable - State	189,557		189,557
Receivable - Federal	112,968		112,968
Other Accounts Receivable	37,168	7,262	44,430
Capital assets:			
Land	903,250		903,250
Depreciable capital assets, net of depreciation	13,847,605		13,847,605
Total Assets	<u>17,983,529</u>	<u>28,242</u>	<u>18,011,771</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>462,720</u>		<u>462,720</u>
LIABILITIES			
Accounts payable	51,886	-	51,886
Interfund Accounts Payable	1,316		1,316
Advances	36	-	36
Noncurrent liabilities:			
Due within one year			-
Due beyond one year	476,393		476,393
Net Pension Liability	<u>3,093,708</u>		<u>3,093,708</u>
Total liabilities	<u>3,623,339</u>	<u>-</u>	<u>3,623,339</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>1,336,451</u>		<u>1,336,451</u>
NET POSITION			
Invested in capital assets, net of related debt	14,750,855		14,750,855
Restricted for:			
Other Purposes	1,352		1,352
Capital Reserve	728,799		728,799
Maintenance Reserve	741,612		741,612
Excess Surplus - Undesignated	597,513		597,513
Excess Surplus - Designated	602,632		602,632
Subsequent Year's Expenditures	200,550		200,550
Unrestricted	<u>(4,136,855)</u>	<u>28,242</u>	<u>(4,108,613)</u>
Total net position	<u>\$ 13,486,458</u>	<u>\$ 28,242</u>	<u>\$ 13,514,700</u>

See accompanying Notes to Financial Statements

City of Linwood School District
Statement of Activities
For the Year Ended June 30, 2020

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	\$ 4,165,704	\$ 2,215,325	\$ 204,691	\$ 1,596,569	\$ (4,579,769)	\$ -	\$ (4,579,769)
Special education	1,217,325	647,375		640,072	(1,224,628)		(1,224,628)
Other special instruction	212,672	113,099		81,510	(244,261)		(244,261)
Other instruction	131,092	69,715		50,243	(150,564)		(150,564)
Support services:							
Tuition	175,913			36,000	(139,913)		(139,913)
Student & instruction related services	1,653,733	879,457		663,168	(1,870,022)		(1,870,022)
School administrative services	509,920	321,592		(29,792)	(861,304)		(861,304)
Central Services	349,785	187,267		(17,348)	(554,400)		(554,400)
General Administrative services	286,062	180,411		(16,713)	(483,186)		(483,186)
Plant operations and maintenance	1,054,984	620,936		(20,976)	(1,696,896)		(1,696,896)
Pupil transportation	89,450	44,573		(4,129)	(138,152)		(138,152)
Unallocated benefits	5,279,750	(5,279,750)		6,134	6,134		6,134
Principal and Interest payments	212,600			(212,600)			(212,600)
Total governmental activities	<u>15,338,991</u>	<u>0</u>	<u>204,691</u>	<u>2,984,738</u>	<u>(12,149,562)</u>	<u>-</u>	<u>(12,149,562)</u>
Business Type Activities							
Child Care	111,679		94,635			(17,044)	(17,044)
Total government	<u>\$ 15,450,670</u>	<u>\$ 0</u>	<u>\$ 299,326</u>	<u>\$ 2,984,738</u>	<u>\$ (12,149,562)</u>	<u>\$ (17,044)</u>	<u>\$ (12,166,606)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 12,543,717		\$ 12,543,717
Federal and State aid not restricted					1,600,393		1,600,393
Miscellaneous Income					79,493	661	80,154
Other Sources - Bond Proceeds					-		-
Total general revenues, special items and transfers					<u>14,223,603</u>	<u>661</u>	<u>14,224,264</u>
Change in Net Position					2,074,041	(16,383)	2,057,658
Net Position—beginning,					11,412,417	44,625	11,457,042
Net Position—ending					<u>\$ 13,486,458</u>	<u>\$ 28,242</u>	<u>\$ 13,514,700</u>

See accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

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

City of Linwood School District
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,007,458	\$ 24,562	\$ 550	\$ 2,032,570
Capital Reserve Account	528,799			528,799
Maintenance Reserve Account	331,612			331,612
Receivable - Federal		112,968		112,968
Receivable - State	189,557			189,557
Tuition Receivable	33,373			33,373
Due from other funds	138,733			138,733
Other Assets		3,795		3,795
Total assets	<u>\$ 3,229,532</u>	<u>\$ 141,325</u>	<u>\$ 550</u>	<u>\$ 3,371,407</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	50,646			50,646
Due to State of NJ		1,240		1,240
Interfund Accounts Payable		140,049		140,049
Unearned revenue		36		36
Total liabilities	<u>50,646</u>	<u>141,325</u>	<u>-</u>	<u>191,971</u>
Fund Balances:				
Restricted for:				
Excess surplus Undesignated	597,513			597,513
Excess surplus Designated	602,632			602,632
Committed to:				
Capital Reserve	728,799			728,799
Maintenance Reserve	741,612			741,612
Assigned to:				
Designated for subsequent year's expenditures	200,000		550	200,550
Other purposes	1,352			1,352
Unreserved, reported in:				
General fund	306,978			306,978
Total Fund balances	<u>3,178,886</u>	<u>-</u>	<u>550</u>	<u>3,179,436</u>
Total liabilities and fund balances	<u>\$ 3,229,532</u>	<u>\$ 141,325</u>	<u>\$ 550</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.				14,750,855
Pension Liabilities Net of Deferred Outflows & Inflows				(3,967,440)
Some liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.				(476,393)
Net position of governmental activities				<u>\$ 13,486,458</u>

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, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	\$ 12,336,561	\$ -	\$ 207,156	\$ 12,543,717
Miscellaneous	284,184			284,184
State sources	3,874,534	2,266		3,876,800
Federal sources		225,820		225,820
Local sources		53,459		53,459
	<u>16,495,279</u>	<u>281,545</u>	<u>207,156</u>	<u>16,983,980</u>
EXPENDITURES				
Current:				
Regular instruction	4,437,611			4,437,611
Special education instruction	1,123,270	173,514		1,296,784
Other special instruction	226,554			226,554
Other instruction	139,649			139,649
Support services and undistributed costs:				
Tuition - Special Education	139,913	36,000		175,913
Student & instruction related services	1,732,327	29,350		1,761,677
School administrative services	644,194			644,194
Other administrative services	361,389			361,389
Central Services	425,551			425,551
Plant operations and maintenance	1,243,824			1,243,824
Pupil transportation	89,284			89,284
Unallocated Benefits	5,273,616	6,134		5,279,750
Capital Outlay	112,504	36,547		149,051
Principal and Interest on Bonds			212,600	212,600
Total expenditures	<u>15,949,687</u>	<u>281,545</u>	<u>212,600</u>	<u>16,443,832</u>
Excess (Deficiency) of revenues over expenditures	<u>545,592</u>	<u>-</u>	<u>(5,444)</u>	<u>540,148</u>
Net change in fund balances	545,592	-	(5,444)	540,148
Fund balance—July 1	2,633,294		5,994	2,639,288
Fund balance—June 30	<u>\$ 3,178,886</u>	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ 3,179,436</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, 2020**

Total net change in fund balances - governmental funds (from B-2) \$ 540,148

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

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

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

	Depreciation expense	\$ (833,564)	
	Capital outlays	<u>78,631</u>	(754,933)

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

	District pension contributions-PERS	167,010	
	Cost of benefits earned net of employee contributions	<u>(83,023)</u>	83,987

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 (+).

2,204,840

Change in net position of governmental activities		<u>\$ 2,074,042</u>	
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**City of Linwood School District
Statement of Net Position
Proprietary Funds
June 30, 2020**

	Business-Type Activities - Enterprise Funds	
	Before and After School Program	Totals
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,980	\$ 20,980
Other receivables	7,262	7,262
Total current assets	28,242	28,242
Total assets	\$ 28,242	\$ 28,242
LIABILITIES		
Current liabilities:		
None		
Total current liabilities	-	-
Noncurrent Liabilities:		
None		
Total noncurrent liabilities	-	-
Total liabilities	-	-
NET POSITION		
Unrestricted	28,242	28,242
Total net position	\$ 28,242	\$ 28,242

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, 2020

	<u>Before and After School Program</u>	<u>Total Proprietary</u>
Operating revenues:		
Charges for services:		
Tuition - net of discounts	\$ 94,638	\$ 94,638
		-
Total operating revenues	<u>94,638</u>	<u>94,638</u>
Operating expenses:		
Salaries	56,345	56,345
Benefits - FICA, DCRP, and Unemployment	5,020	5,020
Rent	13,000	13,000
Audit	500	500
Services	31,438	31,438
General supplies	5,376	5,376
Total Operating Expenses	<u>111,679</u>	<u>111,679</u>
Operating income	<u>(17,041)</u>	<u>(17,041)</u>
Nonoperating revenues (expenses):		
Interest	661	661
Total nonoperating revenues (expenses)	<u>661</u>	<u>661</u>
Capital Assest		
Equipment		-
Net Capital	-	-
Income before contributions & transfers	<u>(16,380)</u>	<u>(16,380)</u>
Transfers in (out)	-	-
Change in net position	<u>(16,380)</u>	<u>(16,380)</u>
Total net position—beginning	<u>44,622</u>	<u>44,622</u>
Total net position—ending	<u>\$ 28,242</u>	<u>\$ 28,242</u>

See accompanying Notes to Financial Statements

**City of Linwood School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020**

	Before and After School Program	Total Proprietary
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 111,729	\$ 111,729
Payments for salaries and benefits	(64,231)	(64,231)
Rent	(13,000)	(13,000)
Services	(31,438)	(31,438)
Other costs	(500)	(500)
Supplies	(5,376)	(5,376)
Net cash provided by operating activities	<u>(2,816)</u>	<u>(2,816)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
None		
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
None		
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	661	661
Net cash provided by investing activities	<u>661</u>	<u>661</u>
Net increase in cash and cash equivalents	(2,155)	(2,155)
Balances—beginning of year	23,135	23,135
Balances—end of year	<u>\$ 20,980</u>	<u>\$ 20,980</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (17,041)	\$ (17,041)
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase/(Decrease) in Accounts Payable	(2,866)	(2,866)
Increase/(Decrease) in Deferred Revenues	(6,674)	(6,674)
(Increase)/Decrease in accounts receivable, net	23,768	23,768
Total adjustments	<u>14,228</u>	<u>14,228</u>
Net cash provided by operating activities	<u>\$ (2,813)</u>	<u>\$ (2,813)</u>

See accompanying Notes to Financial Statements

**City of Linwood School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020**

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 91,221
Interfund Accounts Receivable	1,316
Total assets	\$ 92,537
LIABILITIES	
Payable to student groups	\$ 73,967
Payroll deductions and withholdings	18,570
Total liabilities	\$ 92,537

See accompanying Notes to Financial Statements

City of Linwood School District
Notes to Financial Statements
June 30, 2020

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, 2020 of 784 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, 2020
(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, 2020
(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, 2020
(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, 2020
(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, 2020, 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, 2020
(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, 2020
(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	(110,000)
Related Services	11-000-216-xxx	24,327
Extraordinary Services	11-000-217-xxx	61,628
Other Support Services	11-000-219-xxx	(29,780)
General Administration	11-000-230-xxx	218,767
School Administration	11-000-240-xxx	8,050
Operations and Maintenance	1x-000-261-xxx	(12,500)
Benefits	11-000-291-xxx	(114,550)
Regular Instruction	11-1xx-100-xxx	28,650
Special Education	11-2xx-100-xxx	(59,950)
School Sponsored Activities	11-4xx-100-xxx	3,070

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, 2020
(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 2019-2020 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 \$29,467.

11. Tuition Payable

Tuition charges for the fiscal years 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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, 2020
(Continued)

F. ACCOUNTING CHANGES

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, “Accounting for Interest Costs Incurred Before the End of a Construction Period”. This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District’s financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, “Conduit Debt Obligations”. This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the District’s financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, “Omnibus 2020”. This statement, which is effective for fiscal periods beginning after June 15, 2021, will not have any effect on the District’s financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, “Replacement of Interbank Offered Rates”. This statement, which is effective for fiscal periods beginning after June 15, 2021, will not have any effect on the District’s financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the District’s financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”. This statement, which is effective for fiscal periods immediately, will not have any effect on the District’s financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, “Subscription-Based Information Technology Arrangements”. This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the District’s financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, “An Amendment to GASB Statements No. 14 and No. 84”. This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District’s financial reporting.

NOTE 2. CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The district’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2020, \$0 of the government’s bank balance of \$3,144,786 was exposed to custodial credit risk.

NOTE 3. INVESTMENTS

As of June 30, 2020, 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

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

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.

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

Governmental activities:

Capital assets, not being depreciated:

Land	\$	903,250	\$	-	\$	-	\$	903,250
Total capital assets not being depreciated		903,250		-		-		903,250

Capital assets being depreciated:

Buildings and building improvements		27,074,231		18,847				27,093,078
Machinery & Equipment		1,788,377		59,784		(80,599)		1,767,562

Total capital assets being depreciated at historical cost		28,862,608		78,631		(80,599)		28,860,640
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Less accumulated depreciation for:

Buildings and improvements		(13,021,264)		(685,388)				(13,706,652)
Equipment		(1,238,809)		(148,176)		80,599		(1,306,386)
Total Accumulated Depreciation		(14,260,073)		(833,564)		80,599		(15,013,038)

Total capital assets being depreciated, net of accumulated depreciation		14,602,535		(754,933)		-		13,847,602
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Governmental activity capital assets, net	\$	15,505,785	\$	(754,933)	\$	-	\$	14,750,852
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Depreciation expense as charged to governmental functions as follows:

Regular Instruction	\$ 478,542
Direct Expense of Various Functions	355,022
	\$ 833,564

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance		Retired/	Balance	Due in
	June 30, 2019	Issued	Adjustment	June 30, 2020	One Year
Compensated					
Absences Payable	\$ 2,681,233	\$ -	\$ 2,204,840	\$ 476,393	\$ -
	<u>\$ 2,681,233</u>	<u>\$ -</u>	<u>\$ 2,204,840</u>	<u>\$ 476,393</u>	<u>\$ -</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, 2020, 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:

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, 2020
(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/annrprts.shtml>.

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

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 7.50% 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, 2020, 2019, and 2018, were \$1,318,424, \$1,145,679, and \$904,380 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, 2020, 2019, and 2018, were \$167,591, \$166,485, and \$159,015, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2020, 2019, and 2018, the State of New Jersey contributed \$489,111, \$519,677, and \$584,120, respectively, to the TPAF for post-retirement medical benefits and life insurance premiums on behalf of the Board. The State of New Jersey contributed \$673 to TPAF for long-term disability insurance. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$465,933, \$443,493, and \$436,213, 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, 2020
(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, 2020
(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, 2020, the District reported a liability of \$3,093,708 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the District's proportion was .01716963780%, which was an increase of 2.86% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$83,023. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,528	13,677
Changes of assumptions	308,918	1,073,816
Net difference between projected and actual earnings on pension plan investments		48,835
Changes in proportion and differences between District contributions and proportionate share of contributions	98,274	200,133
District contributions subsequent to the measurement date	167,010	
Total	\$ 629,730	\$ 1,336,461

\$XXX reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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	(104,150)
2020	(321,219)
2021	(294,456)
2022	(139,586)
2023	(14,320)
Total	\$ (873,731)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% - 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return:	7.00%

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED

Pre-retirement mortality rates were based on the RP-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disable Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED

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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019, 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 (5.68%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the net pension liability	\$ 3,712,963	3,093,708	2,572,505

Pension plan fiduciary net position.

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

NOTE 9. TEACHERS PENSION AND ANNUITY FUND (TPAF)

At June 30, 2020, 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		35,016,821
Total	\$	35,016,821

The net pension liability was measured as of June 30, 2019 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, 2019, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2018.

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

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

For the year ended June 30, 2020, the District recognized pension expense of \$2,065,386 and revenue of \$2,065,386 for support provided by the State. At June 30, 2019, 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	\$ 686,691	121,729
Changes of assumptions	4,980,713	9,792,880
Net difference between projected and actual earnings on pension plan investments		93,215
Changes in proportion and differences between District contributions and proportionate share of contributions		5,513,391
District contributions subsequent to the measurement date	1,147,225	
Total	\$ 6,814,629	15,521,215.00

\$1,147,225 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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	\$ (352,860)
2020	(912,263)
2021	(816,798)
2022	(1,575,633)
2023	(3,084,633)
Thereafter	(3,111,624)
Total	\$ (9,853,811)

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

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

Inflation Rate	
Price	2.75%
Wage	3..25%
Salary increases	
Through 2026	1.55% - 4.55% (based on years of service)
Thereafter	2.75% - 5.65% (based on years of service)
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
Risk Mitigation Services	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

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

Discount rate. The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.60% as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.60%) or 1-percentage point higher (6.60%) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
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

General Information about the OPEB Plan

The State of New Jersey Provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 year of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member’s employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 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 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State’s “pay-as-you-go” contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 as the State’s contribution to fund pay-as-you-go PRM costs.

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

NOTE 10. OTHER POST-RETIREMENT BENEFITS-CONTINUED

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. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, 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

The State, a non-employer 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 LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA 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/board of trustees. 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, 2019 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:

Inflation rate – 2.50%

Salary Increases –

TPAF - 1.55% - 3.05% based on years of service.

PERS – 2.00% - 6.00% based on years of service

Mortality Rates –

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), AND "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

NOTE 10. OTHER POST-RETIREMENT BENEFITS-CONTINUED

Health Care Trend Assumptions –

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate –

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

The discount rates as of June 30, 2017, 2018, and 2019 are 3.58%, 3.87%, and 3.50%, respectively.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at 6/30/18	\$	46,110,832,982
Changes for the year:		
Service cost		1,734,404,850
Interest		1,827,787,206
Differences between Expected & Actual Experiences		(7,323,140,818)
Changes in assumptions or other inputs		622,184,027
Contributions: Member		37,971,171
Benefit payments		(1,280,958,373)
Net changes		<u>(4,381,751,937)</u>
Balance at 6/30/19	\$	<u>41,729,081,045</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

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:

	1% Decrease <u>(2.50%)</u>	Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Total OPEB Liability (School Retirees)	49,298,534,898	41,729,081,045	35,716,321,820

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 OPEB 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:

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

NOTE 10. OTHER POST-RETIREMENT BENEFITS-CONTINUED

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	34,382,902,820	41,729,081,045	51,453,912,586

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

For the year ended June 30, 2020, the board of education recognized OPEB expense of \$778,341 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, 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	\$ -	\$ (10,484,965,300)
Changes of assumptions		(8,481,529,343)
Changes in proportion and differences between District contributions and proportionate share of contributions		(1,921,145,183)
Contributions subsequent to the measurement date	1,190,373,242	
Total	\$ 1,921,145,183	\$ (20,887,639,826)

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>	
2020	\$ (2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
2024	(2,546,527,182)
Thereafter	(6,233,858,733)
Total	\$ (18,966,494,643)

(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.

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

NOTE 11. COMPENSATED ABSENCES

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

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

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

NOTE 12. DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
Siracusa
Equitable
Vanguard

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, 2020 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, 2020, 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.

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

NOTE 14. COMMITMENTS

The District has adopted an encumbrance policy for the fiscal year June 30, 2020 to consider significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund and Special Revenue Fund. There were no significant encumbrances outstanding at year end.

NOTE 15. CONTINGENT LIABILITIES

Federal and State Grants

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

NOTE 16. ECONOMIC DEPENDENCY

The District receives support from the federal government and from the state government in the form of aid and specific grants. A significant reduction in the level of support 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, 2020:

Fund	Inter-fund Receivable	Inter-fund Payable
General	\$ 138,733	
Special Revenue		140,049
Other Funds	1,317	-
	<u>\$ 140,049</u>	<u>\$ 140,049</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, 2020, consisted of accounts (other), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government Wide Financial Statements</u>
State Aid	\$ 189,557	189,557
Federal Aid	112,968	112,968
Interfunds	138,733	138,733
Other	<u>33,373</u>	<u>33,373</u>
Gross Receivables	474,631	474,631
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u>\$ 474,631</u>	<u>\$ 474,631</u>

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(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, 2020, excess surplus created in FY19 of \$602,632 will be utilized for expenditures in the 2020-21 budget, while excess surplus created in FY20 of \$597,513 restricted and will be utilized for budget expenditures in 2021-22.

Committed Fund Balance

Capital Reserve Account – Of the \$728,799 balance in the capital reserve account at June 30, 2020, \$0 has been designated for utilization in the 2020-21 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 \$741,612 balance in the maintenance reserve account at June 30, 2019, \$0 has been designated for utilization in the 2020-21 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, 2020, the School District has assigned \$200,250 of general and debt service fund balances to expenditures in the 2020-21 budget. \$1,352 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, 2020, the District has \$306,978 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, 2020 is \$597,513.

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, 2020
(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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 517,811
Interest earnings	10,988
Deposits June 30, 2020	200,000
Deposit Refund from Capital Projects	
Withdrawals:	
Budget 2019-20 (Expended)	_____
Ending balance, June 30, 2020	<u><u>\$ 728,799</u></u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 352,445
Interest earnings	6,792
Withdrawals:	
Per Approved Budget (Expended):	(27,625)
Deposit Board resolution June 30, 2020	410,000
Ending balance, June 30, 2020	<u><u>\$ 741,612</u></u>

City of Linwood School District
Notes to Financial Statements
June 30, 2020
(Continued)

NOTE 24. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 8, 2021 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, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,336,561	-	\$ 12,336,561	\$ 12,336,561	-
Tuition from Individuals	90,000		90,000	166,938	76,938
Tuition from Other LEA's	37,216		37,216	34,004	(3,212)
Miscellaneous	24,784		24,784	83,242	58,458
Total - Local Sources	<u>12,488,561</u>	<u>-</u>	<u>12,488,561</u>	<u>12,620,745</u>	<u>132,184</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	511,542		511,542	511,542	-
Other State Aid					
- Non-Public Transportation					
- Extraordinary					
On-Behalf TPAF Pension Contributions (non-budgeted)				167,904	167,904
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,808,208	1,808,208
Total - State Sources	<u>1,422,843</u>	<u>-</u>	<u>1,422,843</u>	<u>3,864,888</u>	<u>2,442,045</u>
Total Revenues	<u>\$ 13,911,404</u>	<u>\$ -</u>	<u>\$ 13,911,404</u>	<u>\$ 16,485,633</u>	<u>\$ 2,574,229</u>

City of Linwood School District
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 63,625	\$ -	\$ 63,625	\$ 61,402	\$ 2,223
Kindergarten	254,246	14,650	268,896	261,640	7,256
Grades 1-5	2,235,528	(50,000)	2,185,528	2,136,855	48,673
Grades 6-8	1,696,987	64,000	1,760,987	1,745,296	15,691
Regular Programs - Home Instruction:					
Salaries of Teachers	4,000		4,000		4,000
Purchased Professional - Educational Services	1,000		1,000		1,000
Regular Programs - Undistributed Instruction:					
Other Purchased Services	96,600	-	96,600	91,043	5,557
General Supplies	144,875		144,875	105,852	39,023
Textbooks	37,000		37,000	35,523	1,477
Other Objects	750		750		750
Total Regular Programs	4,534,611	28,650	4,563,261	4,437,611	125,650
Multiple Disabilities					
Salaries of Teachers	158,240	(17,000)	141,240	135,123	6,117
Other Salaries for Instruction	900		900		900
Other Purchased Services	1,300		1,300	1,300	-
General Supplies	6,000	-	6,000	5,992	8
Total Multiple Disabilities	166,440	(17,000)	149,440	142,415	7,025

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Resource Room/Resource Center:					
Salaries of Teachers	763,732	(20,000)	743,732	709,034	34,698
Other Salaries for Instruction	163,761	(22,320)	141,441	79,115	62,326
Other Purchased Services		7,620	7,620	6,116	1,504
Miscellaneous Services	1,200		1,200	1,200	-
General Supplies	12,602	(6,000)	6,602	4,558	2,044
Textbooks	2,000	(2,000)	-	-	-
Total Resource Room/Resource Center	943,295	(42,700)	900,595	800,023	100,572
Preschool Disabilities - Part Time:					
Salaries of Teachers	92,046		92,046	77,785	14,261
Other Salaries for Instruction	62,324		62,324	20,431	41,893
General Supplies	2,500		2,500	1,375	1,125
Total Preschool Disabilities - Part Time	156,870	-	156,870	99,591	57,279
Preschool Disabilities - Full Time					
Salaries of Teachers	77,598	(10,000)	67,598	61,384	6,214
Other Salaries for Instruction	2,731	9,750	12,481	11,712	769
Supplies	3,350		3,350	3,184	166
Total Preschool Disabilities - Full Time	83,679	(250)	83,429	76,281	7,148
Special Education - Home Instruction					
Salaries of Teachers	10,000	-	10,000	4,960	5,040
Purchased Educational Services			-		-
Total Special Education - Home Instruction	10,000	-	10,000	4,960	5,040
Total Special Education - Instruction	1,360,284	(59,950)	1,300,334	1,123,270	177,064

**City of Linwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Basic Skills/Remedial- Instruction					
Salaries of Teachers	202,310	-	202,310	196,435	5,875
Other Salaries for Instruction	10,036	500	10,536	9,475	1,061
Other Purchased Services	1,200		1,200	1,200	-
General Supplies	1,500		1,500	502	998
Total Basic Skills/Remedial - Instruction	215,046	500	215,546	207,612	7,934
Bilingual Education - Instruction:					
Salaries of Teachers	26,742	(9,000)	17,742	17,479	263
Other Purchased Services	1,380		1,380	1,380	-
Supplies	2,500	(1,000)	1,500	83	1,417
Total Bilingual Education - Instruction	29,242	(8,620)	20,622	18,942	1,680
School Sponsored Cocurricular Activities - Instruction:					
Salaries	51,270	(3,600)	47,670	33,418	14,252
Purchased Services	1,000	(875)	125	125	-
Supplies	5,250	(595)	4,655	1,956	2,699
Total School Sponsored Cocurricular Activities - Instruction	57,520	(5,070)	52,450	35,499	16,951
School Sponsored Athletics - Instruction					
Salaries	47,707	9,050	56,757	56,750	8
Purchased Services	6,500	(2,600)	3,900	3,852	48
Supplies and Materials	6,000	(3,380)	2,620	2,618	2
Total School Sponsored Athletics - Instruction	60,207	3,070	63,277	63,220	57

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Summer School Instruction					
Salaries	3,800		3,800	900	2,900
Supplies	250		250		250
Transfer to Enterprise Fund			-		-
Total Summer School Programs	4,050	-	4,050	900	3,150
Other Supplemental Instruction					
Salaries	32,418	12,600	45,018	40,030	4,988
Total Other Supplemental	32,418	12,600	45,018	40,030	4,988
Total Instruction	6,293,378	(28,820)	6,264,558	5,927,084	337,474
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools	56,392	(30,000)	26,392	20,302	6,090
Tuition - Private School for the Handicapped	196,000	(80,000)	116,000	115,489	511
Tuition - In State - Other	4,800		4,800	4,122	678
Total Undistributed Expenditures - Instruction	257,192	(110,000)	147,192	139,913	7,279
Undistributed Expenditures - Attendance and Social Work:					
Salaries	55,681	(10,000)	45,681	43,796	1,885
Other Purchased Services	2,500		2,500		2,500
Total Undistributed Expenditures - Attendance and Social Work	58,181	(10,000)	48,181	43,796	4,385
Undistributed Expenditures - Health Services:					
Salaries	145,753	-	145,753	144,079	1,674
Other Purchased Services	9,250		9,250	6,643	2,607
Supplies and Materials	9,500		9,500	3,541	5,959
Other Objects	300		300	149	152
Total Undistributed Expenditures - Health Services	164,803	-	164,803	154,411	10,392

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Speech, OT, PT & Related Services					
Salaries	322,714	24,327	347,041	343,901	3,140
Purchased Professional Educational Services	44,100		44,100	41,843	2,258
Supplies and Materials	4,500		4,500	3,423	1,077
Total Undistributed Expenditures - Other Support Services - Students - Related Services	371,314	24,327	395,641	389,166	6,475
Undistributed Expenditures - Other Support Services - Students - Extra Services					
Salaries	355,946	50,078	406,024	409,192	(3,168)
Purchased Professional Educational Services	57,360		57,360	37,329	20,031
Supplies and Materials	1,250	11,550	12,800		12,800
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	414,556	61,628	476,184	446,521	29,663
Undistributed Expenditures - Other Support Services - Guidance					
Salaries of Other Professional Staff	128,599	4,438	133,037	132,967	70
Other Salaries	13,500	(3,800)	9,700	3,659	6,041
Other Purchased Prof & Technical Services	1,200		1,200		1,200
Other Purchased Services	3,450		3,450	300	3,150
Supplies and Materials	6,000		6,000	1,275	4,725
Other Objects	379		379	258	121
Total Undistributed Expenditures - Other Support Services - Guidance	153,128	638	153,766	138,460	15,306

**City of Linwood School District
Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Other Support Services - Child Study Team					
Salaries of Other Professional Staff	313,456	(25,030)	288,426	285,125	3,301
Salaries of Secretarial and Clerical Assistants	13,600	-	13,600	4,347	9,253
Other Salaries	29,972	250	30,222	19,484	10,738
Unused Vacation Payment	1,875		1,875		1,875
Purchased Professional - Educational Services	25,000	(5,000)	20,000	17,347	2,653
Misc. Purchased Services	5,751		5,751	3,493	2,258
Supplies and Materials	8,000		8,000	4,820	3,180
Other Objects	1,760		1,760		1,760
Total Undistributed Expenditures - Other Support Services - Child Study Team	399,414	(29,780)	369,634	334,616	35,018
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	94,326	(7,500)	86,826	84,095	2,731
Salaries of Other Professional Staff	12,000		12,000	8,480	3,520
Salaries of Secretarial & Clerical	17,972	220	18,192	18,184	8
Unused Vacation Payment	1,775		1,775		1,775
Purchased Professional - Educational Services	5,000		5,000	1,875	3,125
Other Purchased Services	8,500	(175)	8,325	6,491	1,834
Supplies and Materials	3,000		3,000	380	2,620
Other Objects	2,000		2,000	845	1,155
Total Undistributed Expenditures - Improv. of Instr. Services	144,573	(7,455)	137,118	120,351	16,767

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries - Media Specialist	1	-	1		1
Salaries - Technology Coordinators	79,728	1,940	81,668	81,665	3
Other Purchased Services	5,500	(1,068)	4,432	4,431	1
Supplies and Materials	6,500	(328)	6,172	6,171	1
Other Objects	200	(200)	-		-
Total Undistributed Expenditures - Educational Media Services - School Library	91,929	344	92,273	92,267	6
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	8,120		8,120	2,494	5,626
Other Purchased Professional and Technical Services	9,000		9,000	8,872	129
Other Purchased Services	1,200	175	1,375	1,375	-
Supplies and Materials	1,500		1,500		1,500
Total Undistributed Expenditures - Instructional Staff Training	19,820	175	19,995	12,740	7,255
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	218,217	5,367	223,584	223,565	19
Legal Services	75,000	60,000	135,000	126,296	8,704
Audit Fees	19,000	(500)	18,500	18,500	-
Other Purchased Professional Services	3,000	(3,000)	-		-
Purchased Technical Services	5,500	(1,100)	4,400	4,321	79
Communications/Telephone	42,700	(1,100)	41,600	41,272	328
Other Purchased Services	58,000	(12,200)	45,800	43,395	2,405
Other Purchased Service - Board Expense	1,500		1,500	1,115	385
General Supplies	6,500	(4,000)	2,500	1,259	1,241
Board Memberships	7,000		7,000	6,703	297
Judgements Against the District		175,000	175,000	175,000	-
Miscellaneous Expenditures	2,500	300	2,800	2,767	33
Total Undistributed Expenditures - Support Services - Gen. Admin.	438,917	218,767	657,684	644,194	13,490

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	\$ 244,199	\$ (28,371)	\$ 215,828	\$ 206,760	\$ 9,068
Salaries of Secretarial and Clerical Assistants	97,370	20,050	117,420	111,126	6,294
Unused Vacation Payment	4,593	18,371	22,964	18,371	4,593
Other Purchased Services	24,500	(2,000)	22,500	19,592	2,908
Supplies and Materials	20,000		20,000	4,605	15,395
Other Objects	2,800		2,800	935	1,865
Total Undistributed Expenditures - Support Serv. - School Admin.	393,462	8,050	401,512	361,389	40,123
Undistributed Expenditures - Business Administration					
Salary	211,680	15	211,695	205,938	5,757
Purchased Professional Services	6,850		6,850	4,375	2,475
Miscellaneous Purchased Services	31,770		31,770	27,307	4,464
Supplies and Materials	6,000		6,000	3,998	2,002
Miscellaneous Expense	2,500	2,000	4,500	4,249	251
Total Undistributed Expenditures - Support Serv. - Business Admin.	258,800	2,015	260,815	245,866	14,949
Undistributed Expenditures - Technical Services					
Salary	127,133	3,255	130,388	130,385	3
Unused Vacation Payment	1,917		1,917		1,917
Other Purchased Services	70,350	(2,624)	67,726	40,167	27,559
Supplies and Materials	10,800		10,800	8,288	2,512
Other Objects	1,000		1,000	845	155
Total Undistributed Expenditures - Support Serv. - Technical Services	211,200	631	211,831	179,685	32,146

**City of Linwood School District
Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	153,266	(7,900)	145,366	145,328	38
Cleaning Repairs and Maintenance Services	186,000	(4,600)	181,400	127,102	54,298
Lead Testing			-		-
General Supplies	39,500		39,500	9,434	30,066
Other Objects	525		525	525	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	379,291	(12,500)	366,791	282,388	84,403
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	320,449	-	320,449	306,259	14,190
Salaries of Non-Instructional	26,152		26,152	23,739	2,413
Cleaning, Repair and Maintenance Services	31,500		31,500	22,615	8,885
Other Purchased Property Services	38,000		38,000	37,015	985
Insurance	57,100		57,100	54,510	2,590
Miscellaneous Purchased Services	34,000		34,000	25,840	8,160
General Supplies	71,500		71,500	61,101	10,399
Energy (Heat)	85,000		85,000	28,708	56,292
Energy (Electricity)	312,000		312,000	305,080	6,920
Energy (Gas)	2,000		2,000	877	1,123
Other Objects	1,000		1,000	535	465
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	978,701	-	978,701	866,278	112,423
Undistributed Expenditures - Grounds					
Salaries	7,565	8,060	15,625	12,711	2,914
Cleaning, Repairs & Maintenance Services	18,500		18,500	16,682	1,818
General Supplies	6,500		6,500	4,755	1,745
Total Undistributed Expenditures - Grounds	32,565	8,060	40,625	34,148	6,477

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Security					
Salaries	42,529	5,870	48,399	48,308	91
Purchased Services	15,765	(1,400)	14,365	7,459	6,906
General Supplies	5,250		5,250	5,244	6
Total Undistributed Expenditures - Security	63,544	4,470	68,014	61,011	7,003
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other Than Between Home and School) - Vendors	10,000		10,000	8,860	1,140
Contracted Services - (Between Home and School) - Joint Agmnts	29,000		29,000	25,500	3,500
Contracted Services (Special Ed Students) - Joint Agreements	77,400	(20,000)	57,400	45,924	11,476
Contracted Services - Aid in Lieu of Payments	5,000	4,000	9,000	9,000	-
Total Undistributed Expenditures - Student Transportation Serv.	121,400	(16,000)	105,400	89,284	16,116
Unallocated Benefits:					
Social Security Contributions	172,000	-	172,000	163,546	8,454
Other Retirement - Regular	166,500	2,329	168,829	168,829	-
Defined Contribution Retirement Program	16,000	3,762	19,762	19,196	566
Unemployment Compensation	36,000		36,000	34,957	1,043
Workmen's Compensation	127,500		127,500	125,140	2,360
Health Benefits	2,788,280	(108,000)	2,680,280	2,454,430	225,850
Tuition Reimbursements	60,000	(12,641)	47,359	18,200	29,159
Disability	14,000		14,000	7,787	6,213
Other Employee Benefits	22,050		22,050	7,390	14,661
Total Unallocated Benefits	3,402,330	(114,550)	3,287,780	2,999,475	288,305
On-behalf TPAF Pension Contributions (non-budgeted)				1,808,208	(1,808,208)
Reimbursed TPAF Social Security Contributions (non-budgeted)				465,933	(465,933)
Total On-behalf Contributions	-	-	-	2,274,141	(2,274,141)

**City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Total Undistributed Expenditures	8,355,120	28,820	8,383,940	9,910,099	(1,526,159)
Total Current Expense	14,648,498	-	14,648,498	15,837,183	(1,188,685)
Capital Outlay:					
Equipment:					
Technology	10,000		10,000	4,546	5,454
Facilities	7,500		7,500	6,437	1,063
Total Equipment	17,500	-	17,500	10,983	6,517
Facilities Acquisition and Construction Services					
Architectural and Engineering Services	\$ 40,000.00		40,000	34,250	5,750
Construction Services	231,500		231,500	48,424	183,076
Debt Service Assessment	18,847		18,847	18,847	-
Increase in Capital Reserve	1,000		1,000		1,000
Increase in Maintenance Reserve	500		500		500
Total Facilities Acquisition and Construction Services	291,847	-	291,847	101,521	190,326
Total Capital Outlay	309,347	-	309,347	112,504	196,843
Total Expenditures	14,957,845	-	14,957,845	15,949,687	(991,842)

**City of Linwood School District
Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,046,441)	-	(1,046,441)	535,946	1,582,387
Fund Balances, July 1	2,777,377	-	2,777,377	2,777,377	
Fund Balances, June 30	\$ 1,730,936	\$ -	\$ 1,730,936	\$ 3,313,323	\$ 1,582,387

Recapitulation of Fund Balance

Reserve for Encumbrances	\$ 1,352
Excess Surplus - Undesignated	597,513
Capital Reserve	728,799
Maintenance Reserve	741,612
Excess Surplus Designated for Subsequent Year's Expenditures	602,632
Unreserved Surplus Designated for Subsequent Year's Expenditures	200,000
Unrestricted Fund Balance	441,415
	<u>3,313,323</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment Not Recognized	(134,437)
Fund Balance per Governmental Funds	<u>\$ 3,178,886</u>

City of Linwood School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ -	\$ 66,846	\$ 66,846	\$ 53,474	\$ (13,372)
Total - Local Sources	-	66,846	66,846	53,474	(13,372)
State Sources:					
Non Public Aids	3,850	514	4,364	2,266	(2,098)
Total - State Sources	3,850	514	4,364	2,266	(2,098)
Federal Sources:					
Title I	50,000	16,277	66,277	38,295	(27,982)
Title II A		17,838	17,838	10,743	(7,095)
Title IV		14,195	14,195	7,079	(7,116)
I.D.E.A., Part B	145,000	35,774	180,774	162,064	(18,710)
I.D.E.A., Preschool	8,000	1,581	9,581	7,639	(1,942)
Total - Federal Sources	203,000	85,665	288,665	225,820	(62,845)
Total Revenues	206,850	153,025	359,875	281,560	(78,315)
EXPENDITURES:					
Instruction					
Salaries of Teachers	126,277	28,256	154,533	118,932	35,601
Tuition	36,000		36,000	36,000	-
Other Purchased Services (400-500 series)		41,405	41,405	39,376	2,029
General Supplies	1,349	20,830	22,179	11,618	10,561
Textbooks	1,000	(315)	685	563	122
Other Objects		3,040	3,040	3,040	-
Total instruction	164,626	93,216	257,842	209,529	48,313
Support Services					
Salaries of Other Professional Staff	6,400	4,100	10,500	9,700	800
Personal Services - Employee Benefits	3,604	8,854	12,458	6,134	6,324
Purchased Professional - Educational Services	22,000	(1,987)	20,013	10,200	9,813
Other Purchased Services	8,970	(2,914)	6,056	2,741	3,315
Supplies & Materials	1,250	15,109	16,359	6,709	9,650
Total support services	42,224	23,162	65,386	35,484	29,902
Capital Outlay:					
Instructional Equipment		36,647	36,647	36,547	100
Total Capital Outlay	-	36,647	36,647	36,547	100
Total expenditures	206,850	153,025	359,875	281,560	78,315
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 0	\$ 0	\$ -	\$ (0)

**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, 2020**

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	\$ 16,485,633	\$ 281,560
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			0
Current Year			(15)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		144,083	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(134,437)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	\$ 16,495,279	\$ 281,545
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	15,949,687	281,560
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			0
Current Year			(15)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 15,949,687	\$ 281,545

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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 Seven Fiscal Years

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.01716963780%	0.01669285740%	0.01703984870%	0.01736126520%	0.01917167650%	0.01926610610%	0.01879825340%
District's proportionate of the net pension liability (asset)	\$ 3,093,708	\$ 3,286,740	\$ 3,966,604	\$ 5,141,909	\$ 4,370,213	\$ 3,607,142	\$ 3,592,720
District's covered payroll	\$ 1,219,684	\$ 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	253.65%	274.38%	338.39%	438.38%	370.69%	270.90%	270.25%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	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 Seven Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 167,010	\$ 166,040	\$ 157,856	\$ 154,235	\$ 167,374	\$ 158,827	\$ 141,641
Contributions in relation to the contractually required contribution	167,010	166,040	157,856	154,235	167,374	158,827	141,641
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,219,684	\$ 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	13.69%	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 Seven Fiscal Years

	2019	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%	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	35,016,821	38,143,253	42,453,738	49,845,542	40,683,913	36,468,438	33,698,008
Total	\$ 35,016,821	\$ 38,143,253	\$ 42,453,738	\$ 49,845,542	\$ 40,683,913	\$ 36,468,438	\$ 33,698,008
District's covered payroll	\$ 6,332,720	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	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 Four Fiscal Years

	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	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	\$ 31,941,719	\$ 34,573,061	\$ 38,670,539	\$ 41,871,109
Total	\$ 31,941,719	\$ 34,573,061	\$ 38,670,539	\$ 41,871,109
District's covered payroll	7,552,404	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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:				
Service Cost	1,060,253	1,286,771	1,551,540	
Interest Cost	1,360,773	1,414,636	1,225,338	
Differences between Expected & Actual	(4,577,171)	(1,938,933)		
Changes in Assumptopns	476,254	(3,967,432)	(5,114,738)	
Member Contributions	29,065	31,951	32,982	
Benefit Payments	(980,516)	(924,471)	(895,692)	
Change in Total Opeb Liability	(2,631,342)	(4,097,478)	(3,200,570)	
State's proportionate share of the net OPEB liability (asset) associated with the District -				
Beginning Balance	34,573,061	38,670,539	41,871,109	
Ending Balance	31,941,719	34,573,061	38,670,539	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	422.93%	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 be show information for a 10 year period.

However, information is only currently available for two years.

Additional years will be presented as they become available.

Other Supplementary Information

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

City of Linwood School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	Linwood Education Foundation	Parent and Teacher Association	Ocean First Library Grant	Non Public Nursing	Non Public Textbook	Non Public Security	Subtotal State Grants	Subtotal Local Grants	Total
REVENUES:									
State Sources	\$	\$	\$	403 \$	563 \$	1,300 \$	2,266 \$	\$	2,266
Federal Sources	50,205	2,769	500					53,474	225,820
Local Sources	50,205	2,769	500	403	563	1,300	2,266	53,474	53,474
Total revenues									281,560
EXPENDITURES									
Instruction:									
Salaries of teachers	1,500							1,500	118,932
Tuition									36,000
Other purchased services									39,376
General supplies	9,118		500					9,618	11,618
Textbooks					563				563
Other Objects	3,040							3,040	3,040
Total instruction	13,658		500		563		563	14,158	209,529
Support services:									
Salaries of Other Professional Staff									9,700
Personal services- employee benefits									6,134
Purchased professional educational service									10,200
Other Purchased Services		2,769		403		1,300	403	2,769	2,741
Supplies and materials							1,300		6,709
Total support services		2,769		403		1,300	1,703	2,769	35,484
Capital Outlay:									
Instructional Equipment	36,547							36,547	36,547
Total Capital Outlay	36,547							36,547	36,547
Total expenditures	50,205	2,769	500	403	563	1,300	2,266	53,474	281,560
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$

**City of Linwood School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2020**

	Title I	Title II A	Title IV	IDEA Basic	IDEA Preschool	Subtotal Projects
REVENUES:						
Slate Sources	\$ 38,295	\$ 10,743	\$ 7,079	\$ 162,064	\$ 7,639	\$ -
Federal Sources						225,820
Local Sources						-
Total revenues	<u>38,295</u>	<u>10,743</u>	<u>7,079</u>	<u>162,064</u>	<u>7,639</u>	<u>225,820</u>
EXPENDITURES						
Instruction:						
Salaries of teachers	36,100			74,329	7,003	117,432
Tuition				36,000		36,000
Other purchased services			4,600	34,776		39,376
General supplies				2,000		2,000
Textbooks						-
Other objects						-
Other instruction			4,600	147,105	7,003	194,808
Total instruction	<u>36,100</u>	<u>-</u>	<u>4,600</u>	<u>147,105</u>	<u>7,003</u>	<u>194,808</u>
Support services:						
Salaries of Other Professional Staff				9,700		9,700
Personal services- employee benefits	2,195			3,403	536	6,134
Purchased professional educational service		10,200		1,795		10,200
Other purchased services		543		61	100	2,338
Supplies and materials			2,479	14,959	636	2,640
Total support services	<u>2,195</u>	<u>10,743</u>	<u>2,479</u>	<u>14,959</u>	<u>636</u>	<u>31,012</u>
Capital Outlay:						
Instructional Equipment						-
Total Capital Outlay	-	-	-	-	-	-
Total expenditures	<u>38,295</u>	<u>10,743</u>	<u>7,079</u>	<u>162,064</u>	<u>7,639</u>	<u>225,820</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2020**

	Agency		
	Student Activity	Payroll	Total
ASSETS:			
Cash and cash equivalents	\$ 73,967	\$ 17,254	\$ 91,221
Interfund receivable - General Fund		1,316	1,316
Total Assets	\$ 73,967	\$ 18,570	\$ 92,537
LIABILITIES:			
Liabilities:			
Payroll deductions and withholdings		\$ 18,570	\$ 18,570
Due to student groups	73,967		73,967
Total Liabilities	\$ 73,967	\$ 18,570	\$ 92,537

Exhibit H-2

City of Linwood School District
 Student Activity Agency Fund
 Statement of Changes in Assets and Liabilities
 For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Cash and cash equivalents	\$ 53,826	\$ 334,896	\$ 314,755	\$ 73,967
Accounts Receivable	14,459		14,459	-
Total assets	<u>\$ 68,285</u>	<u>\$ 334,896</u>	<u>\$ 329,214</u>	<u>\$ 73,967</u>
LIABILITIES:				
Due to Student groups	\$ 68,285	\$ 334,896	\$ 329,214	\$ 73,967
Total liabilities	<u>\$ 68,285</u>	<u>\$ 334,896</u>	<u>\$ 329,214</u>	<u>\$ 73,967</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, 2020**

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Elementary School	\$ 13,875	\$ 2,970	\$ 4,498	\$ 12,347
Middle School	36,970	\$ 3,348	13,175	27,143
Middle School - Band	10,983	\$ 312,603	301,608	21,978
Middle School - Renaissance	874	\$ 11,691	5,900	6,665
Middle School - Athletics	5,582	\$ 4,284	4,033	5,833
Total all schools	<u>\$ 68,284</u>	<u>\$ 334,896</u>	<u>\$ 329,214</u>	<u>\$ 73,966</u>

**City of Linwood School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Cash and cash equivalents	\$ 20,634	\$ 10,384,621	\$ 10,388,001	\$ 17,254
Interfund Accounts Receivable		1,316		1,316
Other Receivables	1,316		1,316	-
Total assets	\$ 21,950	\$ 10,385,937	\$ 10,389,317	\$ 18,570
LIABILITIES:				
Payroll deductions and withholdings	\$ 16,402	\$ 10,385,937	\$ 10,383,769	\$ 18,570
Interfund Accounts Payable	5,548		5,548	-
Total liabilities	\$ 21,950	\$ 10,385,937	\$ 10,389,317	\$ 18,570

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, 2020**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2020		Interest Rate	Balance June 30, 2019	Decreased	Refunded	Balance June 30, 2020
			Date	Amount					
School Bonds, Series 218	7/3/2018	2,560,000	7/15/2020	150,000	2.500%	2,560,000	140,000	-	2,420,000
			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	140,000	-	2,420,000

**City of Linwood School District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 207,156		207,156	207,156	-
Total - Local Sources	<u>207,156</u>	-	<u>207,156</u>	<u>207,156</u>	-
Total Revenues	<u>207,156</u>	-	<u>207,156</u>	<u>207,156</u>	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	140,000		140,000	140,000	-
Interest on Bonds	72,600		72,600	72,600	-
Total Regular Debt Service	<u>212,600</u>	-	<u>212,600</u>	<u>212,600</u>	-
Total Expenditures	<u>212,600</u>	-	<u>212,600</u>	<u>212,600</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,444)</u>	-	<u>(5,444)</u>	<u>(5,444)</u>	-
Other Financing Sources(Uses):					
Bond Proceeds			-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	<u>(5,444)</u>	-	<u>(5,444)</u>	<u>(5,444)</u>	-
Fund Balance, July 1	5,994	-	5,994	5,994	-
Fund Balance, June 30	<u>550</u>	-	<u>550</u>	<u>550</u>	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ (5,444)</u>	-	<u>(5,444)</u>	<u>(5,444)</u>	-

Statistical Section

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

	Fiscal Year Ending June 30.									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 14,750,855
Restricted	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	2,872,458
Unrestricted	(68,925)	(89,862)	(135,743)	(165,443)	(3,757,514)	(4,249,099)	(4,978,697)	(6,544,868)	(6,407,564)	(4,136,855)
Total governmental activities net position	\$ 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	\$ 13,486,458
Business-type activities										
Invested in capital assets, net of related debt	\$ 8,247	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426	\$ 56,208	\$ 50,012	\$ 45,605	\$ 44,625	\$ 28,242
Restricted	8,247	3,504	15,640	23,345	21,426	56,208	50,012	45,605	44,625	28,242
Total business-type activities net position	\$ 8,247	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426	\$ 56,208	\$ 50,012	\$ 45,605	\$ 44,625	\$ 28,242
District-wide										
Invested in capital assets, net of related debt	\$ 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	\$ 14,750,855
Restricted	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	2,872,458
Unrestricted	(60,678)	(86,358)	(120,103)	(142,098)	(3,736,088)	(4,192,891)	(4,928,685)	(6,499,263)	(6,362,939)	(4,108,613)
Total district net position	\$ 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	\$ 13,514,700

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 6,381,029
Special education	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	1,864,700
Other special education	462,302	467,334	537,332	606,976	690,759	645,998	676,317	844,759	545,805	325,771
Vocational										
Other instruction	106,716	108,608	131,952	176,888	206,036	197,938	197,821	192,466	229,022	200,807
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	51,602	54,485	50,062	122,377	130,598	159,964	144,291	199,815	227,288	175,913
Student & instruction related services	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	2,533,190
General administrative services	627,900	537,265	681,491	622,165	641,990	703,286	669,407	742,257	642,818	466,473
School administrative services	572,136	542,144	633,132	520,678	544,828	726,228	626,851	759,204	682,698	831,512
Business administrative and technology services	504,207	590,664	588,051	428,886	550,854	598,379	666,976	784,647	653,236	537,052
Plant operations and maintenance	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	1,675,920
Pupil transportation	132,531	124,999	132,802	132,096	136,680	148,906	213,525	192,710	129,360	134,024
Special Schools										
Charter Schools										
Interest on long-term debt									39,560	212,600
Unallocated depreciation										
Total governmental activities expenses	<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>18,536,491</u>	<u>15,338,991</u>
Business-type activities:										
Child Care	51,897	48,093	55,568	72,969	74,414	81,403	115,205	112,704	133,156	111,679
Total business-type activities expense	<u>51,897</u>	<u>48,093</u>	<u>55,568</u>	<u>72,969</u>	<u>74,414</u>	<u>81,403</u>	<u>115,205</u>	<u>112,704</u>	<u>133,156</u>	<u>111,679</u>
Total district expenses	<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>\$ 18,669,647</u>	<u>\$ 15,450,670</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 34,392	\$ 28,000	\$ 10,452	88,885	144,055	162,002	212,747	217,547	208,961	204,691
Pupil transportation										
General Administrative Services	122,762	96,555	138,605	82,837	32,273	-	-	-	-	-
Plant operations and maintenance	72,032	62,799	71,117	1,555,990	3,301,697	4,033,833	5,308,931	6,108,947	4,741,299	2,984,738
Operating grants and contributions	1,306,089	1,360,720	1,664,215							
Capital grants and contributions										
Total governmental activities program revenues	<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>	<u>3,189,429</u>
Business-type activities:										
Charges for services										
Child care	47,008	43,301	67,639	80,632	72,442	116,110	108,777	107,993	131,774	94,635
Operating grants and contributions										
Capital grants and contributions										
Total business-type activities program revenues	<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>	<u>94,635</u>
Total district program revenues	<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>	<u>\$ 3,284,064</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (12,149,562)
Business-type activities	(4,889)	(4,792)	12,071	7,663	(1,972)	34,707	(6,428)	(4,711)	(1,382)	(17,044)
Total district-wide net expense	<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>	<u>\$ (12,166,606)</u>

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

	2011	2012	2013	2014	2015	Fiscal Year Ending June 30, 2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 12,543,717
Taxes levied for debt service										
Unrestricted grants and contributions	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	1,600,393
Funds received from the City of Linwood				1,355,062	831,596	559,411				
Loss on Disposal of Equipment	(309)		(3,366)	(297,966)	(173,228)	(37,887)	(222,098)			
Miscellaneous income	107,414	112,549	105,357	123,852	115,181	73,897	62,641	70,041	71,303	79,493
Transfer to Enterprise Fund										
Bond Proceeds									5,554	
Total governmental activities	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	14,223,603
Business-type activities:										
Investment earnings	138	49	65	42	53	75	233	305	402	661
Transfers										
Total business-type activities	138	49	65	42	53	75	233	305	402	661
Total district-wide	\$ 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	\$ 14,224,264
Change in Net Position										
Governmental activities	\$ 432,669	\$ 38,624	\$ (531,517)	\$ 441,338	\$ 114,368	\$ (124,198)	\$ (1,272,288)	\$ (2,264,568)	\$ (299,820)	\$ 2,074,041
Business-type activities	(4,751)	(4,743)	12,136	7,705	(1,919)	34,782	(6,196)	(4,406)	(980)	(16,383)
Total district	\$ 427,918	\$ 33,881	\$ (519,381)	\$ 449,043	\$ 112,449	\$ (89,416)	\$ (1,278,484)	\$ (2,268,974)	\$ (300,800)	\$ 2,057,658

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 1,859,907	\$ 2,495,255	\$ 1,112,779	\$ 930,624	\$ 824,903	\$ 912,772	\$ 633,754	\$ 620,503	\$ 602,632	\$ 1,200,045
Committed			1062588	1,175,166	1,158,161	1,472,763	1,779,019	1,872,702	1,696,753	1,470,411
Assigned	235275	125,000	332,993	365,027	520,809	488,138	340,033	17,268	14,808	201,902
Unassigned	275259	278,585	240,723	267,005	173,632	203,452	258,582	273,375	325,094	306,978
Reserved										
Unreserved										
Total general fund	\$ 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	\$ 3,179,336
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: CAFR Schedule B-1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	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	12,543,717
Tuition charges	34,392	28,000	10,452	88,885	144,055	162,002	212,747	217,547	208,961	200,942
Interest earnings	30,626	35,321	21,613	7,227	6,428	4,646	17,617	22,735	29,173	83,242
Miscellaneous	368,394	262,451	331,266	250,345	219,323	124,075	116,057	64,822	90,709	53,459
State sources	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	3,876,800
Federal sources	299,559	317,000	233,952	295,276	228,878	259,551	266,271	289,563	284,330	225,820
Total revenue	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	16,983,980
Expenditures										
Instruction										
Regular instruction	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	4,437,611
Special education instruction	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	1,296,784
Other special instruction	303,072	300,685	331,907	384,454	373,873	309,639	341,069	386,041	304,270	226,554
Other instruction	106,716	108,608	109,104	123,252	117,197	116,562	99,762	100,255	127,674	139,649
Support Services:										
Tuition	37,162	38,720	50,062	122,377	130,598	159,964	144,291	164,766	227,288	175,913
Student & instruction related services	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	1,761,677
General administrative services	452,185	381,807	422,777	298,192	441,162	445,944	399,135	397,483	426,414	644,194
School Administrative services	412,033	419,755	434,729	432,573	374,394	431,856	400,590	409,287	401,505	361,389
Business Administrative & Technology Services	363,113	385,275	402,754	362,012	378,535	367,438	375,123	445,222	427,279	425,551
Plant operations and maintenance	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	1,243,824
Pupil transportation	95,444	88,831	74,456	91,843	94,284	98,697	131,680	103,548	80,699	89,285
Unallocated employee benefits	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	5,279,750
On Behalf Payments - TPAF & FICA	904,379	1,082,988	1,392,381	1,208,934	1,379,112	1,580,105		3,565,952		
Charter Schools							330,093	390,344	113,666	149,051
Capital outlay										
Debt service:										
Principal										
Interest and other charges										
Total expenditures	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	16,443,832
Excess (Deficiency) of revenues over (under) expenditures	770,345	528,400	(149,757)	(1,366,323)	(891,913)	(159,791)	34,262	(327,540)	(150,116)	540,148
Other Financing sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds										
Transfer from capital reserves				1,355,062	831,596	559,411			5,554	-
Transfers in										
Transfers out										
Total other financing sources (uses)				1,355,062	831,596	559,411			5,554	-
Net change in fund balances	\$ 770,345	\$ 528,400	\$ (149,757)	\$ (11,261)	\$ (60,317)	\$ 399,620	\$ 34,262	\$ (327,540)	\$ (144,562)	\$ 540,148
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	1.3%

Source: CAFR Schedule B-2

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Revenue</u>	<u>Building Use And Rentals</u>	<u>Shared Services Revenue</u>	<u>Misc.</u>	<u>Total</u>
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	200,942	12,543,717	15,175	-	81,088	12,840,922
2020	27,991	200,942	16,600	-	38,651	284,184

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)
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
2020	14,122,400	817,669,500			117,903,400	949,695,300		949,695,300	1.363	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	
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
2020	1.363	0.042	1.405	0.704	0.961	0.486	3.556

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	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Stablis Master Fund, LLC	\$ 21,100,000	1	2.22%			
Central Square	9,618,100	2	1.01%		2	0.00%
Brandall Estates, LLC	7,500,000	3	0.79%			0.00%
Linwood Care Property LLC	6,829,900	4	0.72%			
Central Park East	4,600,000	5	0.48%		3	0.00%
Linwood Golf & Country Club	3,068,000	6	0.32%		4	0.00%
Alexon Enterprises	2,490,500	7	0.26%		10	
Linwood Professional Plaza	2,300,000	8	0.24%		5	0.00%
GLB Management, LLC	1,738,000	9	0.18%			0.00%
650 New Road Associates, LLC	1,580,900	10	0.17%		8	0.00%
CPL					1	0.00%
CCC Atlantic					6	0.00%
Access 1 Communications					7	0.00%
Total	\$ 60,825,400		6.40%	\$ -		0.00%

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	
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%	-
2020	12,543,717	12,543,717	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 Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^c
	General Obligation Bonds ^b	Deductions	Net General Bonded Debt Outstanding		
2011	6,618,881	-	6,618,881	1.27%	32,702
2012	5,487,514	-	5,487,514	1.05%	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	1,699,287	-	1,699,287	0.18%	46,557
2020	1,324,377	-	1,324,377	0.14%	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, 2019
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	\$ 10,348,943	100.00%	\$ 10,348,943
Other debt			
Mainland Regional High School Debt (City's Share)		30.90%	-
County of Atlantic (City's Share)		2.44%	-
Subtotal, Overlapping Debt			<u>10,348,943</u>
Linwood School District Direct Debt			<u>2,420,000</u>
Total Direct and Overlapping Debt			<u>\$ 12,768,943</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 2019

	Equalized valuation basis	
	2019	\$ 917,423,291
	2018	896,277,180
	2017	905,415,254
	[A]	<u>\$ 2,719,115,725</u>
Average equalized valuation of taxable property	[A/3]	\$ 906,371,908
Debt Limit (3% of Avg Equal Value)	[B]	27,191,157 ^a
Net school debt	[C]	1,930,377
Legal debt margin	[B-C]	<u>\$ 25,260,780</u>

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 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	\$ 27,191,157
Total net debt applicable to limit	<u>7,814,251</u>	<u>6,618,881</u>	<u>5,487,514</u>	<u>4,591,815</u>	<u>7,806,323</u>	<u>6,242,691</u>	<u>5,857,375</u>	<u>5,419,864</u>	<u>6,534,574</u>	<u>1,930,377</u>
Legal debt margin	<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>	<u>\$ 25,260,780</u>
Total net debt applicable to the limit as a percentage of debt limit	20.78%	17.80%	15.08%	14.45%	24.26%	20.77%	20.07%	28.54%	23.89%	7.10%

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
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%
2020	6,658	324,031,544	48,668	3.1%

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	2020		2011		Percentage of Total Employment
	Employees	Rank (Optional)	Employees	Rank (Optional)	
		NOT AVAILABLE		NOT AVAILABLE	
	-		-		0.00%

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	59.5	60.3	60.1	60.4	59.5	58.1	53.2	53.9	49.5	49.8
Special education	45.4	45.0	42.0	37.5	37.4	40.5	41.3	39.4	41.6	39.4
Other special education	6.0	5.4	6.3	8.1	7.6	6.5	5.0	6.0	4.5	3.7
Other instruction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & instruction related services	15.7	15.3	15.0	15.7	15.7	11.9	15.2	15.1	16.5	16.4
General administrative services	2.3	2.2	2.3	2.3	2.3	2.3	1.7	2.2	2.2	2.2
School administrative services	6.1	6.1	5.6	5.6	5.6	5.0	5.0	5.0	5.0	5.0
Business administrative & Technology services	4.1	4.1	4.4	4.2	4.3	4.0	3.8	4.8	4.8	4.8
Plant operations and maintenance	17.5	17.1	15.3	15.8	15.9	15.9	15.8	15.6	13.9	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	0.0
Total	157.1	156.2	151.6	150.4	149.0	144.9	141.8	142.8	139.3	135.2

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				
2011	901	13,167,992	14,615	#DIV/0!	110.7	1:11	910.3	875.9	-9.49%	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%	
2020	801	16,082,181	20,078	1.43%	92.9	1:16	829.7	806.6	2.03%	97.22%	

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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)	435	462	438	444	446	435	439	423	424	427
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)	466	428	448	419	417	403	397	399	382	374
Enrollment										
Other										
Poplar School Building (1961)	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, 2020
 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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Seaview Elementary	120,052	76,120	144,929	72,360	66,538	71,848	\$ 38,662	\$ 76,307	\$ 102,084	\$ 33,799
Belhaven Middle School	101,732	127,780	142,458	96,895	108,467	157,556	63,307	118,863	103,730	91,521
Poplar Avenue School	-	-	-	-	-	-	1,618	6,702	1,957	3,259
Total School Facilities	221,784	203,900	287,387	169,255	175,005	229,403	103,587	201,872	207,770	128,579
Other Facilities	60,604	150,790	147,391	147,790	140,144	165,480	202,925	195,835	190,527	187,292
Grand Total	\$ 282,388	\$ 354,690	\$ 434,778	\$ 317,045	\$ 315,149	\$ 394,883	\$ 306,512	\$ 397,707	\$ 398,297	\$ 315,871

City of Linwood School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2020
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



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K-1 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, 2020, and have issued our report thereon dated January 8, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Michael S. Garcia

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

January 8, 2021



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& ASSOCIATES, L.L.C.

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K-2 REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE; AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY *UNIFORM ADMINISTRATIVE REQUIREMENTS, COSTS PRINCIPLES, AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE), AND NEW JERSEY OMB'S CIRCULAR 15-08*

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, 2020. 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, 2020.

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, 2020, and have issued our report thereon dated January 8, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

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

Michael S. Garcia

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

January 8, 2021

CITY OF LINWOOD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2020

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 6/30/19	Carryover/Amount	Cash Received	Budgetary Expenditures		(MEMO) Passed Through to Sub-Recipients	Adjustments	Repayment of Prior Years' Balances/	Deferred Revenue 6/30/20	(Accounts Receivable) 6/30/20	Due to Grantor at 6/30/20
									Pass Through	Direct						
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-2680-20	07/01/19-06/30/20	66,277			38,216	38,295							
Title II	84-010A	S010A150030	NCLB-2680-19	07/01/18-06/30/19	69,706	(28,206)		28,206						27,982	(27,961)	
Title IV	84-424	S424A170031	NCLB-2680-20	07/01/19-06/30/20	14,195			5,230	7,079					7,116	(8,965)	
Title IV	84-424	S424A170031	NCLB-2680-19	07/01/18-06/30/19	10,000	(3,973)		3,973	10,743					7,095	(17,838)	
Title II A	84-367A	S367A150029	NCLB-2680-20	07/01/19-06/30/20	17,338											
Title II A	84-367A	S367A150029	NCLB-2680-19	07/01/18-06/30/19	17,225	(7,560)		7,560								
Special Education Cluster (IDEA)																
IDEA Part B, Basic Regular	84-027	H027A150100	FT-2680-20	07/01/19-06/30/20	180,774			61,687	162,063					18,711	(119,087)	
IDEA Part B, Basic Regular	84-027	H027A150100	FT-2680-19	07/01/18-06/30/19	180,963	(24,455)		24,455								
IDEA Part B, Preschool	84-173	H173A150114	PT-2680-20	07/01/19-06/30/20	9,581			7,639	7,639					1,942	(1,942)	
IDEA Part B, Preschool	84-173	H173A150114	PT-2680-19	07/01/18-06/30/19	9,471	(4,651)		4,651								
Total Special Revenue Fund									225,820						62,845	(175,793)
Total Federal Financial Assistance									225,820						62,845	(175,793)

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, 2020**

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 6/30/20	(Accounts Receivable) 6/30/20	Due to Grantor at 6/30/20	Memo	
												Budgetary Receivable 6/30/20	Cumulative Total Expenditures
State Department of Education													
General Fund:													
State Aid Public Cluster:													
Security Aid	20-495-034-5120-084	07/01/19-06/30/20	\$ 64,088	\$	\$	64,088	\$ 64,088	\$	\$	\$	\$	6,068	\$ 64,088
Transportation Aid	20-495-034-5120-014	07/01/19-06/30/20	111,744		111,744	111,744	111,744					10,580	111,744
Special Education Aid	20-495-034-5120-089	07/01/19-06/30/20	607,272		604,272	604,272	604,272					57,215	604,272
Equalization Aid	20-495-034-5120-078	07/01/19-06/30/20	128,197		128,197	128,197	128,197					12,138	128,197
Adjustment Aid	20-495-045-5120-085	07/01/19-06/30/20	511,542		511,542	511,542	511,542					48,435	511,542
Other State Aid													
Non-Public Transportation Aid	20-495-045-5120-014	07/01/19-06/30/20	1,610	(1,160)	1,160								1,160
Non-Public Transportation Aid	19-495-045-5120-014	07/01/18-06/30/19	167,904		167,904	167,904	167,904			(167,904)			195,610
Extraordinary Aid	20-100-034-5120-473	07/01/19-06/30/20	195,610	(195,610)	195,610	1,318,424	1,318,424						1,318,424
Extraordinary Aid	19-100-034-5120-473	07/01/18-06/30/19	195,610		195,610	1,318,424	1,318,424						489,111
On-Behalf TPAF Pension Contribution	20-495-034-5094-003	07/01/19-06/30/20	489,111		489,111	489,111	489,111						489,111
On-Behalf Post Retirement Contribute	20-495-034-5094-003	07/01/19-06/30/20	673		673	673	673						673
On-Behalf TPAF Long-Term Disability	20-495-034-5094-003	07/01/19-06/30/20	465,933		444,280	465,933	465,933			(21,653)			444,280
Reimbursed TPAF													
Social Security Contributions	20-495-034-5094-003	07/01/19-06/30/20		(196,770)	0	3,869,101	3,861,888	0	0	(189,557)	0	134,437	3,869,101
Total General Fund													
Special Revenue Fund:													
Non-Public Textbook Aid	20-100-034-5120-064	07/01/19-06/30/20	685		685	563	563				122		685
Non-Public Technology Aid	20-100-034-5120-373	07/01/19-06/30/20	468		468	468	468				468		468
Non-Public Technology Aid	19-100-034-5120-373	07/01/18-06/30/19	684	3				3					1,300
Non-Public Security Aid	20-100-034-5120-509	07/01/19-06/30/20	1,950		1,950	1,300	1,300				650		1,300
Non-Public Security Aid	19-100-034-5120-509	07/01/18-06/30/19	2,850	60				60					403
Non-Public Nursing	20-100-034-5120-070	07/01/19-06/30/20	1,261		1,261	403	403				858		403
Non-Public Nursing	19-100-034-5120-070	07/01/18-06/30/19	1,843	1,589				1,589					
Total Special Revenue Fund													
Total State Financial Assistance													
\$ (195,118) \$ - \$ 3,873,465 \$ 3,864,154 \$ 1,652 \$ - \$ 2,098 \$ 134,437 \$ 3,871,957 Less: On-Behalf TPAF Pension Contributions (1,318,424) Less: On-Behalf Post Retirement Contributions (489,111) Less: On-Behalf Long-Term Disability (673) <u>2,055,946</u>													

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, 2020

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 -\$15. 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	\$	\$ 3,874,534	\$ (1,808,208)	\$ 2,066,326
Special Revenue Fund	225,820	2,266		228,086
	<u>225,820</u>	<u>3,876,800</u>	<u>(1,808,208)</u>	<u>2,294,412</u>
Total Financial Award Revenues	\$ <u>225,820</u>	\$ <u>3,876,800</u>	\$ <u>(1,808,208)</u>	\$ <u>2,294,412</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, 2020. 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, 2020.

**City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2020**

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, 2020
 (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, 2020
(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.