



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, 2021

Prepared by:

Linwood Board of Education Finance Department

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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.linwoodschoools.org
609.926.6700

February 28, 2022

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, 2021 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 2020-2021 fiscal year with an average daily enrollment of 810.8 students, which is a 2.28% decrease from the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2020-2021	810.8	-2.28%
2019-2020	829.7	2.03%
2018-2019	813.2	-0.83%
2017-2018	820.0	-2.75%
2016-2017	843.2	0.52%

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 2020-2021 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 2020-2021 school year. Both programs have been very successful.

The District received notification on March 7, 2019 of reduced State aid in the amount of \$125,645 for the 2020-2021 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 our 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 I.

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, 2021, the District employed 92.9 full time equivalent of instructional staff and 38.8 full time equivalent support services staff. Enrollment as of September 2021 was 832 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,

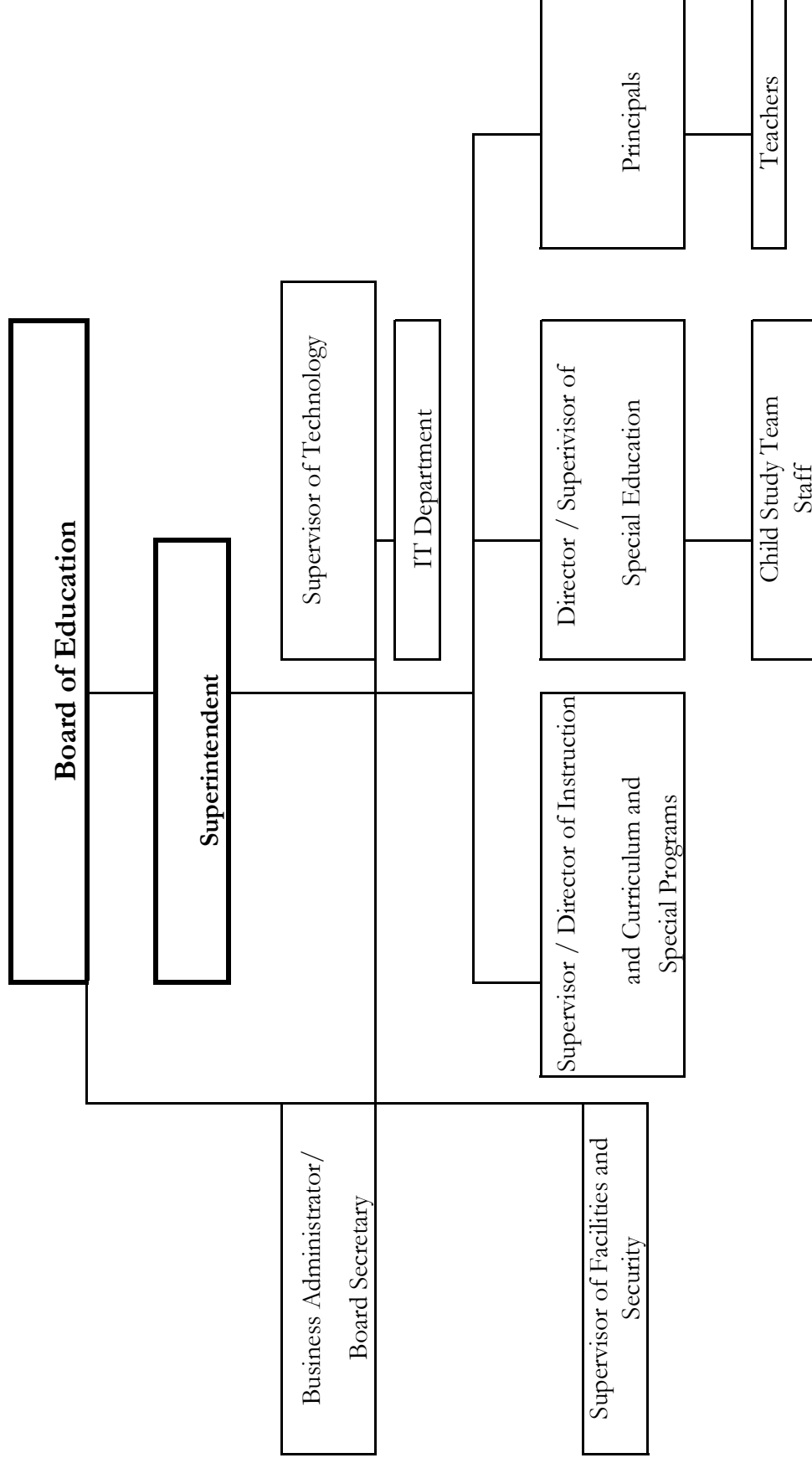
Brian Pruitt

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, 2021

Members of the Board of Education

Term Expires

Steven Evinski, President	2024
Casey Lowry, Vice President	2023
Lisa Bonanno	2023
Craig Kahn	2022
Holly DiLeo	2022
Gina Osbeck	2022
Steven Pecora	2024
Emily Ryan	2023
Chris Schneider	2024

Other Officials

Brian Pruitt, Superintendent

Kevin Byrnes, School Business Administrator/Board Secretary

Kelly A Batz, Treasurer

Will Donio, Esq., Solicitor

LINWOOD BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Ford Scott and Associates
Ocean City, New Jersey

Attorney

William Donio, Esq.
Atlantic City, New Jersey

Architect of Record

Remington & Vernick
Pleasantville, New Jersey

Official Depositories

Ocean First Bank
New Road, Linwood, NJ 08221

Republic Bank
New Road, Linwood, NJ 08244

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Financial Section



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, 2021, 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, 2021, 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 February 28, 2022 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

February 28, 2022

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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, 2021. 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 \$179,579 from FY 20 to FY 21 which represents a 1.32% increase from the prior year.
- The State of New Jersey reimbursed the District \$479,420 during the fiscal year ended June 30, 2021 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 \$2,192,005 during the fiscal year ended June 30, 2021 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 4% 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, 2021 the District had a total excess surplus of \$1,110,102.
- During the fiscal year ended June 30, 2021, the District's General Fund revenue realized was \$459,269 more than General Fund expenditures. During the prior fiscal year, revenue was more than expenses by \$545,592.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

Fund Financial Statements

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

The District has three kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Current and other assets	\$ 3,971,210	\$ 3,232,674	\$ 14,882	\$ 28,242
Capital assets	14,269,062	14,750,855		
Deferred Outflows	298,032	462,720		
Total assets	18,538,304	18,446,249	14,882	28,242
Long-term liabilities	3,196,941	3,570,101		
Other liabilities	258,363	53,238		
Deferred Inflows	1,329,637	1,336,451		
Total liabilities	4,784,941	4,959,790	-	-
Net assets				
Invested in capital assets	14,269,062	14,750,855		
Restricted	3,023,384	2,872,458		
Unrestricted	(3,539,083)	(4,136,854)	14,882	28,242
Total net position	\$ 13,753,363	\$ 13,486,459	\$ 14,882	\$ 28,242

As required by New Jersey Statutes, the unassigned fund balance of the District is not permitted to exceed the greater of 4% 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, 2021, the District did have \$1,110,102 excess fund balance, of which \$597,513 is designated for use in the 2021-2022 district budget.

Changes in Net Position. The total revenue of the District increased approximately \$179,579 predominately due to the increases in tax levy.

Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2021 fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenue						
Charges for services	\$ -	\$ 204,691	\$ 14,022	\$ 94,635	\$ 14,022	\$ 299,326
Federal grants	301,098	225,820			301,098	225,820
State grants and entitlements	1,957	2,266			1,957	2,266
Local Grants	109,334	53,459			109,334	53,459
General revenues						
Property taxes	12,801,892	12,543,717			12,801,892	12,543,717
State aid entitlements	4,724,208	4,303,586			4,724,208	4,303,586
Other	145,148	79,493	10,073	661	155,221	80,154
Total revenues	18,083,637	17,413,032	24,095	95,296	18,107,732	17,508,328
Expenses						
Instruction:						
Regular	7,621,900	6,381,029			7,621,900	6,381,029
Special Education	2,490,359	1,864,700			2,490,359	1,864,700
Other special instruction	314,145	325,771			314,145	325,771
Other instruction	207,736	200,807			207,736	200,807
Support services:						
Student & instruction related services	2,800,863	2,533,190			2,800,863	2,533,190
Tuition	96,018	175,913			96,018	175,913
School administration services	594,414	831,512			594,414	831,512
General & business admin services	1,184,037	1,003,525			1,184,037	1,003,525
Plant operations & maintenance	2,223,069	1,675,921			2,223,069	1,675,921
Pupil transportation	139,008	134,023			139,008	134,023
Principal and Interest Payments	219,150	212,600			219,150	212,600
Business-type activities			37,455	111,679	37,455	111,679
Total expenses	17,890,699	15,338,991	37,455	111,679	17,928,154	15,450,670

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$3,712,847 which is \$459,444 more than the beginning of the year. The increase in fund balance was the result of the significantly more revenue in the 2020-2021 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 \$459,444. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual expenditures were less than actual revenues by \$179,579. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had invested \$14,269,062 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 \$481,790, or 3% over last year.

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Land	\$ 903,250	\$ 903,250
Buildings and Improvements	12,717,067	13,386,426
Machinery & Equipment	648,745	461,176
Total	<u><u>\$ 14,269,062</u></u>	<u><u>\$ 14,750,852</u></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, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,673,429	\$ 14,882	\$ 3,688,311
Receivable - State	165,330		165,330
Receivable - Federal	31,567		31,567
Other Accounts Receivable	100,884	-	100,884
Capital assets:			
Land	903,250		903,250
Depreciable capital assets, net of depreciation	13,365,812		13,365,812
Total Assets	<u>18,240,272</u>	<u>14,882</u>	<u>18,255,154</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>298,032</u>		<u>298,032</u>
LIABILITIES			
Accounts payable	218,166	-	218,166
Advances	40,197	-	40,197
Noncurrent liabilities:			
Due beyond one year	468,056		468,056
Net Pension Liability	2,728,885		2,728,885
Total liabilities	<u>3,455,304</u>	<u>-</u>	<u>3,455,304</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>1,329,637</u>		<u>1,329,637</u>
NET POSITION			
Invested in capital assets, net of related debt	14,269,062		14,269,062
Restricted for:			
Other Purposes	41,371		41,371
Capital Reserve	829,799		829,799
Maintenance Reserve	842,112		842,112
Excess Surplus - Undesignated	512,589		512,589
Excess Surplus - Designated	597,513		597,513
Subsequent Year's Expenditures	200,000		200,000
Unrestricted	(3,539,083)	14,882	(3,524,200)
Total net position	<u>\$ 13,753,363</u>	<u>\$ 14,882</u>	<u>\$ 13,768,246</u>

See accompanying Notes to Financial Statements

City of Linwood School District
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Governmental Activities	Business - type Activities	Total
			Charges for Services	Operating Grants and Contributions				
Governmental activities:								
Instruction:								
Regular	\$ 5,306,378	\$ 2,315,522		\$ 1,909,960	\$ (5,711,940)	\$ -	\$ (5,711,940)	
Special education	1,733,791	756,568		948,048	(1,542,310)		(1,542,310)	
Other special instruction	218,708	95,437		78,721	(235,424)		(235,424)	
Other instruction	144,626	63,110		52,056	(155,680)		(155,680)	
Support services:								
Tuition	96,018			37,158	(58,860)		(58,860)	
Student & instruction related services	1,949,965	850,898		742,884	(2,057,979)		(2,057,979)	
School administrative services	388,450	205,964		(19,410)	(613,824)		(613,824)	
Central Services	417,563	221,401		(20,865)	(659,829)		(659,829)	
General Administrative services	356,206	188,867		(17,799)	(562,872)		(562,872)	
Plant operations and maintenance	1,420,444	802,625		(75,640)	(2,298,709)		(2,298,709)	
Pupil transportation	90,868	48,141		(4,537)	(143,546)		(143,546)	
Unallocated benefits	5,548,533	(5,548,533)		10,213	10,213		10,213	
Principal and Interest payments	219,150				(219,150)		(219,150)	
Total governmental activities	17,890,699	(0)	-	3,640,790	(14,249,909)	-	(14,249,909)	
Business Type Activities								
Child Care	37,455		14,022			(23,433)	(23,433)	
Total government	\$ 17,928,154	\$ (0)	\$ 14,022	\$ 3,640,790	\$ (14,249,909)	\$ (23,433)	\$ (14,273,342)	
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net					\$ 12,801,892		\$ 12,801,892	
Federal and State aid not restricted					1,495,807		1,495,807	
Miscellaneous Income					145,148	73	145,222	
Other Sources - Transfers In						10,000	10,000	
Total general revenues, special items and transfers					14,442,847	10,073	14,452,921	
Change in Net Position					192,938	(13,360)	179,579	
Net Position—beginning, as restated					13,560,425	28,242	13,588,667	
Net Position—ending					\$ 13,753,363	\$ 14,882	\$ 13,768,246	

See accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

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

City of Linwood School District
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,841,491	\$ 160,027		\$ 2,001,518
Capital Reserve Account cash	829,799			829,799
Maintenance Reserve Account cash	842,112			842,112
Receivable - Federal		31,567		31,567
Receivable - State	165,330			165,330
Receivable - Other	33,666	67,218		100,884
Due from other funds	140,049			140,049
Total assets	<u>\$ 3,852,447</u>	<u>\$ 258,812</u>	<u>\$ -</u>	<u>\$ 4,111,259</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	212,292	5,849		218,141
Due to State of NJ		25		25
Interfund Accounts Payable		140,049		140,049
Unearned revenue	2,000	38,197		40,197
Total liabilities	<u>214,292</u>	<u>184,120</u>	<u>-</u>	<u>398,412</u>
Fund Balances:				
Restricted for:				
Excess surplus Undesignated	512,589			512,589
Excess surplus Designated	597,513			597,513
Committed to:				
Capital Reserve	829,799			829,799
Maintenance Reserve	842,112			842,112
Assigned to:				
Designated for subsequent year's expenditures	200,000		-	200,000
Other purposes	41,371			41,371
Unreserved, reported in:				
General fund	614,772			614,772
Special Revenue Fund		74,692		74,692
Total Fund balances	<u>3,638,155</u>	<u>74,692</u>	<u>-</u>	<u>3,712,847</u>
Total liabilities and fund balances	<u>\$ 3,852,447</u>	<u>\$ 258,812</u>	<u>\$ -</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.				14,269,062
Pension Liabilities Net of Deferred Outflows & Inflows				(3,760,491)
Some liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.				(468,055)
Net position of governmental activities				<u>\$ 13,753,363</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, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local tax levy	\$ 12,583,292	\$ -	\$ 218,600	\$ 12,801,892
Miscellaneous	145,148			145,148
State sources	4,167,232	1,957		4,169,189
Federal sources		301,098		301,098
Local sources		109,334		109,334
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	16,895,672	412,389	218,600	17,526,662
EXPENDITURES				
Current:				
Regular instruction	4,603,120			4,603,120
Special education instruction	1,180,017	323,993		1,504,011
Other special instruction	189,723			189,723
Other instruction	125,459			125,459
Support services and undistributed costs:				
Tuition - Special Education	58,860	37,158		96,018
Student & instruction related services	1,651,235	40,300		1,691,535
School administrative services	409,444			409,444
Other administrative services	375,457			375,457
Central Services	440,131			440,131
Plant operations and maintenance	1,595,570			1,595,570
Pupil transportation	95,702			95,702
Unallocated Benefits	5,538,320	10,213		5,548,533
Capital Outlay	173,365			173,365
Principal and Interest on Bonds			219,150	219,150
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	16,436,403	411,665	219,150	17,067,218
Excess (Deficiency) of revenues over expenditures	<hr/> 459,269	<hr/> 725	<hr/> (550)	<hr/> 459,444
Net change in fund balances	459,269	725	(550)	459,444
Fund balance—July 1, As Restated	3,178,886	73,967	550	3,253,403
Fund balance—June 30	<hr/> \$ 3,638,155	<hr/> \$ 74,692	<hr/> \$ -	<hr/> \$ 3,712,847

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, 2021

Total net change in fund balances - governmental funds (from B-2) \$ 459,444

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	\$ (748,469)	
Capital outlays	<u>266,679</u>	(481,790)

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	183,062	
Cost of benefits earned net of employee contributions	<u>23,887</u>	206,949

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 (+).

8,338

Change in net position of governmental activities \$ 192,941

City of Linwood School District
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-Type Activities - Enterprise Funds	
	Before and After School Program	Totals
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,882	\$ 14,882
Other receivables		-
Total current assets	<u>14,882</u>	<u>14,882</u>
Total assets	<u><u>\$ 14,882</u></u>	<u><u>\$ 14,882</u></u>
LIABILITIES		
Current liabilities:		
None	\$ -	\$ -
Total current liabilities	<u>-</u>	<u>-</u>
Noncurrent Liabilities:		
None		
Total noncurrent liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Unrestricted	<u>14,882</u>	<u>14,882</u>
Total net position	<u><u>\$ 14,882</u></u>	<u><u>\$ 14,882</u></u>

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, 2021

	Before and After School Program	Total Proprietary
Operating revenues:		
Charges for services:		
Tuition - net of discounts	\$ 14,022	\$ 14,022
		-
Total operating revenues	<u>14,022</u>	<u>14,022</u>
Operating expenses:		
Salaries	34,754	34,754
Services	293	293
General supplies	2,408	2,408
Total Operating Expenses	<u>37,455</u>	<u>37,455</u>
Operating income	<u>(23,433)</u>	<u>(23,433)</u>
Nonoperating revenues (expenses):		
Interest	73	73
Total nonoperating revenues (expenses)	<u>73</u>	<u>73</u>
Capital Assest		
Equipment		-
Net Capital	<u>-</u>	<u>-</u>
Income before contributions & transfers	(23,360)	(23,360)
Transfers in (out)	10,000	10,000
Change in net position	<u>(13,360)</u>	<u>(13,360)</u>
Total net position—beginning	28,242	28,242
Total net position—ending	<u>\$ 14,882</u>	<u>\$ 14,882</u>

See accompanying Notes to Financial Statements

City of Linwood School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Before and After School Program	Total Proprietary
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 21,284	\$ 21,284
Payments for salaries and benefits	(34,754)	(34,754)
Services	(293)	(293)
Supplies	(2,408)	(2,408)
Net cash provided by operating activities	<u>(16,171)</u>	<u>(16,171)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers (to)from other funds	10,000	10,000
Net cash provided by non-capital financing activities	<u>10,000</u>	<u>10,000</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	73	73
Net cash provided by investing activities	<u>73</u>	<u>73</u>
Net increase in cash and cash equivalents	(6,098)	(6,098)
Balances—beginning of year	20,980	20,980
Balances—end of year	<u>\$ 14,882</u>	<u>\$ 14,882</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (23,433)	\$ (23,433)
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase/(Decrease) in Accounts Payable	-	-
Increase/(Decrease) in Deferred Revenues	-	-
(Increase)/Decrease in accounts receivable, net	7,262	7,262
Total adjustments	<u>7,262</u>	<u>7,262</u>
Net cash provided by operating activities	<u>\$ (16,171)</u>	<u>\$ (16,171)</u>

See accompanying Notes to Financial Statements

City of Linwood School District
Notes to Financial Statements
June 30, 2021

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, 2021 of 832 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, 2021
(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, 2021
(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, 2021
(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, 2021
(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, 2021, 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, 2021
(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, 2021
(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>
Operations and Maintenance	1x-000-261-xxx	(40,581)
Required Maintenance	11-000-262-xxx	257,106
Benefits	11-000-291-xxx	(202,732)
Regular Instruction	11-1xx-100-xxx	(34,878)
Special Education	11-2xx-100-xxx	(36,216)
Capital Outlay	12-000-xxx-xxx	42,003

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.

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

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

10. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The Board of Education began charging tuition to district students for Preschool Regular Education services for a set rate approved by the Board annually, beginning September 1, 2008. The district also began an expanded day kindergarten program with tuition set annually by the Board of Education. Students participating in the 2020-2021 school year in the Preschool program pay a fee of \$2,750 and Expanded Day Kindergarten Program pay a fee of \$3,000 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 \$4,199.

11. Tuition Payable

Tuition charges for the fiscal years 2020-2021 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.

F. ACCOUNTING CHANGES

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2020, may have an effect on the District's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 31, 2021, 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 31, 2022, will not have any effect on the District's financial reporting.

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. ACCOUNTING CHANGES – CONTINUED

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 December 31, 2022, and all reporting periods thereafter, 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 years beginning after December 31, 2023, and all reporting periods thereafter, 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 years beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the District’s financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32”. This statement, which is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the District’s financial reporting.

In October 2021, the Governmental Accounting Standards Board (GASB) issued Statement No. 98, “The Annual Comprehensive Financial Report”. This statement, which is effective for fiscal years ending after December 15, 2021, will have an effect on the District’s financial statements.

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, 2021, \$0 of the government’s bank balance of \$3,978,525 was exposed to custodial credit risk.

NOTE 3. INVESTMENTS

As of June 30, 2021, the district did not have any investments.

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

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

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

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, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Transfers/Adj. Additions</u>	<u>Transfers/Adj. Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 903,250	\$ -	\$ -	\$ 903,250
Total capital assets not being depreciated	<u>903,250</u>	<u>-</u>	<u>-</u>	<u>903,250</u>
Capital assets being depreciated:				
Buildings and building improvements	27,093,078			27,093,078
Machinery & Equipment	1,767,562	266,679	(25,870)	2,008,371
Total capital assets being depreciated at historical cost	<u>28,860,640</u>	<u>266,679</u>	<u>(25,870)</u>	<u>29,101,449</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,706,652)	(669,359)		(14,376,011)
Equipment	(1,306,386)	(79,110)	25,870	(1,359,626)
Total Accumulated Depreciation	<u>(15,013,038)</u>	<u>(748,469)</u>	<u>25,870</u>	<u>(15,735,637)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>13,847,602</u>	<u>(481,790)</u>	<u>-</u>	<u>13,365,812</u>
Governmental activity capital assets, net	<u>\$ 14,750,852</u>	<u>\$ (481,790)</u>	<u>\$ -</u>	<u>\$ 14,269,062</u>

Depreciation expense as charged to governmental functions as follows:

Regular Instruction	\$ 435,796
Direct Expense of Various Functions	<u>312,673</u>
	<u>\$ 748,469</u>

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Balance June 30, 2020</u>	<u>Issued</u>	<u>Retired/ Adjustment</u>	<u>Balance June 30, 2021</u>	<u>Due in One Year</u>
Compensated Absences Payable	\$ 476,393	\$ -	\$ 8,338	\$ 468,055	\$ -
	<u>\$ 476,393</u>	<u>\$ -</u>	<u>\$ 8,338</u>	<u>\$ 468,055</u>	<u>\$ -</u>

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

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, 2021, 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:

Year Ending June 30,	
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 publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Teachers' Pension and Annuity Fund

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

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

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, 2021, 2020, and 2019, were \$1,668,558, \$1,318,424, and \$1,145,679 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, 2021, 2020, and 2019, were \$183,062, \$167,591, and \$166,485, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2021, 2020, and 2019, the State of New Jersey contributed \$522,900, \$489,111, and \$519,677, respectively, to the TPAF for post-retirement medical benefits and life insurance premiums on behalf of the Board. The State of New Jersey contributed \$547 to TPAF for long-term disability insurance. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$479,420, \$465,933, and \$443,493, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

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

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

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

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

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

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

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, 2021, the District reported a liability of \$2,728,885 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the District's proportion was .01673404390%, which was a decrease of 2.54% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$23,887. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,689	9,651
Changes of assumptions	88,528	1,142,610
Net difference between projected and actual earnings on pension plan investments	93,275	
Changes in proportion and differences between District contributions and proportionate share of contributions	66,540	177,376
District contributions subsequent to the measurement date	183,062	
Total	<u>\$ 481,094</u>	<u>\$ 1,329,637</u>

\$183,062 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED

Year ended June 30,		
2021	\$	(378,858.00)
2022		(352,899.00)
2023		(202,677.00)
2024		(81,171.00)
2025		(16,000.00)
Total	\$	(1,031,605.00)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation of July 1, 2019, which was rolled forward to June 30, 2020. 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%

Pre-retirement mortality rates were based on the Pub-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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) 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, 2020 are summarized in the following table:

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% 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 all projected future benefit payments of current plan members. 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 all projected benefit payments to determine 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, 2020, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 3,250,094	2,728,885	2,287,193

Pension plan fiduciary net position.

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

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED

Additional Information

Collective balances of the local group at June 30, 2020 are as follows:

Deferred outflows of resources	\$ 3,933,096,777.00
Deferred inflows of resources	13,351,735,209.00
Net pension liability	38,659,583,951.00

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 is \$1,302,897,532.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

NOTE 9. TEACHERS PENSION AND ANNUITY FUND (TPAF)

At June 30, 2021, 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	<u>38,884,192</u>
Total	<u>\$ 38,884,192</u>

The net pension liability was measured as of June 30, 2020 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, 2020, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$2,417,985 and revenue of \$2,417,985 for support provided by the State.

Actuarial assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all period included in the measurement.

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%

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

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

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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount rate. The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020, 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 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.40% 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 (4.40%) or 1-percentage point higher (6.40%) than the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
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.

Additional Information

Collective balances of the local group at June 30, 2020 are as follows:

Deferred outflows of resources	\$ 9,626,548,228
Deferred inflows of resources	14,591,988,841
Net pension liability	65,993,498,688

Collective pension expense for the plan for the measurement period ended June 30, 2019 is \$4,103,756,770.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 7.99, 8.04, 8.29, 8.30, 8.30, and 8.5 years, respectively.

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 2020, the State paid PRM benefits for 143,053 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 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(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 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76 billion liability recorded in Fiscal Year 2019.

Additional information on Pensions and OPEB can be accessed at state.nj.us/treasury/pensions/financial-reports.shtml.

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 on the Office of Management and Budget webpage: <https://www.nj.gov/treasury/omb/cafr.shtml>.

Actuarial assumptions and other imputes:

The total OPEB liability in the June 30, 2020 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/ABP	PERS	PFRS
Through 2026	1.55 - 4.45%	2.00 - 6.00%	3.25 - 15.25%
	based on service years	based on service years	based on service years
Thereafter	1.55 - 4.45%	3.00 - 7.00%	Applied to all
	based on service years	based on service years	future years

Mortality Rates –

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-20.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the period July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS, and PFRS, respectively.

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

NOTE 10. OTHER POST-RETIREMENT BENEFITS-CONTINUED

Health Care Trend Assumptions –

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate –

The discount rate for June 30, 2020 was 2.21%. 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.

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

Balance at 6/30/19	\$ 41,729,081,045.00
Changes for the year:	
Service cost	1,790,973,822.00
Interest	1,503,341,357.00
Differences between Expected & Actual Experiences	11,544,750,637.00
Changes in assumptions or other inputs	12,386,549,981.00
Contributions: Member	35,781,384.00
Benefit payments	<u>(1,180,515,618.00)</u>
Net changes	<u>26,080,881,563.00</u>
Balance at 6/30/20	<u><u>\$ 67,809,962,608.00</u></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 as of June 30, 2020, respectively, calculated using a discount rate as disclosed above as well as what the total nonemployer OPEB would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease <u>(1.21%)</u>	Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
Total OPEB Liability (School Retirees)	81,748,410,002.00	67,809,962,608.00	56,911,439,160.00

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

The following presents the total OPEB liability as of June 30, 2020 calculated using the healthcare trend rate as disclosed above as well as what the 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, 2021
(Continued)

NOTE 10. OTHER POST-RETIREMENT BENEFITS-CONTINUED

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	54,738,488,540.00	67,809,962,608.00	83,375,182,975.00

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

For the year ended June 30, 2021, the board of education recognized OPEB expense of \$2,371,659 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, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,295,318,750.00	(9,170,703,615.00)
Changes of assumptions	11,534,251,250.00	(7,737,500,827.00)
Total	<u>\$ 21,829,570,000.00</u>	<u>\$ (16,908,204,442.00)</u>

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:

<u>Year ended June 30,</u>	
2021	\$ 43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	4,704,163,473
Total	<u>\$ 4,921,365,558</u>

(Contributions made after June 30, 2019 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, 2021
(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, 2021, 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, 2021
(Continued)

NOTE 14. COMMITMENTS

The District has adopted an encumbrance policy for the fiscal year June 30, 2021 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, 2021:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General	\$ 138,733	
Special Revenue		140,049
Other Funds	<u>1,316</u>	
	<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, 2021, 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	\$ 165,330	165,330
Federal Aid	31,567	31,567
Interfunds	140,049	140,049
Other	<u>100,884</u>	<u>100,884</u>
Gross Receivables	437,830	437,830
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u>\$ 437,830</u>	<u>\$ 437,830</u>

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(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 4% 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, 2021.

Restricted Fund Balance

Excess Surplus – At June 30, 2021, excess surplus created in FY20 of \$597,513 will be utilized for expenditures in the 2021-2022 budget, while excess surplus created in FY21 of \$512,589 restricted and will be utilized for budget expenditures in 2022-2023.

Committed Fund Balance

Capital Reserve Account – Of the \$829,799 balance in the capital reserve account at June 30, 2021, \$0 has been designated for utilization in the 2021-22 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 \$842,112 balance in the maintenance reserve account at June 30, 2021, \$0 has been designated for utilization in the 2021-22 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, 2021, the School District has assigned \$200,000 of general and debt service fund balances to expenditures in the 2021-22 budget. \$41,371 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, 2021, the District has \$614,772 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, 2021 is \$512,589.

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, 2021
(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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$ 728,799
Interest earnings	
Bd Authorized Transfer	101,000
Withdrawals:	
Budget 2020-2021 (None)	
Ending balance, June 30, 2021	<u><u>\$ 829,799</u></u>

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects at June 30, 2021 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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$ 741,612
Bd Authorized Transfer	200,000
Interest earnings	500
Withdrawals:	
Manual JE to 10-117	
(20-21 Maint. Resv, Expenses)	(100,000)
Ending balance, June 30, 2021	<u><u>\$ 842,112</u></u>

City of Linwood School District
Notes to Financial Statements
June 30, 2021
(Continued)

NOTE 24 – RESTATEMENT OF PRIOR YEAR BALANCES

Net position has been restated as required by the implementation of GASB 84.

Special Revenue

Beginning net position as previously reported at June 30, 2020	\$ -
Implementation GASB 84 - Restated of Prior Year Balances Required	
Student Activities	\$ 73,967
	<hr/>
Total:	<hr/> \$ 73,967 <hr/>
Special Revenue Fund Net position as restated, July 1, 2020	<hr/> \$ 73,967 <hr/>

NOTE 25. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and February 28, 2022 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, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,583,292	\$ -	\$ 12,583,292	\$ 12,583,292	\$ -
Tuition from Individuals	100,000		100,000	103,915	3,915
Miscellaneous	19,500		19,500	41,234	21,734
Total - Local Sources	12,702,792	-	12,702,792	12,728,440	25,648
	-				
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	385,897		385,897	385,897	-
- Non-Public Transportation			-	5,800	5,800
- Extraordinary			-	176,349	176,349
On-Behalf TPAF Pension Contributions (non-budgeted)			-	2,192,005	2,192,005
Reimbursed TPAF Social Security Contributions (non-budgeted)			-	479,420	479,420
Total - State Sources	1,297,198	-	1,297,198	4,150,772	2,853,574
Total Revenues	\$ 13,999,990	\$ -	\$ 13,999,990	\$ 16,879,212	\$ 2,879,222

City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 64,961	\$ -	\$ 64,961	\$ 63,194	\$ 1,767
Kindergarten	265,372	35,695	301,067	297,192	3,874
Grades 1-5	2,193,507	17,345	2,210,852	2,210,852	-
Grades 6-8	1,814,545	(77,111)	1,737,434	1,722,197	15,237
Regular Programs - Home Instruction:					
Salaries of Teachers	4,000		4,000	1,138	2,862
Purchased Professional - Educational Services	1,000		1,000	240	760
Regular Programs - Undistributed Instruction:					
Other Purchased Services	147,152		147,152	130,441	16,711
General Supplies	185,046	(10,806)	174,240	144,951	29,289
Textbooks	34,416		34,416	32,916	1,500
Total Regular Programs	4,709,999	(34,878)	4,675,121	4,603,120	72,001
Multiple Disabilities					
Salaries of Teachers	143,762	1,609	145,371	141,972	3,398
Other Salaries for Instruction	1,000	(444)	556	40	516
Other Purchased Services	1,300	(170)	1,130		1,130
General Supplies	6,500	247	6,747	6,038	709
Textbooks	1,000		1,000		1,000
Total Multiple Disabilities	153,562	1,242	154,804	148,051	6,753

City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Resource Room/Resource Center:					
Salaries of Teachers	851,132	(84,131)	767,001	740,244	26,757
Other Salaries for Instruction	105,105	0	105,105	88,801	16,304
Other Purchased Services	13,000	(6,000)	7,000	1,599	5,401
General Supplies	16,100	(3,500)	12,600	6,357	6,243
Textbooks	8,100		8,100		8,100
Total Resource Room/Resource Center	993,437	(93,631)	899,806	837,002	62,804
Preschool Disabilities - Part Time:					
Salaries of Teachers	82,701	-	82,701	82,276	425
Other Salaries for Instruction	35,059		35,059	23,030	12,029
General Supplies	2,500	129	2,629	690	1,939
Total Preschool Disabilities - Part Time	120,260	129	120,389	105,996	14,393
Preschool Disabilities - Full Time					
Salaries of Teachers	16,740	55,935	72,675	72,675	0
Other Salaries for Instruction	20,428		20,428	11,736	8,692
Supplies	3,500	109	3,609	3,582	26
Total Preschool Disabilities -Full Time	40,668	56,044	96,712	87,993	8,719
Special Education - Home Instruction					
Salaries of Teachers	7,500	-	7,500	976	6,524
Purchased Educational Services	2,000		2,000		2,000
Total Special Education - Home Instruction	9,500	-	9,500	976	8,524
Total Special Education - Instruction	1,317,427	(36,216)	1,281,211	1,180,017	101,194

City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Basic Skills/Remedial- Instruction					
Salaries of Teachers	168,688		168,688	165,013	3,675
Other Salaries for Instruction	10,768		10,768	9,768	1,000
Other Purchased Services	4,200		4,200		4,200
General Supplies	2,400		2,400	1,893	507
Textbooks	4,260		4,260	2,160	2,100
Total Basic Skills/Remedial - Instruction	190,316	-	190,316	178,833	11,483
Bilingual Education - Instruction:					
Salaries of Teachers	8,330		8,330	8,330	0
Other Purchased Services	1,000		1,000	59	941
Supplies	2,500		2,500	2,500	(0)
Total Bilingual Education - Instruction	11,830	-	11,830	10,889	941
School Sponsored Cocurricular Activities - Instruction:					
Salaries	53,160		53,160	37,857	15,304
Purchased Services	1,000		1,000	460	540
Supplies	4,000		4,000	2,131	1,869
Total School Sponsored Cocurricular Activities - Instruction	58,160	-	58,160	40,447	17,713
School Sponsored Athletics - Instruction					
Salaries	47,925		47,925	29,481	18,445
Purchased Services	6,000	(1,502)	4,498	527	3,971
Supplies and Materials	6,500		6,500	695	5,805

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

For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Total School Sponsored Athletics - Instruction	60,425	(1,502)	58,923	30,703	28,220
Summer School Instruction					
Salaries	3,800		3,800		3,800
Supplies	250		250		250
Transfer to Enterprise Fund		10,000	10,000	10,000	-
Total Summer School Programs	4,050	10,000	14,050	10,000	4,050
Other Supplemental Instruction					
Salaries	14,664	29,698	44,362	44,308	54
Total Other Supplemental	14,664	29,698	44,362	44,308	54
Total Instruction	6,366,871	(32,898)	6,333,973	6,098,319	235,654
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools	60,403		60,403	55,142	5,261
Tuition - Private School for the Handicapped	6,001		6,001	3,718	2,283
Total Undistributed Expenditures - Instruction	66,404	-	66,404	58,860	7,544
Undistributed Expenditures - Attendance and Social Work:					
Salaries	45,955	216	46,171	46,170	1
Other Purchased Services	3,500		3,500		3,500
Total Undistributed Expenditures - Attendance and Social Work	49,455	216	49,671	46,170	3,501
Undistributed Expenditures - Health Services:					
Salaries	149,142	2,114	151,256	140,864	10,392
Other Purchased Services	9,800	(434)	9,366	1,433	7,933
Supplies and Materials	10,500	-	10,500	8,888	1,612
Other Objects	320		320	149	172
Total Undistributed Expenditures - Health Services	169,762	1,680	171,442	151,334	20,108

City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Speech, OT, PT & Related Services					
Salaries	281,028	26,502	307,530	306,913	617
Purchased Professional Educational Services	45,100	(5,076)	40,024	30,000	10,024
Supplies and Materials	4,000	-	4,000	3,688	312
Total Undistributed Expenditures - Other Support Services -					
Students - Related Services	330,128	21,426	351,554	340,600	10,954
Undistributed Expenditures - Other Support Services -					
Students - Extra Services					
Salaries	470,910	(26,516)	444,394	386,735	57,659
Purchased Professional Educational Services	60,590		60,590	47,197	13,393
Supplies and Materials	1,250	(1)	1,249	698	551
Total Undistributed Expenditures - Other Support Services -					
Students - Extra Services	532,750	(26,517)	506,233	434,630	71,604
Undistributed Expenditures - Other Support Services -					
Guidance					
Salaries of Other Professional Staff	135,224	3,411	138,635	138,634	0
Other Salaries	13,100		13,100	7,073	6,027
Other Purchased Prof & Technical Services	1,000		1,000	870	130
Other Purchased Services	2,700		2,700	999	1,701
Supplies and Materials	6,000		6,000	574	5,426
Other Objects	450		450	129	321
Total Undistributed Expenditures - Other Support Services -					
Guidance	158,474	3,411	161,885	148,278	13,606

City of Linwood School District
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2021

	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	295,818	15,880	311,698	305,648	6,050
Salaries of Secretarial and Clerical Assistants	18,748	8,998	27,746	12,400	15,346
Unused Vacation Payment	1,953		1,953		1,953
Purchased Professional - Educational Services	13,000		13,000	8,665	4,335
Purchased Professional - Technical Services	13,000	1,900	14,900	10,921	3,979
Misc. Purchased Services	6,246		6,246	2,312	3,934
Supplies and Materials	6,000	2,141	8,141	6,863	1,278
Other Objects	1,750		1,750	1,474	276
Total Undistributed Expenditures - Other Support Services -	356,515	28,919	385,434	348,283	37,151
Child Study Team					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	86,700	1,634	88,334	88,334	-
Salaries of Other Professional Staff	17,200	(0)	17,200	3,576	13,624
Salaries of Secretarial & Clerical	18,748		18,748	12,400	6,348
Unused Vacation Payment	1,667		1,667		1,667
Purchased Professional - Educational Services	5,000		5,000	1,600	3,400
Other Purchased Services	6,500		6,500	934	5,566
Supplies and Materials	3,000		3,000	972	2,028
Other Objects	2,000		2,000	1,218	782
Total Undistributed Expenditures - Improv. of Instr. Services	140,815	1,634	142,449	109,035	33,414

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

For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries - Technology Coordinators	51,977	980	52,957	52,957	-
Other Purchased Services	5,500	(1,590)	3,910	2,318	1,592
Supplies and Materials	6,500	4,746	11,246	9,483	1,764
Other Objects	200		200		200
Total Undistributed Expenditures - Educational Media Services - School Library	64,177	4,136	68,313	64,757	3,556
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	7,760	(980)	6,780	1,550	5,230
Other Purchased Professional and Technical Services	16,500		16,500	6,597	9,903
Other Purchased Services	5,350		5,350		5,350
Supplies and Materials	1,000		1,000		1,000
Total Undistributed Expenditures - Instructional Staff Training	30,610	(980)	29,630	8,147	21,483

City of Linwood School District
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	221,217	(3,933)	217,285	212,315	4,969
Legal Services	75,000	(868)	74,133	74,133	-
Audit Fees	23,000	(306)	22,694	19,750	2,944
Other Purchased Professional Services	3,000	11,800	14,800	10,297	4,504
Purchased Technical Services	5,500		5,500	4,430	1,070
Communications/Telephone	42,700	4,500	47,200	35,938	11,262
Other Purchased Services	59,596		59,596	38,492	21,104
Other Purchased Service - Board Expense	1,500		1,500	900	600
General Supplies	6,000		6,000	3,406	2,594
Board Training and Meeting Supplies	500		500		500
Board Memberships	7,000		7,000	6,703	297
Miscellaneous Expenditures	2,500	581	3,081	3,081	-
Total Undistributed Expenditures - Support Services - Gen. Admin.	447,513	11,775	459,288	409,444	49,844
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	223,380		223,380	223,380	(0)
Salaries of Other Professional Staff	123,862	5	123,867	123,867	0
Unused Vacation Payment	4,296	(5)	4,291	4,211	80
Other Purchased Services	27,982		27,982	9,913	18,069
Supplies and Materials	20,500	85	20,585	12,396	8,189
Other Objects	3,000		3,000	1,690	1,310
Total Undistributed Expenditures - Support Serv. - School Admin.	403,020	85	403,105	375,457	27,648

City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Business Administration					
Salary	201,702	976	202,678	202,677	1
Unused Vacation Payment	4,495	5,996	10,491	10,491	-
Purchased Professional Services	6,500	(4,500)	2,000		2,000
Miscellaneous Purchased Services	37,000	(976)	36,024	30,810	5,214
Supplies and Materials	8,950	(1,903)	7,047	4,942	2,105
Miscellaneous Expense		1,903	1,903	1,903	-
Total Undistributed Expenditures - Support Serv. - Business Admin.	258,647	1,496	260,143	250,823	9,320
Undistributed Expenditures - Technical Services					
Salary	101,556	630	102,186	101,380	806
Unused Vacation Payment	1,999		1,999	1,960	39
Other Purchased Services	71,550	7,070	78,620	64,552	14,068
Supplies and Materials	10,800	9,972	20,772	20,571	201
Other Objects	1,000		1,000	845	155
Total Undistributed Expenditures - Support Serv. - Technical Services	186,905	17,672	204,577	189,309	15,268
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	142,332	1,482	143,814	143,814	-
Cleaning Repairs and Maintenance Services	229,500	175,279	404,779	363,297	41,482
Lead Testing			-		-
General Supplies	31,500	80,346	111,846	111,117	729
Other Objects	525		525	525	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	403,857	257,106	660,963	618,753	42,210

City of Linwood School District
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	327,727	-	327,727	321,108	6,619
Salaries of Non-Instructional	33,258	(2,320)	30,938	23,693	7,245
Cleaning, Repair and Maintenance Services	40,000	(19,000)	21,000	19,691	1,309
Other Purchased Property Services	38,000	2,320	40,320	36,585	3,735
Insurance	58,048		58,048	53,422	4,626
Miscellaneous Purchased Services	29,000		29,000	26,012	2,988
General Supplies	72,300	10,456	82,756	80,585	2,171
Energy (Heat)	80,000	(32,037)	47,963	31,500	16,463
Energy (Electricity)	312,000		312,000	279,338	32,662
Energy (Gas)	2,000		2,000	785	1,215
Other Objects	1,000		1,000	922	78
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	993,333	(40,581)	952,752	873,642	79,110
Undistributed Expenditures - Grounds					
Salaries	15,620	485	16,105	16,105	0
Cleaning, Repairs & Maintenance Services	24,000		24,000	15,117	8,883
General Supplies	5,000		5,000	3,813	1,187
Total Undistributed Expenditures - Grounds	44,620	485	45,105	35,035	10,070
Undistributed Expenditures - Security					
Salaries	51,969	917	52,886	52,644	242
Purchased Services	20,500		20,500	14,825	5,675
General Supplies	9,500		9,500	671	8,829
Total Undistributed Expenditures - Security	81,969	917	82,886	68,140	14,746

City of Linwood School District
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other Than Between Home and School) - Vendors	10,000	(5,950)	4,050		4,050
Contracted Services - (Between Home and School) - Joint Agmnts	29,000		29,000	20,500	8,500
Contracted Services (Special Ed Students) - Joint Agreements	48,400	5,950	54,350	53,202	1,148
Contracted Services - Aid in Lieu of Payments	8,000	14,000	22,000	22,000	-
Total Undistributed Expenditures - Student Transportation Serv.	95,400	14,000	109,400	95,702	13,698
Unallocated Benefits:					
Social Security Contributions	172,000	(1,996)	170,004	168,855	1,150
Other Retirement - Regular	167,000	16,136	183,136	183,135	1
Defined Contribution Retirement Program	20,000	1,996	21,996	21,996	-
Unemployment Compensation	36,000		36,000	34,328	1,672
Workmen's Compensation	130,000	(1,600)	128,400	128,400	-
Health Benefits	2,794,700	(225,804)	2,568,896	2,277,275	291,621
Tuition Reimbursements	60,000	6,935	66,935	21,741	45,194
Unused Sick Payment to Terminated/Retired Staff	15,000	8,250	23,250	23,250	-
Other Employee Benefits	16,350	(6,650)	9,700	7,915	1,785
Total Unallocated Benefits	3,411,050	(202,732)	3,208,318	2,866,895	341,422
On-behalf TPAF Pension Contributions (non-budgeted)				2,192,005	(2,192,005)
Reimbursed TPAF Social Security Contributions (non-budgeted)				479,420	(479,420)
Total On-behalf Contributions	-	-	-	2,671,425	(2,671,425)
Total Undistributed Expenditures	8,225,404	94,147	8,319,551	10,164,719	(1,845,167)
Total Current Expense	14,592,275	61,249	14,653,524	16,263,038	(1,609,514)

City of Linwood School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Administrative Technology	100,000		100,000	97,114	2,886
Required Maintenance	65,000	42,003	107,003	57,404	49,599
Total Equipment	165,000	42,003	207,003	154,518	52,485
Facilities Acquisition and Construction Services					
Architectural and Engineering Services	25,000		25,000		25,000
Construction Services	341,000		341,000		341,000
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	386,347	-	386,347	18,847	367,500
Total Capital Outlay	551,347	42,003	593,350	173,365	419,985
Total Expenditures	15,143,622	103,252	15,246,874	16,436,403	(1,189,529)

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

For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,143,632)	(103,252)	(1,246,884)	442,809	1,689,693
Other Sources and (Uses) of Funds			-		-
Fund Balances, July 1	3,313,323	-	3,313,323	3,313,323	
Fund Balances, June 30	\$ 2,169,691	\$ (103,252)	\$ 2,066,439	\$ 3,756,132	\$ 1,689,693
<u>Recapitulation of Fund Balance</u>					
Reserve for Encumbrances				\$ 41,371	
Excess Surplus - Undesignated				512,589	
Capital Reserve				829,799	
Maintenance Reserve				842,112	
Excess Surplus Designated for Subsequent Year's Expendi				597,513	
Unreserved Surplus Designated for Subsequent Year's Exp				200,000	
Unrestricted Fund Balance				732,749	
				3,756,132	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized				(117,977)	
Fund Balance per Governmental Funds				\$ 3,638,155	

**City of Linwood School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2021**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ -	131,670	131,670	109,319	(22,351)
Total - Local Sources	-	131,670	131,670	109,319	(22,351)
State Sources:					
Non Public Aids		4,579	4,579	4,032	(547)
Total - State Sources	-	4,579	4,579	4,032	(547)
Federal Sources:					
Title I	64,333	27,982	92,315	73,100	(19,215)
Title II A	14,299	7,095	21,394	5,399	(15,995)
Title IV	10,000	7,116	17,116	8,865	(8,251)
I.D.E.A., Part B	192,172	18,710	210,882	163,615	(47,267)
I.D.E.A., Preschool	9,720	2,042	11,762	11,762	0
CARES Grant		54,356	54,356	6,597	(47,759)
Coronavirus Relief		31,760	31,760	31,760	-
Total - Federal Sources	290,524	149,061	439,585	301,098	(138,487)
Total Revenues	290,524	285,310	575,834	414,449	(161,384)
EXPENDITURES:					
Instruction					
Salaries of Teachers	166,863	78,430	245,293	157,164	88,129
Tuition	37,158		37,158	37,158	-
Other Purchased Services (400-500 series)	36,000	2,373	38,373	33,435	4,938
General Supplies	4,199	135,527	139,726	109,364	30,363
Textbooks		733	733	733	-
Other Objects		25,358	25,358	25,358	-
Total instruction	244,220	242,421	486,641	363,211	123,430

**City of Linwood School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2021**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Support Services					
Salaries of Other Professional Staff	6,600		6,600	6,460	140
Personal Services - Employee Benefits	15,405	6,053	21,458	10,213	11,245
Purchased Professional - Educational Services	11,799	15,714	27,513	7,156	20,357
Other Purchased Services	4,500	1,063	5,563	3,403	2,160
Supplies & Materials	8,000	19,959	27,959	23,281	4,678
Total support services	46,304	42,789	89,093	50,513	38,580
Capital Outlay:					
Instructional Equipment			-	-	-
Faculties		100	100		100
Total Capital Outlay	-	100	100	-	100
Total expenditures	290,524	285,310	575,834	413,725	162,109
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	-	-	725	725

**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, 2021**

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

		General Fund	Special Revenue
		<u> </u>	<u> </u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1; C-2	\$ 16,879,212	\$ 414,449
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			15
Current Year			(2,075)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		134,437	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		<u>(117,977)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	<u><u>\$ 16,895,672</u></u>	<u><u>\$ 412,389</u></u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	16,436,403	413,725
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			15
Current Year			<u>(2,075)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	<u><u>\$ 16,436,403</u></u>	<u><u>\$ 411,665</u></u>

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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

	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.01673404390%	0.01716963780%	0.01669285740%	0.01703984870%	0.01736126520%	0.01917167650%	0.01926610610%	0.01879825340%
District's proportionate of the net pension liability (asset)	\$ 2,728,885	\$ 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	\$ 1,198,921	\$ 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	227.61%	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	58.32%	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

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 183,062	\$ 167,010	\$ 166,040	\$ 157,856	\$ 154,235	\$ 167,374	\$ 158,827	\$ 141,641
Contributions in relation to the contractually required contribution	183,062	167,010	166,040	157,856	154,235	167,374	158,827	141,641
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,198,921	\$ 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	15.27%	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

	2020	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%	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	38,884,192	35,016,821	38,143,253	42,453,738	49,845,542	40,683,913	36,468,438	33,698,008
Total	<u>\$ 38,884,192</u>	<u>\$ 35,016,821</u>	<u>\$ 38,143,253</u>	<u>\$ 42,453,738</u>	<u>\$ 49,845,542</u>	<u>\$ 40,683,913</u>	<u>\$ 36,468,438</u>	<u>\$ 33,698,008</u>
District's covered payroll	\$ 6,429,955	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	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	<u>\$ 50,014,086</u>	<u>\$ 31,941,719</u>	<u>\$ 34,573,061</u>	<u>\$ 38,670,539</u>	<u>\$ 41,871,109</u>
Total	<u><u>\$ 50,014,086</u></u>	<u><u>\$ 31,941,719</u></u>	<u><u>\$ 34,573,061</u></u>	<u><u>\$ 38,670,539</u></u>	<u><u>\$ 41,871,109</u></u>
District's covered payroll	7,628,876	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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:					
Service Cost	1,144,790	1,060,253	1,286,771	1,551,540	
Interest Cost	1,143,379	1,360,773	1,414,636	1,225,338	
Differences between Expected & Actual	7,492,656	(4,577,171)	(1,938,933)		
Changes in Assumptopns	9,135,855	476,254	(3,967,432)	(5,114,738)	
Member Contributions	26,391	29,065	31,951	32,982	
Benefit Payments	(870,704)	(980,516)	(924,471)	(895,692)	
Change in Total Opeb Liability	<u>18,072,367</u>	<u>(2,631,342)</u>	<u>(4,097,478)</u>	<u>(3,200,570)</u>	
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	<u>31,941,719</u>	<u>34,573,061</u>	<u>38,670,539</u>	<u>41,871,109</u>	
Ending Balance	<u><u>50,014,086</u></u>	<u><u>31,941,719</u></u>	<u><u>34,573,061</u></u>	<u><u>38,670,539</u></u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	655.59%	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, 2021

	Linwood Education Foundation	Parent and Teacher Association	Other Local Grants	Non Public Nursing	Non Public Textbook	Non Public Security	Subtotal State Grants	Subtotal Local Grants	Total
REVENUES:									
State Sources				1,224	733	2,075	4,032		4,032
Federal Sources	79,196	2,347	1,693					83,236	301,098
Local Sources	79,196	2,347	1,693	1,224	733	2,075	4,032	83,236	109,319
Total revenues									414,449
EXPENDITURES									
Instruction:									
Salaries of teachers	500						-	500	157,164
Tuition							-	-	37,158
Other purchased services							-	-	33,435
General supplies	76,853		1,693				-	78,546	109,364
Textbooks					733		733	-	733
Other Objects							-	-	25,358
Total instruction	77,353	-	1,693	-	733	-	733	79,046	363,211
Support services:									
Salaries of Other Professional Staff							-	-	6,460
Personal services- employee benefits							-	-	10,213
Purchased professional educational service							-	-	7,156
Other Purchased Services	1,843	2,347		1,224		2,075	1,224	-	3,403
Supplies and materials	1,843	2,347	-	1,224		2,075	2,075	4,190	23,281
Total support services							3,299	4,190	50,513
Capital Outlay:									
Instructional Equipment							-	-	-
Total Capital Outlay	-	-	-	-	-	-	-	-	-
Total expenditures	79,196	2,347	1,693	1,224	733	2,075	4,032	83,237	413,725
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(0)	-	-	-	-	-	(0)	725

City of Linwood School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Title I	Title II A	Title IV	IDEA Basic	IDEA Preschool	CARES	Coronavirus Relief	Student Activities	Subtotal Projects
REVENUES:									
State Sources									
Federal Sources	73,100	5,399	8,865	163,615	11,762	6,597	31,760		301,098
Local Sources								26,083	26,083
Total revenues	73,100	5,399	8,865	163,615	11,762	6,597	31,760	26,083	327,181
EXPENDITURES									
Instruction:									
Salaries of teachers	63,505			82,272	10,887				156,664
Tuition				37,158					37,158
Other purchased services		2,079		31,356					33,435
General supplies	5,197			337	192	1,701	23,390		30,817
Other objects								25,358	25,358
Total instruction	68,702	-	2,079	151,123	11,079	1,701	23,390	25,358	283,432
Support services:									
Salaries of Other Professional Staff				6,460					6,460
Personal services- employee benefits	4,398			5,132	683				10,213
Purchased professional educational service		1,905	355			4,896			7,156
Other purchased services		1,279		900					2,179
Supplies and materials		2,215	6,431				8,370		17,016
Total support services	4,398	5,399	6,786	12,492	683	4,896	8,370	-	43,024
Total expenditures	73,100	5,399	8,865	163,615	11,762	6,597	31,760	25,358	326,456
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	0	-	(0)	0	(0)	-	725	725

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, 2021

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance June 30, 2020	Decreased	Balance June 30, 2021
			Outstanding						
			Date	June 30, 2020 Amount					
School Bonds, Series 218	7/3/2018	2,560,000	7/15/2021	160,000	2.750%	2,420,000	150,000	2,270,000	
			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%				
						\$ 2,420,000	150,000	2,270,000	

City of Linwood School District
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 218,600		218,600	218,600	-
Total - Local Sources	218,600	-	218,600	218,600	-
Total Revenues	218,600	-	218,600	218,600	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	150,000		150,000	150,000	-
Interest on Bonds	69,150		69,150	69,150	-
Total Regular Debt Service	219,150	-	219,150	219,150	-
Total Expenditures	219,150	-	219,150	219,150	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(550)	-	(550)	(550)	-
Other Financing Sources(Uses):					
Bond Proceeds			-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	(550)	-	(550)	(550)	-
Fund Balance, July 1	550	-	550	550	-
Fund Balance, June 30	-	-	-	-	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ (550)	-	(550)	(550)	-

Statistical Section

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

	2012	2013	2014	2015	Fiscal Year Ending June 30,		2018	2019	2020	2021
Governmental activities					2016	2017				
Invested in capital assets, net of related debt	\$ 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	\$ 14,269,062
Restricted	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	3,023,385
Unrestricted	(89,862)	(135,743)	(165,443)	(3,757,514)	(4,249,099)	(4,978,697)	(6,544,868)	(6,407,564)	(4,136,855)	(3,539,083)
Total governmental activities net position	\$ 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	\$ 13,753,364
Business-type activities										
Invested in capital assets, net of related debt										
Restricted	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426	\$ 56,208	\$ 50,012	\$ 45,605	\$ 44,625	\$ 28,242	\$ 14,882
Unrestricted	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426	\$ 56,208	\$ 50,012	\$ 45,605	\$ 44,625	\$ 28,242	\$ 14,882
Total business-type activities net position										
District-wide										
Invested in capital assets, net of related debt	\$ 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	\$ 14,269,062
Restricted	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	3,023,385
Unrestricted	(86,358)	(120,103)	(142,098)	(3,736,088)	(4,192,891)	(4,928,685)	(6,499,263)	(6,362,939)	(4,108,613)	(3,524,201)
Total district net position	\$ 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	\$ 13,768,246

Source: CAFR Schedule A-1

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

	2012	2013	2014	2015	Fiscal Year Ending June 30,		2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 7,621,900
Special education	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	2,490,359
Other special education	467,334	537,332	606,976	690,759	645,998	676,317	844,759	545,805	325,771	314,145
Vocational										
Other instruction	108,608	131,952	176,888	206,036	197,938	197,821	192,466	229,022	200,807	207,736
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	54,485	50,062	122,377	130,598	159,964	144,291	199,815	227,288	175,913	96,018
Student & instruction related services	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	2,800,863
General administrative services	537,265	681,491	622,165	641,990	703,286	669,407	742,257	642,818	466,473	545,073
School administrative services	542,144	633,132	520,678	544,828	726,228	626,851	759,204	682,698	831,512	594,414
Business administrative and technology services	590,664	588,051	428,886	550,854	598,379	666,976	784,647	653,236	537,052	638,964
Plant operations and maintenance	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	2,223,069
Pupil transportation	124,999	132,802	132,096	136,680	148,906	213,525	192,710	129,360	134,024	139,008
Special Schools										
Charter Schools										
Interest on long-term debt									212,600	219,150
Unallocated depreciation										
Total governmental activities expenses	14,325,802	15,123,000	15,324,034	17,133,831	18,091,755	19,573,030	21,714,604	18,556,491	15,338,991	17,890,699
Business-type activities:										
Child Care	48,093	55,568	72,969	74,414	81,403	115,205	112,704	133,156	111,679	37,455
Total business-type activities expense	48,093	55,568	72,969	74,414	81,403	115,205	112,704	133,156	111,679	37,455
Total district expenses	\$ 14,373,895	\$ 15,178,568	\$ 15,397,003	\$ 17,208,245	\$ 18,173,158	\$ 19,688,235	\$ 21,827,308	\$ 18,689,647	\$ 15,450,670	\$ 17,928,154
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 28,000	\$ 10,452	88,885	144,055	162,002	212,747	217,547	208,961	204,691	-
Pupil transportation										
General Administrative Services	96,555	138,605	82,837		-	-	-	-	-	-
Plant operations and maintenance	62,799	71,117		32,273						
Operating grants and contributions	1,360,720	1,664,215	1,555,990	3,301,697	4,033,833	5,308,931	6,108,947	4,741,299	2,984,738	3,640,790
Capital grants and contributions										
Total governmental activities program revenues	1,548,074	-	1,884,389	3,478,025	4,195,835	5,521,678	6,326,494	4,950,260	3,189,429	3,640,790
Business-type activities:										
Charges for services										
Child care	43,301	67,639	80,632	72,442	116,110	108,777	107,993	131,774	94,635	14,022
Operating grants and contributions										
Capital grants and contributions										
Total business type activities program revenues	43,301	67,639	80,632	72,442	116,110	108,777	107,993	131,774	94,635	14,022
Total district program revenues	\$ 1,591,375	\$ 1,952,028	\$ 1,808,344	\$ 3,550,467	\$ 4,311,945	\$ 5,630,455	\$ 6,434,487	\$ 5,082,034	\$ 3,284,064	\$ 3,654,812
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (14,249,909)
Business-type activities	(4,792)	12,071	7,663	(1,972)	34,707	(6,428)	(4,711)	(1,382)	(17,044)	(23,433)
Total district-wide net expense	\$ (12,782,520)	\$ (13,226,540)	\$ (13,588,659)	\$ (13,657,778)	\$ (13,861,213)	\$ (14,057,780)	\$ (15,392,821)	\$ (13,607,613)	\$ (12,166,606)	\$ (14,273,342)

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

	2012	2013	2014	2015	2016	Fiscal Year Ending June 30, 2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 12,801,892
Taxes levied for debt service		1,668,517	1,702,738	1,620,550	1,658,433	1,720,436	1,699,323	1,702,805	1,600,393	1,495,807
Unrestricted grants and contributions	1,862,286		1,355,062	831,596	559,411					
Funds received from the City of Linwood			(297,966)	(173,228)	(37,887)	(222,098)				
Loss on Disposal of Equipment		(3,366)	123,852	115,181	73,897	62,641	70,041	71,303	79,493	145,148
Miscellaneous income	112,549	105,357								
Transfer to Enterprise Fund										
Bond Proceeds								5,554	-	-
Total governmental activities	12,816,352	12,707,094	14,037,660	13,770,174	13,771,722	12,779,063	13,123,543	13,306,411	14,223,603	14,442,847
Business-type activities:										
Investment earnings	49	65	42	53	75	233	305	402	661	73
Transfers										10,000
Total business-type activities	49	65	42	53	75	233	305	402	661	10,073
Total district-wide	12,816,401	12,707,159	14,037,702	13,770,227	13,771,797	12,779,296	13,123,848	13,306,813	14,224,264	14,452,920
Change in Net Position										
Governmental activities	\$ 38,624	\$ (531,517)	\$ 441,338	\$ 114,368	\$ (124,198)	\$ (1,272,289)	\$ (2,264,567)	\$ (299,820)	\$ 2,074,041	\$ 192,938
Business-type activities	(4,743)	12,136	7,705	(1,919)	34,782	(6,195)	(4,407)	(980)	(16,383)	(13,360)
Total district	33,881	(519,381)	449,043	112,449	(89,416)	(1,278,484)	(2,268,974)	(300,800)	2,057,658	179,578

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ 2,495,255	\$ 1,112,779	\$ 930,624	\$ 824,903	\$ 912,772	\$ 633,754	\$ 620,503	\$ 602,632	\$ 1,200,045	\$ 1,110,102
Committed		1062588	1,175,166	1,158,161	1,472,763	1,779,019	1,872,702	1,696,753	1,470,411	1,671,911
Assigned	125,000	332,993	365,027	520,809	488,138	340,033	17,268	14,808	201,902	241,370
Unassigned	278,585	240,723	267,005	173,632	203,452	258,582	273,375	325,094	306,978	614,772
Reserved										
Unreserved										
Total general fund	\$ 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	\$ 3,638,155
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund										74,692
Capital projects fund										
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,692

Source: CAFR Schedule B-1

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	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	12,801,892
Tuition charges	28,000	10,452	88,885	144,055	162,002	212,747	217,547	208,961	200,942	103,915
Miscellaneous	35,321	21,613	7,227	6,428	4,646	17,617	22,735	29,173	83,242	41,234
Local Sources	262,451	331,266	250,345	219,323	124,075	116,057	64,822	90,709	53,459	109,334
State sources	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	4,169,189
Federal sources	317,000	233,952	295,276	228,878	259,551	266,271	289,563	284,330	225,820	301,098
Total revenue	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	17,526,662
Expenditures										
Instruction										
Regular Instruction	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	4,603,120
Special education instruction	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	1,504,011
Other special instruction	300,685	331,907	384,454	373,873	309,639	341,069	386,041	304,270	226,554	189,723
Other instruction	108,608	109,104	123,252	117,197	116,562	99,762	100,255	127,674	139,649	125,459
Support Services:										
Tuition	38,720	50,062	122,377	130,598	159,964	144,291	164,766	227,288	175,913	96,018
Student & instruction related services	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	1,691,535
General administrative services	381,807	422,777	298,192	441,162	445,944	399,135	397,483	426,414	644,194	409,444
School Administrative services	419,755	434,729	432,573	374,394	431,856	400,590	409,287	401,505	361,389	375,457
Business Administrative & Technology Services	385,275	402,754	362,012	378,535	367,438	375,123	445,222	427,279	425,551	440,131
Plant operations and maintenance	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	1,595,570
Pupil transportation	88,831	74,456	91,843	94,284	98,697	131,680	103,548	80,699	89,285	95,702
Unallocated employee benefits	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	5,548,533
On Behalf Payments - TPAF & FICA	1,082,988	1,392,381	1,208,934	1,379,112	1,580,105		3,565,952			
Charter Schools										
Capital outlay	199,412	391,428	1,514,004	1,136,790	794,283	330,093	390,344	113,666	149,051	173,365
Debt service:										
Principal									140,000	150,000
Interest and other charges								39,560	72,600	69,150
Total expenditures	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	17,067,218
Excess (Deficiency) of revenues over (under) expenditures	528,400	(149,757)	(1,366,323)	(891,913)	(159,791)	34,262	(327,540)	(150,116)	540,148	459,444
Other Financing sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds			1,355,062	831,596	559,411			5,554	-	-
Transfer from capital reserves										
Transfers in										
Transfers out										
Total other financing sources (uses)	-	-	1,355,062	831,596	559,411	-	-	5,554	-	-
Net change in fund balances	\$ 528,400	\$ (149,757)	\$ (11,261)	\$ (60,317)	\$ 399,620	\$ 34,262	\$ (327,540)	\$ (144,562)	\$ 540,148	\$ 459,444
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	1.3%	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>
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	-	-	15,175	-	265,089	280,264
2020	27,991	200,942	16,600	-	38,651	284,184
2021	11,566	103,915	-	-	29,667	145,148

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	Total Assessed		Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
					Commercial	Value				
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	0	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	0	978,750,200	1.162	958,713,096
2017	15,718,000	828,083,400			117,749,100	961,550,500	0	961,550,500	1.174	958,713,096
2018	14,122,400	817,881,000			117,903,400	949,906,800	0	949,906,800	1.203	949,695,300
2019	14,122,400	817,669,500			117,903,400	949,695,300	0	949,695,300	1.243	896,277,180
2020	14,122,400	817,669,500			117,903,400	949,695,300	0	949,695,300	1.363	917,423,291
2021	N/A	N/A			N/A	930,606,100	0	930,606,100	1.390	944,206,127

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	
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
2020	1.390	0.039	1.429	0.703	0.962	0.512	3.606

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	2021			2012		
	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	2.27%			
Central Square	9,618,100	2	1.03%	7,107,100	2	0.90%
Brandall Estates, LLC	7,500,000	3	0.81%	6,062,500	3	0.77%
Linwood Care Property LLC	6,829,900	4	0.73%			
Central Park East	4,600,000	5	0.49%	5,388,200	4	0.68%
Alexon Enterprises	2,490,500	6	0.27%	2,024,000	8	0.26%
Linwood Professional Plaza	2,300,000	7	0.25%	2,436,600	7	0.31%
GLB Management, LLC	1,738,000	8	0.19%			
Central Properties	1,637,200	9	0.18%			
650 New Road Associates, LLC	1,580,900	10	0.17%			
CPL				5,236,000	5	0.66%
CCC Atlantic				19,000,000	1	2.41%
Linwood Golf & Country Club				3,490,000	6	0.44%
Individual Taxpayer #1				1,497,200	9	0.19%
Individual Taxpayer #2				1,341,200	10	0.17%
Total	<u>\$ 59,394,600</u>		<u>6.38%</u>	<u>\$ 53,582,800</u>		<u>6.79%</u>

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	
2012	10,841,517	11,030,881	101.75%	-
2013	10,936,586	10,841,517	99.13%	-
2014	11,153,974	10,936,586	98.05%	-
2015	11,376,075	11,153,974	98.05%	-
2016	11,517,868	11,376,075	98.77%	-
2017	11,517,868	11,517,868	100.00%	-
2018	11,354,178	11,517,868	101.44%	-
2019	11,526,749	11,354,178	98.50%	-
2020	12,543,717	11,526,749	91.89%	-
2021	12,801,892	12,801,892	100.00%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
2012	5,487,514			2,265,000		5,487,514	1.87%
2013	4,591,815			2,265,000		6,856,815	2.31%
2014	3,316,323			2,265,000		5,581,323	1.85%
2015	3,076,007			3,502,000		6,578,007	2.17%
2016	2,740,691			3,502,000		6,242,691	2.05%
2017	2,410,375			3,447,000		5,857,375	1.87%
2018	2,057,864			3,362,000		5,419,864	1.73%
2019	6,819,287			606,000		7,425,287	2.37%
2020	3,744,377			606,000		4,350,377	1.34%
2021	3,210,000			-		3,210,000	0.96%

Source: City of Linwood Finance Office Records

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^c
	General Obligation Bonds ^b	Deductions	Net General Bonded Debt Outstanding		
2012	5,487,514	-	5,487,514	1.05%	32,702
2013	4,591,815	-	4,591,815	0.88%	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
2021	940,000	-	940,000	0.10%	48,668

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, 2020
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	\$ 13,201,775	100.00%	\$ 13,201,775
Other debt			
Mainland Regional High School Debt (City's Share)		30.90%	-
County of Atlantic (City's Share)		2.44%	-
Subtotal, Overlapping Debt			13,201,775
Linwood School District Direct Debt			2,270,000
Total Direct and Overlapping Debt			<u>\$ 15,471,775</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 2020

Equalized valuation basis											
		2020	\$	944,206,127							
		2019		917,423,291							
		2018		896,277,180							
		[A]	\$	2,757,906,598							
Average equalized valuation of taxable property											
		[A/3]	\$	919,302,199							
		[B]		27,579,066		a					
		[C]		940,000							
		[B-C]	\$	26,639,066							
Fiscal Year											
		2011		2012		2013		2014		2015	
		2016		2017		2018		2019		2020	
Debt limit		\$ 37,175,817	\$	36,387,943	\$	31,776,042	\$	32,179,753	\$	30,058,294	\$
Total net debt applicable to limit		6,618,881		5,487,514		4,591,815		7,806,323		6,242,691	
Legal debt margin		\$ 29,793,040	\$	30,556,936	\$	30,900,429	\$	27,184,227	\$	24,373,430	\$
Total net debt applicable to the limit as a percentage of debt limit		20.78%		17.80%		15.08%		14.45%		24.26%	
								20.07%		28.54%	
								7.10%		3.41%	

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
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%
2021	6,635	335,936,685	50,631	11.8%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development - most current information is as of 7/1/2020

^b Personal income provided by the NJ Dept of Labor and Workforce Development- most current information is as of March 2019

^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	2021			2012		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		NOT AVAILABLE			NOT AVAILABLE	
	-		0.00%	-		0.00%

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

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	60.3	60.1	60.4	59.5	58.1	53.2	53.9	49.5	49.8	49.8
Special education	45.0	42.0	37.5	37.4	40.5	41.3	39.4	41.6	39.4	39.4
Other special education	5.4	6.3	8.1	7.6	6.5	5.0	6.0	4.5	3.7	3.7
Other instruction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & instruction related services	15.3	15.0	15.7	15.7	11.9	15.2	15.1	16.5	16.4	12.9
General administrative services	2.2	2.3	2.3	2.3	2.3	1.7	2.2	2.2	2.2	2.2
School administrative services	6.1	5.6	5.6	5.6	5.0	5.0	5.0	5.0	5.0	5.0
Business administrative & Technology services	4.1	4.4	4.2	4.3	4.0	3.8	4.8	4.8	4.8	4.8
Plant operations and maintenance	17.1	15.3	15.8	15.9	15.9	15.8	15.6	13.9	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	0.0	0.0
Total	156.2	151.6	150.4	149.0	144.9	141.8	142.8	139.3	135.2	131.7

Source: District Personnel Records

Fiscal Year	Pupil/Teacher Ratio								Student Attendance Percentage		
	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE) ^c		Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment
2012	890	13,636,615	15,322	#DIV/0!	110.7	1:11	1:11	884.7	856.8	-12.04%	96.00%
2013	885	14,353,179	16,218	5.85%	108.4	1:10	1:12	889.6	856.1	0.55%	96.20%
2014	863	14,560,595	16,872	4.03%	106.0	1:13	1:12	868.0	835.1	-2.43%	96.80%
2015	860	14,730,611	17,129	1.52%	104.5	1:14	1:15	863.9	828.8	-0.47%	96.20%
2016	835	14,673,359	17,573	2.59%	105.1	1:15	1:19	838.8	804.6	-2.90%	96.22%
2017	836	13,618,776	16,290	-7.30%	99.5	1:16	1:20	843.2	806.6	0.52%	95.93%
2018	822	17,153,302	20,868	28.10%	99.3	1:16	1:19	820.0	782.8	-2.75%	95.47%
2019	806	15,993,435	19,843	-4.91%	96.2	1:16	1:20	813.2	779.2	-0.83%	95.82%
2020	801	16,222,181	20,252	2.06%	92.9	1:16	1:20	829.7	806.6	2.03%	97.22%
2021	804	16,674,703	20,740	2.41%	92.9	1:16	1:20	810.8	780.7	-2.28%	96.29%

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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Elementary</u>										
Seaview Elementary School (1961)										
Square Feet	72,019	72,019	72,019	72,019	72,019	72,019	72,019	72,019	72,019	72,019
Capacity (students)	417	417	417	417	417	417	417	417	417	417
Enrollment	462	438	444	446	435	439	423	424	427	440
<u>Middle School</u>										
Belhaven Middle School (1908)										
Square Feet	109,278	109,278	109,278	109,278	109,278	109,278	109,278	109,278	109,278	109,278
Capacity (students)	537	537	537	537	537	537	537	537	537	537
Enrollment	428	448	419	417	403	397	399	382	374	364
<u>Other</u>										
Poplar School Building (1961)										
Square Feet	17,305	17,305	17,305	-	-	-	-	-	-	-
<i>Note: Poplar School was turned over to the City effective June 23, 2014</i>										

Number of Schools at June 30, 2021

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Seaview Elementary	196,501	120,052	76,120	144,929	72,360	66,538	71,848	\$ 38,662	\$ 76,307	\$ 102,084
Belhaven Middle School	277,910	101,732	127,780	142,458	96,895	108,467	157,556	63,307	118,863	103,730
Poplar Avenue School			-	-	-	-	-	1,618	6,702	1,957
Total School Facilities	474,411	221,784	203,900	287,387	169,255	175,005	229,403	103,587	201,872	207,770
Other Facilities	144,342	60,604	150,790	147,391	147,790	140,144	165,480	202,925	195,835	190,527
Grand Total	\$ 618,753	\$ 282,388	\$ 354,690	\$ 434,778	\$ 317,045	\$ 315,149	\$ 394,883	\$ 306,512	\$ 397,707	\$ 398,297

City of Linwood School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2021
Unaudited

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

Source: District Insurance Policies

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Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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, 2021, and have issued our report thereon dated February 28, 2022. 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

February 28, 2022



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, 2021. 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, 2021.

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, 2021, and have issued our report thereon dated February 28, 2022, 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

February 28, 2022

CITY OF LINWOOD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2021

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 6/30/20	Carryover/ Amount	Cash Received	Budgetary Expenditures			Deferred Revenue 6/30/21	(Accounts Receivable) 6/30/21	Due to Grantor at 6/30/21
									Pass Through	Source	Total			
U.S. Department of Education Passed-through State Department of Education: General Fund: None						\$	\$	\$	\$	-	\$	\$		
						-	-	-	-	-	-	-	-	-
Total General Fund														
U.S. Department of Treasury Passed-through State Department of Education: Special Revenue Fund: Coronavirus Relief Fund Grant	21.019	SLT0040	N/A	07/01/20-12/31/20	31,760			31,760	31,760		31,760		-	
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	07/01/20-06/30/21	92,315		21	63,347	73,100		73,100		(9,732)	-
	84.010A	S010A150030	NCLB-2680-20	07/01/19-06/30/20	66,277	21	(21)							
Title IV	84.424	S424A170031	NCLB-2680-19	07/01/20-06/30/21	17,116			7,417	8,865		8,865		(1,448)	
	84.424	S424A170031	NCLB-2680-20	07/01/19-06/30/20	14,195	(1,849)		1,849					-	
Title II A	84.367A	S367A150029	NCLB-2680-19	07/01/20-06/30/21	21,394			4,589	5,399		5,399		(810)	
	84.367A	S367A150029	NCLB-2680-20	07/01/19-06/30/20	17,838	(10,743)		10,743					-	
Special Education Cluster (IDEA)														
IDEA Part B, Basic Regular	84.027	H027A150100	FT-2680-19	07/01/20-06/30/21	210,882			146,186	163,615		163,615		(17,429)	
	84.027	H027A150100	FT-2680-20	07/01/19-06/30/20	180,774	(100,376)		100,376					-	
IDEA Part B, Preschool	84.173	H173A150114	PT-2680-19	07/01/20-06/30/21	11,762			9,614	11,762		11,762		(2,148)	
CARES- ESSR 1	84.425	SLT0018		03/13/20-09/30/22	54,356			32,091	6,597		6,597	25,494		
Total Special Revenue Fund														
Total Federal Financial Assistance														

City of Linwood School District
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Balance	Cash 6/30/21	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments	(Accounts Receivable) 6/30/21	Due to Grantor at 6/30/21	Memo	
										Budgetary Receivable 6/30/21	Cumulative Total Expenditures

State Department of Education

General Fund:

State Aid Public Cluster:

Security Aid	21-495-034-5120-084	07/01/20-06/30/21	64,088	\$	52,797	\$ 64,088	\$	\$	\$	(11,291)	\$ 64,088
Transportation Aid	21-495-034-5120-014	07/01/20-06/30/21	111,744		92,766	111,744				(18,978)	111,744
Special Education Aid	21-495-034-5120-089	07/01/20-06/30/21	607,272		546,545	607,272				(60,727)	607,272
Equalization Aid	21-495-034-5120-078	07/01/20-06/30/21	128,197		105,618	128,197				(22,579)	128,197
Adjustment Aid	21-495-045-5120-085	07/01/20-06/30/21	385,897		381,495	385,897				(4,402)	385,897

Other State Aid

Non-Public Transportation Aid	21-495-045-5120-014	07/01/20-06/30/21	5,800			5,800		(5,800)		(5,800)	5,800
Extraordinary Aid	21-100-034-5120-473	07/01/20-06/30/21	159,530			159,530		(159,530)		(159,530)	159,530
Extraordinary Aid	20-100-034-5120-473	07/01/19-06/30/20	184,723	(167,904)	184,723	16,819		0			184,723
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	07/01/20-06/30/21	1,668,558		1,668,558	1,668,558		0			1,668,558
On-Behalf Post Retirement Contributions	21-495-034-5094-001	07/01/20-06/30/21	522,900		522,900	522,900		0			522,900
On-Behalf TPAF Long-Term Disability	21-495-034-5094-004	07/01/20-06/30/21	547		547	547		0			547
Reimbursed TPAF											
Social Security Contributions	21-495-034-5094-003	07/01/20-06/30/21	479,420		479,420	479,420		0			479,420
Reimbursed TPAF											
Social Security Contributions	20-495-034-5094-003	07/01/19-06/30/20	465,933	(21,653)	21,653						465,933

Total General Fund

				(189,557)	4,057,022	4,150,772	0	(165,330)	0	(283,307)	4,784,609
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Special Revenue Fund:

Non-Public Textbook Aid	21-100-034-5120-064	07/01/20-06/30/21	733		733	733			0		733
Non-Public Textbook Aid	20-100-034-5120-064	07/01/19-06/30/20	685	122			122		0		563
Non-Public Technology Aid	21-100-034-5120-373	07/01/20-06/30/21	522						0		0
Non-Public Technology Aid	20-100-034-5120-373	07/01/19-06/30/20	468	468			468		0		0
Non-Public Security Aid	21-100-034-5120-509	07/01/20-06/30/21	2,100		2,100	2,075			25		2,075
Non-Public Security Aid	20-100-034-5120-509	07/01/19-06/30/20	1,950	650			650		0		1,300
Non-Public Nursing	21-100-034-5120-070	07/01/20-06/30/21	1,224		1,224	73			1,151		1,224
Non-Public Nursing	20-100-034-5120-070	07/01/19-06/30/20	1,261	858			858		0		403

Total Special Revenue Fund

				2,098	4,057	2,881	2,098	0	1,176	0	6,298
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Total State Financial Assistance

			\$	(187,459)	\$ 4,061,079	\$ 4,153,653	\$ 2,098	\$ (165,330)	\$ 1,176	\$ (283,307)	\$ 4,790,907
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Less: On-Behalf TPAF Pension Contributions	(1,668,558)
Less: On-Behalf Post Retirement Contributions	(522,900)
Less: On-Behalf Long-Term Disability	(547)
	<u>1,961,648</u>

City of Linwood School District
Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2021

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 \$(2,060). 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	\$	\$	\$	\$
Special Revenue Fund	301,098	4,150,772 2,881	(2,192,005)	1,958,767 303,979
	<u>301,098</u>	<u>4,153,653</u>	<u>(2,192,005)</u>	<u>2,262,746</u>
Total Financial Award Revenues	\$	\$	\$	\$

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, 2021. 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, 2021.

**City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2021**

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:

CFDA Numbers**Name of Federal Program or Cluster**

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, 2021
(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

21-495-034-5094-003

Social Security Contributions

City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2021
(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.