

Comprehensive Annual Financial Report

of the

Linwood Board of Education

Linwood, New Jersey

for the Fiscal Year ended June 30, 2011



Excellence in Education and Learning

Prepared by:

Linwood Board of Education Finance Department

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Introductory Section

Linwood Board of Education

51 Belhaven Avenue
Belhaven Avenue School
Linwood, New Jersey 08221



Excellence in Teaching and Learning

Thomas Baruffi, EdD.

Chief School Administrator

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Teri J. Weeks, CPA

School Business Administrator

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October 11, 2011

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, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Linwood Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of the principal officials. The financial section includes the basic financial statements and schedules, management's discussion and analysis, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section report.

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Preschool Handicapped and Inclusion through grade 8. These include regular as well as special education for handicapped youngsters. The District completed the 2010-11 fiscal year with an average daily enrollment of 910.3 students, which is a -3.28% decrease below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
10/11	910.3	-3.28%
09/10	941.2	-3.72%
08/09	977.6	-1.46%
07/08	992.1	-.68%
06/07	998.9	-1.98%

(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 slowly declined, the demand for these unique and important programs continues to grow. Our economic outlook reflects the support we receive from local tax payers who fund eighty-three percent of our budget. During difficult economic times such as those we are currently experiencing, such support will most certainly be tested. The extracurricular offerings, support staff, facility projects and supplies have been impacted in the 2011-2012 school year budget due to the fiscal constraints. The impact from the loss of these items will be felt in the future years as the district finds unique ways to provide the quality programs the community has depended on over the years. The district also implemented a subscription bussing program effective for the 2011-2012 school year to help defray the cost of transportation.

(3) MAJOR INITIATIVES:

Major initiatives for the 2011-2012 school year include the completion of a Life Skills room for our Special Education program at Belhaven, update of the Long Range Facility plan to include roofing repairs and energy efficiency and clean energy program, implementation of Harassment, Intimidation and Bullying policies and procedures and new teacher/principal evaluation practices.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) DEBT ADMINISTRATION:

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

8) CASH MANAGEMENT:

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

9) RISK MANAGEMENT:

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

10) OTHER INFORMATION:

A) *Independent Audit* - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related State Treasury Circular Letter NJOMB 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

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

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

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

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

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

The school system is governed by a seven member Board of Education appointed by the mayor to serve staggered three-year terms. As of June 30, 2011, the District employed 81.6 full time equivalent of certified staff and 52.4 full time equivalent non-professional employees. Enrollment as of September 2011 was 893 students, including preschool inclusion.

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,

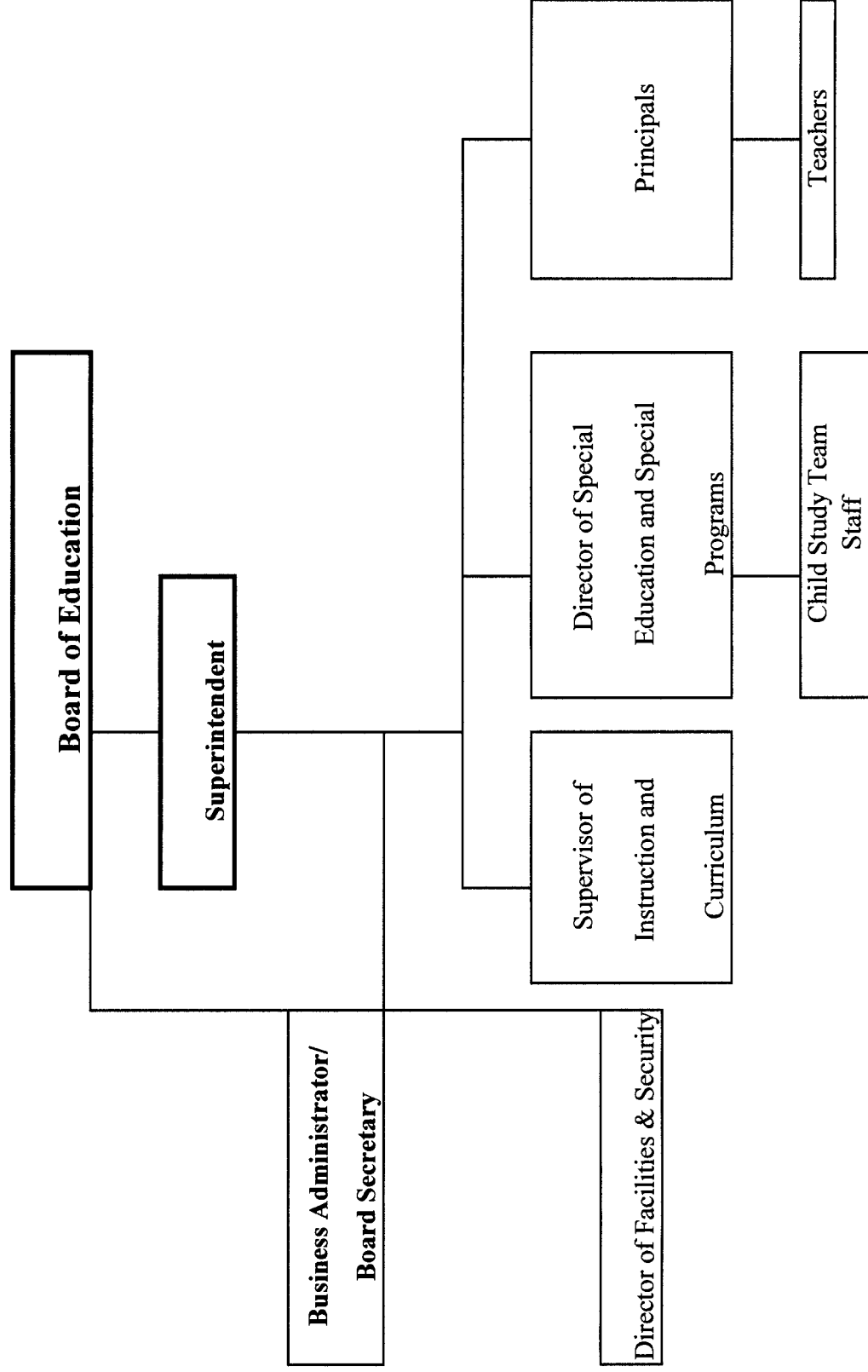


Thomas A. Baruffi
Superintendent of Schools



Teri J. Weeks
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, 2011

Members of the Board of Education

Term Expires

Lynn E. Gibson, President	2011
Richard Sless, Vice President	2011
Joanne Scannell	2013
Donna Michael – Ziereis*	2012
Shelly Meyers	2013
Joseph Jacobs	2012
Diana Rutala	2012

Other Officials

Thomas A. Baruffi, Superintendent

Teri J. Weeks, School Business Administrator/Board Secretary

Kelly A Batz, Treasurer

Will Donio, Esq., Solicitor

*Appointed June 2011 to complete the unexpired term of Dr. Mathew Finkelson.

LINWOOD BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

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

Attorney

William Donio, Esq.
Atlantic City, New Jersey

Architect of Record

Daniel Scott Mascione
Northfield, New Jersey

Official Depositories

Ocean City Home Bank
New Road, Linwood, NJ 08221

Cape Savings Bank
Somers Point, NJ 08244

Susquehanna Bank
New Road, Linwood, NJ 08221

Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Board of Education of the City of Linwood School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Linwood School District Board of Education's management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, of the City of Linwood School District Board of Education, in the County of Atlantic, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2011 on our consideration of the City of Linwood School District Board of Education's internal control over financial reporting and 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 with the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considering is assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Linwood School District Board of Education's basic financial statements. The accompanying introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS



Glen J. Ortman

Certified Public Accountant

Licensed Public School Accountant

No. 853

October 11, 2011

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, 2011. 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 assets of the District increased \$427,928 as a result of an excess of revenues over expenditures of \$770,345 while depreciation expense exceeded capital outlay additions by \$303,252.
- The State of New Jersey reimbursed the District \$471,797 during the fiscal year ended June 30, 2011 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 \$432,582 during the fiscal year ended June 30, 2011 for the employer's share of pension post retirement medical contributions for TPAF members. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- As required by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to the greater of 2% of the total general fund expenditures or \$250,000. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2011 the District had a total excess surplus of \$813,250.
- During the fiscal year ended June 30, 2011, the District's General Fund revenue sources were approximately \$770,345 more than total expenses realized. During the prior fiscal year, revenue was less than expenses by approximately \$665,902.

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.
 - *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 assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short- term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets 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 assets* and how they have changed. Net assets – 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 assets 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.

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 two 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.
- *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 assets and a statement of changes in fiduciary net assets. 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 Assets. Net assets of the District increased due to an excess of revenues over expenditures, while depreciation expense exceeded capital outlay additions.

	Governmental Activities		Business-type Activities	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 2,718,265	\$ 1,756,044	\$ 10,243	\$ 20,270
Capital assets	16,735,301	17,038,553	-	-
Total assets	19,453,566	18,794,597	10,243	20,270
Long-term liabilities	344,183	309,769		
Other liabilities	355,801	155,949	1,996	7,272
Total liabilities	699,984	465,718	1,996	7,272
Net assets				
Invested in capital assets	16,735,301	17,038,553	-	-
Restricted	2,095,182	1,425,420	-	-
Unrestricted	(68,925)	(135,094)	8,247	12,998
Total net assets	\$ 18,761,558	\$ 18,328,879	\$ 8,247	\$ 12,998

As required by New Jersey Statutes, the unrestricted net assets of the District are not permitted to exceed the greater of 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security and assets acquired under capital leases or \$250,000. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2011, the District did have \$813,250 excess fund balance, of which \$322,967 is designated for use in the 2011-2012 district budget.

Changes in Net Assets. The total revenue of the District increased approximately \$1,175,000 due to the increase in local tax levy of approximately \$1,025,000, Shared Services Revenue of \$78,000, decrease in Operating Grants of \$31,000 and the increase in the State's Contribution to the Teacher's Pension and Annuity Fund of approximately \$40,000, and state aid of approximately \$140,000.

Approximately 11% of the District's revenue comes from the State of New Jersey in the form of non-restricted state aid. This aid is based on the District's enrollment as well as other factors such as growth in the City. The City of Linwood levies property taxes on properties located in the City. This tax is remitted to the District on a monthly basis. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>2011 Amount</u>	<u>2011</u>	<u>2010 Amount</u>	<u>2010</u>
		<u>Percentage</u>		<u>Percentage</u>
Property taxes	\$ 11,030,881	77.34%	\$10,005,884	76.37%
Unrestricted State aid	1,593,406	11.17%	1,547,814	11.81%
On Behalf Payment	904,379	6.34%	860,243	6.57%
Operating grants and contributions	401,711	2.79%	429,756	3.28%
Other	336,600	2.36%	257,975	1.97%
Totals	\$ 14,266,977	100.00%	\$13,101,672	100.00%

Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2011 fiscal year.

	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program revenue						
Charges for services	\$ 229,186	\$ 139,298	\$ 47,008	\$ 51,021	\$ 276,194	\$ 190,319
Federal grants					-	-
State grants and entitlements	1,306,089	1,289,999			1,306,089	1,289,999
Local Grants					-	-
General revenues						
Property taxes	11,030,881	10,005,884			11,030,881	10,005,884
State aid entitlements	1,593,406	1,547,814			1,593,406	1,547,814
Other	107,105	105,658	138	207	107,243	105,865
Total revenues	<u>14,266,667</u>	<u>13,088,653</u>	<u>47,146</u>	<u>51,228</u>	<u>14,313,813</u>	<u>13,139,881</u>
Expenses						
Instruction:						
Regular	5,520,145	5,442,124			5,520,145	5,442,124
Special Education	2,079,317	1,998,542			2,079,317	1,998,542
Other special instruction	462,302	456,919			462,302	456,919
Other instruction	106,716	110,236			106,716	110,236
Support services:						
Student & instruction related	2,046,076	2,123,052			2,046,076	2,123,052
Tuition	51,602	76,634			51,602	76,634
School administration services	572,136	572,223			572,136	572,223
General & business admin	1,132,097	1,050,761			1,132,097	1,050,761
Plant operations & maintenance	1,731,066	1,900,082			1,731,066	1,900,082
Pupil transportation	132,531	164,673			132,531	164,673
Transfer to Charter Schools					-	-
Business-type activities			51,897	48,658	51,897	48,658
Total expenses	<u>13,833,988</u>	<u>13,895,246</u>	<u>51,897</u>	<u>48,658</u>	<u>13,885,885</u>	<u>13,943,904</u>
Excess/(Deficiency) before Transfers	432,679	(806,593)	(4,751)	2,570	427,928	(804,023)
Transfers					-	-
Increase/(Decrease) in net assets	<u>\$ 432,679</u>	<u>\$ (806,593)</u>	<u>\$ (4,751)</u>	<u>\$ 2,570</u>	<u>\$ 427,928</u>	<u>\$ (804,023)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$2,370,440 which is approximately \$770,000 more than the beginning of the year. The increase in fund balance was the result of prudent spending as revenues exceeded budgeted expenditures by the same. Overall, the financial position of the District remains sound.

The District did not enter into any debt obligations during the fiscal year. Any projects or debt is approved by the City of Linwood and would be a direct obligation of the City.

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type I School District, are approved by the Board of School Estimate. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, which are not budgeted, the District's actual revenue was more than the budget by approximately \$770,000. The added revenue is from approximately \$140,000 more state aid and \$72,000 of Shared Services Revenue that was not budgeted. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual revenues were above actual expenditures by approximately \$770,000. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the District had invested \$16.7 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 \$289,000, or 1.7% over last year.

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Land	\$423,600	\$423,600
Buildings and Improvements	15,507,042	15,821,982
Machinery & Equipment	804,659	792,971
Total	<u>\$16,735,301</u>	<u>\$17,038,553</u>

During the 2011 fiscal year, the District commenced the Belhaven Chiller Replacement project and completed the Belhaven window replacement project. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

New Jersey State Statutes governing Type I School Districts require the bonded debt be assumed by the City and provision for amortization of principal and interest on the outstanding debt is included in the City budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District completed its five year Strategic Plan document during the 2010-2011 school year. The plan will be used as a tool to guide the district with future budgeting and program needs. Also, as part of that plan, the district will continue to review the potential uses of the Poplar Avenue School. The district is currently undergoing a reorganization of the Child Study Team to better meet the needs of our students. The Life Skills program at the Belhaven School is undergoing expansion to include facility upgrades. The District is also acting as the lead agency in several shared services opportunities including insurance, banking, technology services, and supply purchases.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,501,836	\$ -	\$ 2,501,836
Receivable - State	157,128		157,128
Receivable - Federal	57,717		57,717
Internal Balances	1,584	(1,584)	-
Other Accounts Receivable	7,976	10,243	18,219
Capital assets:			
Land	423,600		423,600
Depreciable capital assets, net of depreciation	16,311,701		16,311,701
Total Assets	<u>19,461,542</u>	<u>8,659</u>	<u>19,470,201</u>
LIABILITIES			
Accounts payable	346,411	412	346,823
Deferred revenue	9,390		9,390
Noncurrent liabilities:			
Due beyond one year	344,183		344,183
Total liabilities	<u>699,984</u>	<u>412</u>	<u>700,396</u>
NET ASSETS			
Invested in capital assets, net of related debt	16,735,301		16,735,301
Restricted for:			
Other Purposes	108,242		108,242
Capital Reserve	942,262		942,262
Maintenance Reserve	104,395		104,395
Excess Surplus - Undesignated	490,283		490,283
Excess Surplus - Designated	322,967		322,967
Subsequent Year's Expenditures	127,033		127,033
Unrestricted	(68,925)	8,247	(60,678)
Total net assets	<u>\$ 18,761,558</u>	<u>\$ 8,247</u>	<u>\$ 18,769,805</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Indirect Expenses Allocation	Business - type Activities			Total
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business - type Activities		
Governmental activities:								
Instruction:								
Regular	\$ 4,239,899	\$ 34,392	\$ 519,954	\$ (4,965,799)	\$ -	\$ (4,965,799)	\$ (4,965,799)	
Special education	1,597,854		198,892	(1,880,425)		(1,880,425)	(1,880,425)	
Other special instruction	330,334		53,597	(408,705)		(408,705)	(408,705)	
Other instruction	106,716			(106,716)		(106,716)	(106,716)	
Support services:								
Tuition	39,634		4,861	(46,741)		(46,741)	(46,741)	
Student & instruction related services	1,571,545		192,724	(1,853,352)		(1,853,352)	(1,853,352)	
School administrative services	439,445		53,891	(518,245)		(518,245)	(518,245)	
Central Services	387,270		47,492	(456,715)		(456,715)	(456,715)	
General Administrative services	482,268	122,762	59,142	(445,986)		(445,986)	(445,986)	
Plant operations and maintenance	1,329,593	72,032	163,053	(1,495,981)		(1,495,981)	(1,495,981)	
Pupil transportation	101,794		12,483	(120,048)		(120,048)	(120,048)	
Unallocated benefits	3,207,636			-		-	-	
Total governmental activities	13,833,988	229,186	1,306,089	(12,298,713)	-	(12,298,713)	(12,298,713)	
Business Type Activities								
Child Care	51,897	47,008		(4,889)	(4,889)	(4,889)	(4,889)	
Total government	13,885,885	\$ 276,194	\$ 1,306,089	\$ (12,298,713)	\$ (4,889)	\$ (12,303,602)		
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net								
Federal and State aid not restricted								
Miscellaneous Income								
Loss on Disposal of Equipment								
Total general revenues, special items and transfers								
Change in Net Assets								
Net Assets—beginning								
Net Assets—ending								

FUND FINANCIAL STATEMENTS

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,430,179	\$ -	\$ -	\$ 1,430,179
Capital Reserve Account	942,262			942,262
Maintenance Reserve Account	129,395			129,395
Receivable - Federal		57,717		57,717
Receivable - State	157,128			157,128
Due from other funds	29,034			29,034
Other Accounts Receivable	751	4,695	2,530	7,976
Total assets	<u>\$ 2,688,749</u>	<u>\$ 62,412</u>	<u>\$ 2,530</u>	<u>\$ 2,753,691</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 314,809	\$ 29,072	\$ 2,530	\$ 346,411
Interfund Accounts Payable		27,450		27,450
Deferred revenue	3,500	5,890		9,390
Total liabilities	<u>318,309</u>	<u>62,412</u>	<u>2,530</u>	<u>383,251</u>
Fund Balances:				
Restricted for:				
Capital Reserve	942,262			942,262
Maintenance Reserve	104,395			104,395
Excess surplus Undesignated	490,283			490,283
Excess surplus Designated	322,967			322,967
Assigned to:				
Designated for subsequent year's expenditures	127,033			127,033
Other Purposes	108,242			108,242
Unassigned:				
General fund	275,259			275,259
Total Fund balances	<u>2,370,440</u>	<u>-</u>	<u>-</u>	<u>2,370,440</u>
Total liabilities and fund balances	<u>\$ 2,688,749</u>	<u>\$ 62,412</u>	<u>\$ 2,530</u>	
Amounts reported for governmental activities in the statement of net assets (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				16,735,301
Some liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.				(344,183)
Net assets of governmental activities				<u>\$ 18,761,558</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	\$ 11,030,881	\$ -	\$ -	\$ 11,030,881
Miscellaneous	336,600			336,600
State sources	2,497,785	1,987		2,499,772
Federal sources		302,912		302,912
Local sources		96,812		96,812
Total revenues	<u>13,865,266</u>	<u>401,711</u>	<u>0</u>	<u>14,266,977</u>
EXPENDITURES				
Current:				
Regular instruction	3,930,214	45,208		3,975,422
Special education instruction	1,346,961	151,431		1,498,392
Other special instruction	281,778	21,294		303,072
Other instruction	106,716			106,716
Support services and undistributed costs:				
Tuition - Special Education	1,162	36,000		37,162
Student & instruction related services	1,393,818	79,697		1,473,515
School administrative services	412,033			412,033
Other administrative services	452,185			452,185
Central Services	363,113			363,113
Plant operations and maintenance	1,236,055	10,600		1,246,655
Pupil transportation	95,444			95,444
Unallocated Benefits	3,193,256	14,380		3,207,636
Capital outlay	282,186	43,101	0	325,287
Total expenditures	<u>13,094,921</u>	<u>401,711</u>	<u>0</u>	<u>13,496,632</u>
Excess (Deficiency) of revenues over expenditures	<u>770,345</u>	<u>-</u>	<u>0</u>	<u>770,345</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Maintenance Reserve				0
Transfer to Capital Reserve				0
Total other financing sources and uses	<u>0</u>	<u>-</u>	<u>0</u>	<u>0</u>
Net change in fund balances	770,345	-	0	770,345
Fund balance—July 1	1,600,095			1,600,095
Fund balance—June 30	<u>\$ 2,370,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,370,440</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Total net change in fund balances - governmental funds (from B-2) **\$ 770,345**

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	\$ (628,230)	
Loss on Disposal of Fixed Assets	(309)	
Capital outlays	<u>325,287</u>	(303,252)

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 (+).

(34,414)

Change in net assets of governmental activities

\$ 432,679

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities - Enterprise Funds	
	Before and After School Program	Totals
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Other receivables	10,243	10,243
Total current assets	<u>10,243</u>	<u>10,243</u>
Total assets	<u>\$ 10,243</u>	<u>\$ 10,243</u>
LIABILITIES		
Current liabilities:		
Accounts Payable	\$ 412	\$ 412
Interfund and Accounts Payable	1,584	1,584
Total current liabilities	<u>1,996</u>	<u>1,996</u>
Noncurrent Liabilities:		
Compensated absences	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 1,996</u>	<u>\$ 1,996</u>
NET ASSETS		
Invested in capital assets net of related debt	\$ -	\$ -
Unrestricted	8,247	8,247
Total net assets	<u>\$ 8,247</u>	<u>\$ 8,247</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Before and After School Program	Total Enterprise
Operating revenues:		
Charges for services:		
Tuition - net of discounts	\$ 47,008	\$ 47,008
Total operating revenues	<u>47,008</u>	<u>47,008</u>
Operating expenses:		
Salaries	31,553	31,553
Benefits - FICA and Unemployment	3,205	3,205
Rent	10,000	10,000
Services	639	639
General supplies	6,500	6,500
Total Operating Expenses	<u>51,897</u>	<u>51,897</u>
Operating income	<u>(4,889)</u>	<u>(4,889)</u>
Nonoperating revenues (expenses):		
Interest	138	138
Total nonoperating revenues (expenses)	<u>138</u>	<u>138</u>
Income before contributions & transfers	<u>(4,751)</u>	<u>(4,751)</u>
Transfers in (out)	-	-
Change in net assets	<u>(4,751)</u>	<u>(4,751)</u>
Total net assets—beginning	12,998	12,998
Total net assets—ending	<u>\$ 8,247</u>	<u>\$ 8,247</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Before and After School Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 38,398	\$ 38,398
Payments for salaries and benefits	(41,619)	(41,619)
Rent	(10,000)	(10,000)
Other costs	(7,138)	(7,138)
Net cash provided by operating activities	<u>(20,359)</u>	<u>(20,359)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers (to)from other funds	1,584	1,584
Net cash provided by non-capital financing activities	<u>1,584</u>	<u>1,584</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	-	-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	138	138
Net cash provided by investing activities	<u>138</u>	<u>138</u>
Net increase in cash and cash equivalents	(18,637)	(18,637)
Balances—beginning of year	18,637	18,637
Balances—end of year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (4,889)	\$ (4,889)
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase/(Decrease) in Accounts Payable	(6,860)	(6,860)
(Increase)/Decrease in Accounts Receivable, net	(8,610)	(8,610)
Total adjustments	<u>(15,470)</u>	<u>(15,470)</u>
Net cash provided by operating activities	<u>\$ (20,359)</u>	<u>\$ (20,359)</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Agency Fund
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 46,427
Accounts Receivable	727
	<hr/>
Total assets	\$ 47,154
	<hr/>
LIABILITIES	
Payable to student groups	\$ 46,915
Payroll deductions and withholdings	239
	<hr/>
Total liabilities	\$ 47,154
	<hr/>

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Linwood School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the City of Linwood School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:
 - ❖ A Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations.
 - ❖ Financial statements prepared using full accrual accounting for all of the District’s activities, including infrastructure (parking lots, etc.)
- A change in the fund financial statements to focus on the major funds.

A. REPORTING ENTITY

The City of Linwood School District is a Type I district located in the County of Atlantic, State of New Jersey. As a Type I district, the Board of Education members are appointed by the Mayor. The Board is comprised of seven members appointed to three-year terms. The purpose of the district is to educate students in grades PreK Handicapped-8. The City of Linwood School District had an approximate enrollment at June 30, 2011 of 910 students.

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

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

Based on the aforementioned criteria, the District has no component units but, as a Type I School District, would be considered a component unit of the City of Linwood. The City however reports on a statutory basis of accounting which does not recognize component units. If the City followed generally accepted accounting principles (GAAP) reporting, the Board of Education would be a component unit of the City of Linwood.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. The District does not have any funds that are classified as business-type activities.

In the governmental-wide Statement of Net Assets, 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 assets are reported in three parts-invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. 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 (no business activities to report). The functions are also supported by general government revenues (property taxes, tuition, 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 assets resulting from the current year's activities. The government-wide statements do not include fiduciary activity.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 following fund types are used by the District:

1. Governmental Funds

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

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

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, 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:

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.

3. 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 assets and changes in net assets. 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. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The 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.

**City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. BASIS OF ACCOUNTING

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

1. Accrual

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

2. Modified Accrual

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

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

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.

**City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2011, the District did not have inventory in the general fund or the enterprise fund.

4. Capital Assets

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

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

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

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 voted upon or 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 based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Compensated Absences

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

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

8. Interfund Activity

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

9. Budgets/Budgetary Control

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

<u>Account Description</u>	<u>Account Number</u>	<u>Amount</u>
Tuition	11-000-100-xxx	\$11,562
Extraordinary Services	11-000-217-xxx	(\$59,468)
Plant Operations and Maintenance Services	11-000-26x-xxx	24,445
Transportation	11-000-270-xxx	(\$16,100)
Employee Benefits	11-000-291-xxx	(\$326,399)
Regular Programs	11-1xx-xxx-xxx	(\$42,771)
Special Education Programs	11-2xx-xxx-xxx	\$123,716
Construction Services	12-000-400-450	\$290,289
Facility Acquisition Fee	12-000-400-800	\$15,314

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

	<u>General Fund</u>	<u>Special Revenue</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$13,799,020	\$389,453
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		16,526
Current Year		(4,268)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	198,116	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(131,870)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$13,865,266</u>	<u>\$401,711</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$13,094,922	\$389,453
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		16,526
Current Year		(4,268)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to capital projects fund.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,094,922</u>	<u>\$401,711</u>

**City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

10. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

11. 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 annual, beginning September 1, 2008. As of June 30, 2011, there was no tuition receivable.

12. Tuition Payable

Tuition charges for the fiscal year 2010 - 2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. The Atlantic County Special Services School District notified the district that the tuition adjustment payable in the 2010-2011 school year from the 2009-2010 school year for students sent to their programs was \$1,162. This amount was paid as of June 30, 2011.

13. 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.

14. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

15. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the School District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

16. Fund Balance Reserves

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classified governmental fund balances as follows;

- Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by Board of School Estimates, the Board of Education, Superintendent or Business Administrator.
- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

NOTE 2. INVESTMENTS

As of June 30, 2011, the district did not have any investments.

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

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

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

City of Linwood School District
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Notes to Financial Statements
June 30, 2011

NOTE 3. 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, 2011, \$0 of the government's bank balance of \$2,922,240 was exposed to custodial credit risk.

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2011 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	\$ 423,600.00	\$	\$	\$ 423,600.00
Construction in Progress	-			-
Total capital assets not being depreciated	<u>423,600.00</u>	<u>-</u>	<u>-</u>	<u>423,600.00</u>
Capital assets being depreciated:				
Site Improvements	-	-		-
Buildings and building improvements	23,843,135.00	225,085.00		24,068,220.00
Machinery & Equipment	1,981,037.00	100,202.00	(14,197.00)	2,067,042.00
Total capital assets being depreciated at historical cost	<u>25,824,172.00</u>	<u>325,287.00</u>	<u>(14,197.00)</u>	<u>26,135,262.00</u>
Less accumulated depreciation for:				
Site Improvements	-	-		-
Buildings and improvements	(8,021,153.00)	(540,025.00)		(8,561,178.00)
Equipment	(1,188,066.00)	(88,205.00)	13,888.00	(1,262,383.00)
Total Accumulated Depreciation	<u>(9,209,219.00)</u>	<u>(628,230.00)</u>	<u>13,888.00</u>	<u>(9,823,561.00)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>16,614,953.00</u>	<u>(302,943.00)</u>	<u>(309.00)</u>	<u>16,311,701.00</u>
Governmental activity capital assets, net	<u>\$ 17,038,553.00</u>	<u>\$ (302,943.00)</u>	<u>\$ (309.00)</u>	<u>\$ 16,735,301.00</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011

NOTE 4. FIXED ASSETS - CONTINUED

Depreciation expense as charged to governmental functions as follows:

Regular Instruction	\$ 245,199
Special Education	92,212
Other Special Instruction	25,275
Other Instruction	2,292
Student and Instruction Related services	96,771
School Administration Expenses	25,414
General and Central Administration	50,287
Plant Operations & Maintenance	90,780
	<u>\$ 628,230</u>

NOTE 5. GENERAL LONG-TERM DEBT – 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 policy. Upon termination, eligible employees are paid for accrued vacation. The district's policy permits employees to accumulate unused sick and personal leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the district for the unused sick and personal leave in accordance with the district's agreements with the various employee contracts.

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Issued</u>	<u>Retired/ Adjustment</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due in</u> <u>One Year</u>
Compensated					
Absences Payable	<u>\$ 309,769</u>	<u>\$ 515,604</u>	<u>\$ 481,190</u>	<u>\$ 344,183</u>	<u>\$ -</u>
	<u>\$ 309,769</u>	<u>\$ 515,604</u>	<u>\$ 481,190</u>	<u>\$ 344,183</u>	<u>\$ -</u>

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

B. Bonds Authorized But Not Issued - As of June 30, 2011, the District had no authorized but not issued bonds.

C. Capital Leases – The District does not have any capital leases.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011

NOTE 6. OPERATING LEASES

Effective August 2010, the District is leasing various copy machines for the schools and administrative office. The lease terms vary from three to five years. The monthly payment is \$1,766. The following are minimum lease payments due for the lease on an annual basis.

Future minimum lease payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2012	\$ 21,192
2013	19,114
2014	6,930
2015	6,352
2016	-

NOTE 7. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

**City of Linwood School District
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Notes to Financial Statements
June 30, 2011**

NOTE 7. PENSION PLANS - CONTINUED

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 5.5% and the PERS rate is 5.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2011, 2010, and 2009 were \$432,582, \$0, and \$437,298 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, 2011, 2010, and 2009 were \$171,002, \$142,846, and \$112,133 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2011, 2010, and 2009, the State of New Jersey contributed \$432,582, \$392,409, and \$401,031, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$471,797, \$467,834, and \$463,467, 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.

NOTE 8. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

NOTE 9. COMPENSATED ABSENCES

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

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

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

**City of Linwood School District
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Notes to Financial Statements
June 30, 2011**

NOTE 10. 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.
Vanguard
Siracusa
Equitable

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2011 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Worker's Compensation Fund Joint Insurance Fund – The District is retaining risk by the established self-funded workers' compensation fund through School Alliance Insurance Fund. Premiums are paid into the fund and are available to pay claims, claim reserves and administrative costs of the program. The trust was established to pay legitimate claims against the Board, which the Board has the obligation to pay such claims. As of June 30, 2011, the amounts of any claims or settlements did not exceed insurance coverage. Excess worker's compensation insurance is carried through School Alliance Insurance Fund.

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

NOTE 12. – COMMITMENTS

The District has not adopted encumbrance policy for the fiscal year end to consider significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund. There were no significant encumbrances outstanding at year end.

NOTE 13. – 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 14. – ECONOMIC DEPENDENCY

The District receives support from federal government and from the state governments in the form of aid and specific grants. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General	\$ 29,034	\$
Special Revenue		27,450
Enterprise		1,584
	<u>\$ 29,034</u>	<u>\$ 29,034</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 16. – RECEIVABLES

Receivables at June 30, 2011, consisted of accounts (transportation and 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	\$ 157,128.00	\$ 157,128.00
Federal Aid	57,717.00	57,717.00
Interfunds	29,304.00	
Other	7,976.00	18,219.00
Gross Receivables	<u>252,125.00</u>	<u>233,064.00</u>
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u>\$ 252,125.00</u>	<u>\$ 233,064.00</u>

NOTE 17. FUND BALANCE APPROPRIATED

Restrictions of funds balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used or spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Regular Public School Districts (N.J.S.A. 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

**City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011**

NOTE 17. FUND BALANCE APPROPRIATED - CONTINUED

Specific classifications of fund balance are summarized below;

Non-Spendable Fund Balance – The District had no non-spendable fund balance at June 30, 2011.

Restricted Fund Balance

Capital Reserve Account – Of the \$942,262 balance in the capital reserve account at June 30, 2011, \$0 has been designated for utilization in the 2011-12 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 \$104,395 balance in the maintenance reserve account at June 30, 2011, \$0 has been designated for utilization in the 2011-12 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).

Excess Surplus – At June 30, 2011, excess surplus created in FY10 of \$322,967 will be utilized for expenditures in the 2011-12 budget, while excess surplus created in FY11 of \$490,283 is restricted and will be utilized for budget expenditures in 2012-13.

Committed Fund Balance – The District has no committed fund balance at June 30, 2011.

Assigned Fund Balance – At June 30, 2011, the Board of School Estimates has assigned \$127,033 of general fund balance to expenditures in the 2011-12 budget. \$108,242 were 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, 2011, the District has \$275,259 of unassigned fund balance in the general fund.

NOTE 18. 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 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, 2011 is \$490,283.

NOTE 19. LITIGATION

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

NOTE 20. 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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2011

NOTE 20. CAPITAL RESERVE ACCOUNT - CONTINUED

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, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 590,153
Interest earnings	7,109
Deposits	345,000
Withdrawals:	
Board resolution: / /	
Board resolution \$ _____	
Total Withdrawals	
Ending balance, June 30, 2011	<u><u>\$ 942,262</u></u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is \$1,136,133. 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 21. 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, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$103,311
Interest earnings	1,084
Deposits	25,000
Withdrawals:	
Per Approved Budget:	(25,000)
Board resolution \$ _____	
Total Withdrawals	
Ending balance, June 30, 2011	<u><u>\$104,395</u></u>

NOTE 22. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2011 and October 11, 2011, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

Required Supplementary Information – Part II

Budgetary Comparison Schedules

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,030,881	\$ -	\$ 11,030,881	\$ 11,030,881	\$ -
Miscellaneous	248,000		248,000	336,600	88,600
Total - Local Sources	11,278,881	-	11,278,881	11,367,481	88,600
Federal Sources:					
None			-		-
Total - Federal Sources	-	-	-	-	-
State Sources:					
Transportation Aid	105,597		105,597	105,597	-
Special Education Aid	461,277		461,277	461,277	-
Equalization Aid	112,358		112,358	112,358	-
Security Aid	64,506		64,506	64,506	-
Adjustment Aid	626,294		626,294	626,294	-
Other State Aid			-		-
-Extraordinary, Non-Public Transportation			-	157,128	157,128
On-Behalf TPAF Pension Contributions (non-budgeted)			-	432,582	432,582
Reimbursed TPAF Social Security Contributions (non-budgeted)			-	471,797	471,797
Total - State Sources	1,370,032	-	1,370,032	2,431,539	1,061,507
Total Revenues	\$ 12,648,913	\$ -	\$ 12,648,913	\$ 13,799,020	\$ 1,150,107

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 32,218	\$ (3,000)	\$ 29,218	\$ 25,800	\$ 3,418
Kindergarten	157,786	(23,427)	134,359	132,809	1,550
Grades 1-5	2,065,487	(41,000)	2,024,487	1,966,642	57,845
Grades 6-8	1,642,575	(9,500)	1,633,075	1,599,788	33,287
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000	4,000	6,000	4,110	1,890
Purchased Professional - Educational Services		750	750	388	362
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	300		300	125	175
Other Purchased Services	22,026	843	22,869	20,346	2,523
General Supplies	166,258	28,563	194,821	175,014	19,807
Textbooks	6,534		6,534	4,885	1,649
Other Objects	310		310	308	2
Total Regular Programs	4,095,494	(42,771)	4,052,723	3,930,215	122,508
Multiple Disabilities					
Salaries of Teachers	215,910	(37,700)	178,210	171,061	7,149
Other Salaries for Instruction		9,200	9,200	5,812	3,388
General Supplies	3,890	500	4,390	3,981	409
Textbooks	2,050		2,050	1,377	673
Total Multiple Disabilities	221,850	(28,000)	193,850	182,231	11,619

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 702,460	\$ 92,125	\$ 794,585	\$ 792,835	\$ 1,750
Other Salaries for Instruction	126,136	58,574	184,710	181,043	3,667
General Supplies	8,700	(1,045)	7,655	7,594	61
Textbooks	2,700	1,045	3,745	3,687	58
Total Resource Room/Resource Center	839,996	150,699	990,695	985,159	5,536
Preschool Disabilities - Part Time:					
Salaries of Teachers	108,106	(11,380)	96,726	95,414	1,312
Other Salaries for Instruction	16,550	14,435	30,985	30,655	330
General Supplies	8,424	(5,438)	2,986	2,850	136
Total Preschool Disabilities - Part Time	133,080	(2,383)	130,697	128,919	1,778
Preschool Disabilities - Full Time					
Salaries of Teachers	24,634	(1,000)	23,634	21,305	2,329
Other Salaries for Instruction	24,733	4,400	29,133	27,064	2,069
Total Preschool Disabilities - Full Time	49,367	3,400	52,767	48,369	4,398
Special Education - Home Instruction					
Salaries of Teachers	5,000		5,000	2,283	2,717
Total Special Education - Home Instruction	5,000	-	5,000	2,283	2,717
Total Special Education - Instruction	1,249,293	123,716	1,373,009	1,346,961	26,048
Basic Skills/Remedial- Instruction					
Salaries of Teachers	267,900	-	267,900	252,607	15,293
Other Salaries for Instruction	28,132	(7,685)	20,447	15,667	4,780
General Supplies	650	148	798	579	219
Total Basic Skills/Remedial - Instruction	296,682	(7,537)	289,145	268,853	20,292

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 16,824	\$ (4,000)	\$ 12,824	\$ 11,603	\$ 1,221
Other Salaries for Instruction	3,783	11	3,794	361	3,433
Supplies	1,140		1,140	961	179
Total Bilingual Education - Instruction	21,747	(3,989)	17,758	12,925	4,833
School Sponsored Cocurricular Activities - Instruction:					
Salaries	28,912		28,912	28,912	-
Purchased Services			-	-	-
Supplies	1,500		1,500	1,433	67
Total School Sponsored Cocurricular Activities - Instruction	30,412	-	30,412	30,345	67
School Sponsored Athletics - Instruction					
Salaries	55,557		55,557	54,540	1,017
Purchased Services	6,000		6,000	5,386	614
Supplies and Materials	1,700		1,700	1,700	-
Total School Sponsored Athletics - Instruction Before/After School Programs/Instruction	63,257	-	63,257	61,626	1,631
Salaries	3,700	2,000	5,700	5,580	120
Supplies	1,000		1,000	165	835
Transfer to Enterprise Fund			-	-	-
Total Before/After School Programs	4,700	2,000	6,700	5,745	955
Summer School Instruction					
Salaries	9,000		9,000	9,000	-
Total Summer School Programs	9,000	-	9,000	9,000	-
Total Instruction	5,770,585	71,419	5,842,004	5,665,670	176,334
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools		1,162	1,162	1,162	-
Tuition - Other		10,400	10,400		10,400
Total Undistributed Expenditures - Instruction	-	11,562	11,562	1,162	10,400

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 27,123	\$ -	\$ 27,123	\$ 27,111	\$ 12
Other Purchased Services	250		250		250
Total Undistributed Expenditures - Attendance and Social Work	27,373	-	27,373	27,111	262
Undistributed Expenditures - Health Services:					
Salaries	124,533	(500)	124,033	123,424	609
Other Purchased Services	5,275	500	5,775	4,851	924
Supplies and Materials	5,303		5,303	3,566	1,737
Other Objects		148	148	48	100
Total Undistributed Expenditures - Health Services	135,111	148	135,259	131,889	3,370
Undistributed Expenditures - Speech, OT, PT & Related Services					
Salaries	296,492	(3,000)	293,492	292,483	1,009
Purchased Professional Educational Services	8,500		8,500	4,779	3,721
Supplies and Materials	5,000	(148)	4,852	4,600	252
Total Undistributed Expenditures - Other Support Services - Students - Related Services	309,992	(3,148)	306,844	301,862	4,982
Undistributed Expenditures - Other Support Services - Students - Extra Services					
Salaries	262,856	(59,468)	203,388	202,937	451
Purchased Professional Educational Services	2,700		2,700		2,700
Supplies and Materials	2,500		2,500	1,980	520
Other Objects			-		-
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	268,056	(59,468)	208,588	204,917	3,671
Undistributed Expenditures - Other Support Services - Guidance					
Salaries of Other Professional Staff	105,695	(1,500)	104,195	103,888	307
Other Salaries	13,500	150	13,650	12,350	1,300
Other Purchased Prof & Technical Services	500		500	408	92
Other Purchased Services	425		425	425	-
Supplies and Materials	5,150		5,150	4,747	403
Other Objects	280		280		280
Total Undistributed Expenditures - Other Support Services - Guidance	125,550	(1,350)	124,200	121,818	2,382

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	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	\$ 228,899	\$ (6,000)	\$ 222,899	\$ 222,386	\$ 513
Salaries of Secretarial and Clerical Assistants	36,977		36,977	36,665	312
Other Salaries	1,400		1,400	940	460
Purchased Professional - Educational Services	11,900		11,900	5,295	6,605
Misc. Purchased Services	1,660		1,660	1,478	182
Supplies and Materials	6,500		6,500	6,395	105
Other Objects	900		900	867	33
Total Undistributed Expenditures - Other Support Services -	288,236	(6,000)	282,236	274,026	8,210
Child Study Team					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	154,157		154,157	154,157	-
Salaries of Other Professional Staff	6,000	1,270	7,270	7,256	14
Salaries of Secretarial & Clerical	19,046	-	19,046	17,287	1,759
Other Purchased Services	5,700	(620)	5,080	3,818	1,262
Supplies and Materials	2,750	(1,413)	1,337	1,266	71
Other Objects	2,650	128	2,778	2,773	5
Total Undistributed Expenditures - Improv. of Instr. Services	190,303	(635)	189,668	186,557	3,111
Undistributed Expenditures - Educational Media Services - School Library					
Salaries - Media Specialist	74,164	150	74,314	69,257	5,057
Salaries - Technology Coordinators	53,615	590	54,205	54,198	7
Other Purchased Services	6,547	(1,000)	5,547	4,652	895
Supplies and Materials	13,250	1,000	14,250	7,430	6,820
Other Objects	480		480	180	300
Total Undistributed Expenditures - Educational Media Services -	148,056	740	148,796	135,717	13,079
School Library					
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	4,000	1,500	5,500	5,380	120
Other Purchased Professional and Technical Services	3,500	652	4,152	4,151	1
Other Purchased Services	750	(339)	411	358	53
Supplies and Materials	1,000	(428)	572	32	540
Total Undistributed Expenditures - Instructional Staff Training	9,250	1,385	10,635	9,921	714

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	\$ 231,291	\$ 357	\$ 231,648	\$ 231,605	\$ 43
Legal Services	45,000	25,000	70,000	60,738	9,262
Audit Fees	18,000		18,000	16,505	1,495
Other Purchased Professional Services	5,000		5,000	4,500	500
Purchased Technical Services	12,500	1,600	14,100	3,597	10,503
Communications/Telephone	45,000	(2,402)	42,598	33,118	9,480
Other Purchased Services	86,575	-	86,575	49,479	37,096
Other Purchased Service - Board Expense	500		500		500
General Supplies	5,500	(357)	5,143	2,795	2,348
Board Training and Meeting Supplies	1,000		1,000	66	934
Board Memberships	8,000		8,000	6,703	1,297
Miscellaneous Expenditures	4,500		4,500	2,927	1,573
Total Undistributed Expenditures - Support Services - Gen. Admin.	462,866	24,198	487,064	412,033	75,031
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	290,303		290,303	290,303	-
Salaries of Secretarial and Clerical Assistants	129,426	(500)	128,926	126,594	2,332
Other Salaries	5,000	500	5,500	5,500	-
Other Purchased Services	8,800	20,000	28,800	8,774	20,026
Supplies and Materials	22,500		22,500	18,792	3,708
Other Objects	3,150		3,150	2,222	928
Total Undistributed Expenditures - Support Serv. - School Admin.	459,179	20,000	479,179	452,185	26,994
Undistributed Expenditures - Business Administration					
Salary	167,483	(3,000)	164,483	163,475	1,008
Miscellaneous Purchased Services	21,250	10,000	31,250	16,560	14,690
Supplies and Materials	6,250		6,250	4,680	1,570
Miscellaneous Expense	3,575		3,575	2,036	1,539
Total Undistributed Expenditures - Support Serv. - Business Admin.	198,558	7,000	205,558	186,751	18,807
Undistributed Expenditures - Technical Services					
Salary	74,977	2,402	77,379	77,378	1
Other Purchased Services	79,008	17,139	96,147	76,370	19,777
Supplies and Materials	31,497		31,497	21,882	9,615
Other Objects	1,000		1,000	732	268
Total Undistributed Expenditures - Support Serv. - Technical Services	186,482	19,541	206,023	176,362	29,661

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	\$ 182,655	\$ 6,689	\$ 189,344	\$ 186,967	\$ 2,377
Cleaning Repairs and Maintenance Services	190,550	70,138	260,688	122,582	138,106
General Supplies	33,000		33,000	5,996	27,004
Other Objects	750		750	325	425
Total Undistributed Expenditures - Required Maintenance for School Facilities	406,955	76,827	483,782	315,870	167,912
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	323,566	(24,382)	299,184	296,105	3,079
Cleaning, Repair and Maintenance Services	21,750	4,000	25,750	24,003	1,747
Other Purchased Property Services	36,000		36,000	31,998	4,002
Insurance	36,100	-	36,100	33,454	2,646
Miscellaneous Purchased Services	54,600	-	54,600	33,608	20,992
General Supplies	74,750	(4,000)	70,750	42,160	28,590
Energy (Heat)	120,000	(28,000)	92,000	74,287	17,713
Energy (Electricity)	380,000	-	380,000	325,828	54,172
Energy (Gas)	5,500		5,500	3,270	2,230
Other Objects	2,200		2,200	812	1,388
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	1,054,466	(52,382)	1,002,084	865,525	136,559
Undistributed Expenditures - Grounds					
Salaries		2,010	2,010	1,990	20
Cleaning, Repairs & Maintenance Services	13,000	30,000	43,000	14,042	28,958
General Supplies	6,250		6,250	3,746	2,504
Total Undistributed Expenditures - Grounds	19,250	32,010	51,260	19,778	31,482
Undistributed Expenditures - Security					
Salaries	32,373	251	32,624	31,817	807
General Supplies	5,000		5,000	3,065	1,935
Total Undistributed Expenditures - Security	37,373	251	37,624	34,882	2,742
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other Than Between Home and School) - Vendors	4,000	1,200	5,200	5,185	15
Contracted Services - (Between Home and School) - Joint Agmts	36,000	7,400	43,400	42,616	784
Contracted Services (Special Ed Students) - Joint Agreements	62,000	(11,500)	50,500	43,223	7,277
Contracted Services - Aid in Lieu of Payments	18,000	(1,200)	16,800	4,420	12,380
Total Undistributed Expenditures - Student Transportation Serv.	120,000	(4,100)	115,900	95,444	20,456

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Unallocated Benefits:					
Social Security Contributions	\$ 165,000	\$ (3,300)	\$ 161,700	\$ 145,605	\$ 16,095
Other Retirement - Regular	150,200	20,802	171,002	171,002	-
Defined Contribution Retirement Program		8,500	8,500	4,915	3,585
Unemployment Compensation	24,000	9,500	33,500	31,874	1,626
Workmen's Compensation	88,125		88,125	87,792	333
Health Benefits	2,074,351	(333,199)	1,741,152	1,723,986	17,166
Tuition Reimbursements	60,000		60,000	59,962	38
Other Employee Benefits	135,096	(28,702)	106,394	63,741	42,653
Total Unallocated Benefits	2,696,772	(326,399)	2,370,373	2,288,877	81,496
On-behalf TPAF Pension Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)				432,582	(432,582)
Total On-behalf Contributions	-	-	-	904,379	(904,379)
Total Undistributed Expenditures	7,143,828	(259,820)	6,884,008	7,147,066	(263,058)
Total Current Expense	12,914,413	(188,401)	12,726,012	12,812,736	(86,724)
Capital Outlay:					
Equipment:					
Preschool Disabilities Equipment		4,938	4,938	4,938	-
Grades 6-8 Instructional Equipment		3,946	3,946	3,946	-
Undistributed Expenditures:					
Extraordinary Services		32,903	-	32,903	-
School Administration			32,903		-
Total Equipment	-	41,787	41,787	41,787	-

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Facilities Acquisition and Construction Services					
Construction Services	\$ -	\$ 290,289	\$ 290,289	\$ 225,085	\$ 65,204
Debt Service Assessment		15,314	15,314	15,314	-
Interest Deposit to Capital Reserve	7,500		7,500		7,500
Interest Deposit to Maintenance Reserve	2,000		2,000		2,000
Total Facilities Acquisition and Construction Services	9,500	305,603	315,103	240,399	74,704
Total Capital Outlay	9,500	347,390	356,890	282,186	74,704
Transfers to Charter Schools			-		-
Total Expenditures	12,923,913	158,989	13,082,902	13,094,922	(12,020)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(275,000)	(158,989)	(433,989)	704,098	1,138,087
Other Sources and (Uses) of Funds					
Fund Balances, July 1	1,798,212		1,798,212	1,798,212	
Fund Balances, June 30	\$ 1,523,212	\$ (158,989)	\$ 1,364,223	\$ 2,502,310	\$ 1,138,087
Recapitulation of Fund Balance					
Nonspendable Fund Balance				\$ -	
None					
Restricted Fund Balance:					
Excess Surplus - Undesignated				490,283	
Capital Reserve				942,262	
Maintenance Reserve				104,395	
Excess Surplus Designated for Subsequent Year's Expenditures				322,967	
Assigned Fund Balance:					
Unreserved Surplus Designated for Subsequent Year's Expenditures				127,033	
Reserve for Encumbrances				108,242	
Unassigned Fund Balance				407,128	
				2,502,310	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized				(131,870)	
Fund Balance per Governmental Funds				\$ 2,370,440	

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ -	\$ 105,882	\$ 105,882	\$ 81,887	\$ (23,995)
Total - Local Sources	-	105,882	105,882	81,887	(23,995)
State Sources:					
Non Public Aids		1,987	1,987	1,987	-
Total - State Sources	-	1,987	1,987	1,987	-
Federal Sources:					
Title IV	1,197	(1,197)	-	-	-
Title I	10,000	22,490	32,490	32,490	-
Title II		34,598	34,598	22,569	(12,029)
Title II D		213	213	148	(65)
I.D.E.A., Part B	188,437	44,392	232,829	201,486	(31,343)
I.D.E.A., Preschool	9,362	7,750	17,112	12,106	(5,006)
I.D.E.A., Part B - ARRA	120,203	(46,304)	73,899	33,134	(40,765)
I.D.E.A., Preschool - ARRA	3,600	46	3,646	3,646	-
Total - Federal Sources	332,799	61,988	394,787	305,579	(89,208)
Total Revenues	332,799	169,857	502,656	389,453	(113,203)
EXPENDITURES:					
Instruction					
Salaries of Teachers	120,629	50,008	170,637	148,532	22,105
Tuition	36,000		36,000	36,000	-
Other Purchased Services (400-500 series)		4,495	4,495	4,390	105
General Supplies	102,809	(29,077)	73,732	66,974	6,758
Textbooks		909	909	909	-
Total instruction	259,438	26,335	285,773	256,805	28,968

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
Support Services					
Salaries of Other Professional Staff	\$ 19,712	\$ 48,459	\$ 68,171	\$ 45,062	\$ 23,109
Personal Services - Employee Benefits	10,739	6,966	17,705	14,380	3,325
Purchased Professional - Educational Services	23,380	1,078	24,458	22,986	1,472
Other Purchased Services	5,600	13,976	19,576	14,963	4,613
Supplies & Materials	4,430	6,344	10,774	6,977	3,797
Total support services	63,861	76,823	140,684	104,368	36,316
Contribution to Charter Schools			-	-	
Facilities acquisition and construction services:					
Instructional Equipment		31,222	31,222	17,543	13,679
Equipment	9,500	35,477	44,977	10,737	34,240
Total facilities acquisition and construction services	9,500	66,699	76,199	28,280	47,919
Total expenditures	332,799	169,857	502,656	389,453	113,203
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Notes to the Required Supplementary Information

City of Linwood School District
(A Component Unit of the City of Linwood)
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2011

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

		<u>General Fund</u>	<u>Special Revenue</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1; C-2	\$ 13,799,020	\$ 389,453
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			16,526
Current Year			(4,268)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		198,116	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		<u>(131,870)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	<u>\$ 13,865,266</u>	<u>\$ 401,711</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	13,094,922	389,453
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			16,526
Current Year			(4,268)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to capital projects fund.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	<u>\$ 13,094,922</u>	<u>\$ 401,711</u>

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 specific purposes.

City of Linwood School District
(A Component Unit of the City of Linwood)
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Linwood Education Foundation	Parent and Teacher Association	Community And Other Local Grants	Non Public Nursing	Non Public Textbook	IDEA Preschool ARRA	IDEA BASIC ARRA	Subtotal State Grants	Subtotal Local Grants	Subtotal Federal Grants
REVENUES:										
State Sources	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Federal Sources	50,517	18,312	13,058			3,646	33,134		81,887	36,780
Local Sources	50,517	18,312	13,058	1,078	909	3,646	33,134	1,987	81,887	36,780
Total revenues										
EXPENDITURES										
Instruction:										
Salaries of teachers	8,780	1,820					2,554			2,554
Other salaries for instruction									10,600	
Tuition										
Other purchased services	2,395		1,995						4,390	
General supplies	26,965	966	463			3,646	23,672		28,394	27,318
Textbooks					909			909		
Total instruction	38,140	2,786	2,458		909	3,646	26,226	909	43,384	29,872
Support services:										
Salaries of Other Professional Staff							560			560
Personal services- employee benefits							238			238
Purchased professional educational service				1,078				1,078		
Other Purchased Services	944	4,789	10,600						10,600	
Supplies and materials	944	4,789	10,600	1,078			798		5,733	
Total support services								1,078	16,333	798
Facilities acquisition and const. serv.:										
Instructional equipment	11,433						6,110		11,433	6,110
Facilities equipment		10,737							10,737	
Total expenditures	50,517	18,312	13,058	1,078	909	3,646	33,134	1,987	81,887	36,780
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

City of Linwood School District
(A Component Unit of the City of Linwood)
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

E-1
Page 2 of 2

No Child Left Behind

REVENUES:

	Title I	Title II A	Title II A	Title II D	Summer Title II D	Summer IDEA Basic	IDEA Basic	IDEA Preschool	Summer IDEA Preschool	Total Federal Projects	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State Sources	32,490	9,327	13,242	8	140	44,392	157,094	4,356	7,750	305,579	1,987
Federal Sources											305,579
Local Sources											81,887
Total revenues	32,490	9,327	13,242	8	140	44,392	157,094	4,356	7,750	305,579	389,453

EXPENDITURES

Instruction:

Salaries of teachers										2,554	2,554
Other salaries for instruction	18,296					28,061	82,102	4,047	2,872	135,378	145,978
Purchased prof. and technical services							36,000			36,000	36,000
Tuition											4,390
Other purchased services	2,998					4,336	148		3,780	38,580	66,974
General supplies											909
Textbooks											
Total instruction	21,294	-	-	-	-	32,397	118,250	4,047	6,652	212,512	256,805

Support services:

Salaries of Other Professional Staff	9,100	6,710	12,092		120	7,920	7,960		600	45,062	45,062
Personal services- employee benefits	2,096	513	925		9	3,075	6,889	309	326	14,380	14,380
Purchased professional educational service							21,908			21,908	22,986
Other purchased services		2,104			11	1,000	2,087		172	4,363	14,963
Supplies and materials			225	8						1,244	6,977
Total support services	11,196	9,327	13,242	8	140	11,995	38,844	309	1,098	86,957	104,368

Facilities acquisition and const. serv.:

Instructional equipment										6,110	17,543
Equipment											10,737
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	-	6,110	28,280
Total expenditures	32,490	9,327	13,242	8	140	44,392	157,094	4,356	7,750	305,579	389,453
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

City of Linwood School District
(A Component Unit of the City of Linwood)
Capital Projects Fund
Summary Statement of Project Expenditures
For the Fiscal Year Ended June 30, 2011

Project Title/Issue	Original Date	Appropriations	Transfers	Expenditures to Date		Unexpended Balance June 30, 2011
				Prior Years	Current Year	
Belhaven Middle School Projects	2005	\$ 2,814,375	\$ (73,651)	\$ 2,740,724		\$ -
Seaview Elementary School Projects	2005	1,014,350	510,882	1,525,232		-
Administrative Costs 2005 School Projects	2005	527,275	(437,231)	90,044		-
		<u>\$ 4,356,000</u>	<u>\$ -</u>	<u>\$ 4,356,000</u>	<u>\$ -</u>	<u>\$ -</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

Revenues and Other Financing Sources:

State Sources-EDA Grant	\$ -
Bond proceeds and transfers	
Transfer from capital reserve	
Transfer from capital outlay	
Total revenues	-

Expenditures and Other Financing Uses:

Purchased professional & technical services	
Land and Improvements	
Construction services	
Equipment purchases	
Total expenditures	0
Excess (deficiency) of revenues over (under) expenditures	0
Fund balance - beginning	
Fund balance - ending	\$ -

City of Linwood School District
(A Component Unit of the City of Linwood)
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
Various Capital Improvements to District Facilities
For the Fiscal Year Ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources-EDA Grant			-	-
Bond proceeds and transfers	\$ 4,356,000	\$ -	\$ 4,356,000	\$ 4,356,000
Transfer from capital outlay			-	-
 Total revenues	<u>4,356,000</u>	<u>-</u>	<u>4,356,000</u>	<u>4,356,000</u>
 Expenditures and Other Financing Uses:				
Purchased professional & technical services	378,915		378,915	756,000
Land and Improvements			-	-
Construction services	3,939,625		3,939,625	3,530,213
Equipment purchases	37,460		37,460	69,787
 Total expenditures	<u>4,356,000</u>	<u>-</u>	<u>4,356,000</u>	<u>4,356,000</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	2680-020-05-1000
	2680-050-05-1000
Grant Date	
Bond Authorization Date	
Bonds Authorized	\$4,356,000
Bonds Issued	\$2,755,000
Original Authorized Cost	\$4,356,000
Additional Authorized Cost	
Revised Authorized Cost	\$4,356,000
 Percentage Increase over Original	
Authorized Cost	0%
Percentage Completion	100.00%
Original target completion date	8/30/2005
Revised target completion date	8/30/2010

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Fiduciary Fund
Combining Statement of Fiduciary Net Assets
For the Year Ended June 30, 2011

	Agency		
	Student Activity	Payroll	Total
ASSETS:			
Cash and cash equivalents	\$ 46,315	\$ 112	\$ 46,427
Accounts receivable	600	127	727
Total Assets	<u>\$ 46,915</u>	<u>\$ 239</u>	<u>\$ 47,154</u>
LIABILITIES:			
Liabilities:			
Payroll deductions and withholdings	\$ -	\$ 239	\$ 239
Due to student groups	46,915	-	46,915
Accounts Payable	0	-	-
Total Liabilities	<u>\$ 46,915</u>	<u>\$ 239</u>	<u>\$ 47,154</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS:				
Cash and cash equivalents	\$ 35,270	\$ 178,304	\$ 167,259	\$ 46,315
Accounts Receivable	900	600	900	600
Total assets	<u>\$ 36,170</u>	<u>\$ 178,904</u>	<u>\$ 168,159</u>	<u>\$ 46,915</u>
LIABILITIES:				
Due to Student groups	\$ 36,020	\$ 178,904	\$ 168,009	\$ 46,915
Encumbrance	150		150	-
Accounts Payable				-
Total liabilities	<u>\$ 36,170</u>	<u>\$ 178,904</u>	<u>\$ 168,159</u>	<u>\$ 46,915</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Accounts Receivable/(Payable) June 30, 2011	Balance June 30, 2011
Elementary School	\$ 8,827	\$ 28,246	\$ 27,169	\$ -	\$ 9,904
Middle School	21,410	23,887	21,888	-	23,409
Middle School - Band	3,534	100,342	93,202		10,674
Middle School - Renaissance	789	18,684	17,795		1,678
Middle School - Athletics	1,610	6,995	7,955	600	1,250
Total all schools	\$ 36,170	\$ 178,154	\$ 168,009	\$ 600	\$ 46,915

City of Linwood School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS:				
Cash and cash equivalents	\$ 156	\$ 9,487,489	\$ 9,487,533	\$ 112
Accounts receivable	1,765	127	1,765	127
Total assets	<u>\$ 1,921</u>	<u>\$ 9,487,616</u>	<u>\$ 9,489,298</u>	<u>\$ 239</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 1,921	\$ 9,487,616	\$ 9,489,298	\$ 239
Total liabilities	<u>\$ 1,921</u>	<u>\$ 9,487,616</u>	<u>\$ 9,489,298</u>	<u>\$ 239</u>

Statistical Section

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

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 15,401,130	\$ 15,253,117	\$ 18,248,565	\$ 17,995,032	\$ 17,672,349	\$ 17,165,012	\$ 17,038,553	\$ 16,735,301
Restricted	1,003,110	1,457,923	1,945,454	2,026,352	2,006,192	2,205,568	1,425,420	2,095,182
Unrestricted	21,551	(439,659)	(549,511)	(152,264)	(162,917)	(235,109)	(135,094)	(68,925)
Total governmental activities net assets	\$ 16,425,791	\$ 16,271,381	\$ 19,644,508	\$ 19,869,120	\$ 19,515,624	\$ 19,135,471	\$ 18,328,879	\$ 18,761,558
Business-type activities								
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 17,063	\$ 10,428	\$ 12,998	\$ 8,247
Restricted	-	-	-	-	17,063	10,428	12,998	8,247
Unrestricted	-	-	-	-	-	-	-	-
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ 17,063	\$ 10,428	\$ 12,998	\$ 8,247
District-wide								
Invested in capital assets, net of related debt	\$ 15,401,130	\$ 15,253,117	\$ 18,248,565	\$ 17,995,032	\$ 17,672,349	\$ 17,165,012	\$ 17,038,553	\$ 16,735,301
Restricted	1,003,110	1,457,923	1,945,454	2,026,352	2,006,192	2,205,568	1,425,420	2,095,182
Unrestricted	21,551	(439,659)	(549,511)	(152,264)	(145,854)	(224,681)	(122,096)	(60,678)
Total district net assets	\$ 16,425,791	\$ 16,271,381	\$ 19,644,508	\$ 19,869,120	\$ 19,532,687	\$ 19,145,899	\$ 18,341,877	\$ 18,769,805

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only eight years of information is presented.

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities								
Instruction								
Regular	\$ 4,868,023	\$ 5,245,637	\$ 5,474,161	\$ 5,199,113	\$ 5,833,394	\$ 5,875,586	\$ 5,442,124	\$ 5,520,145
Special education	1,395,635	1,502,389	1,557,968	1,662,142	1,826,694	1,886,210	1,998,542	2,079,317
Other special education	286,246	267,087	289,876	310,645	325,825	367,224	456,919	462,302
Vocational								
Other instruction	111,047	100,934	125,970	78,022	97,537	92,712	110,236	106,716
Nonpublic school programs								
Adult/continuing education programs								
Support Services:								
Tuition	133,204	182,891	119,523	184,789	178,606	41,919	76,634	51,602
Student & instruction related services	1,557,676	1,710,874	1,788,161	1,906,783	1,987,306	1,902,933	2,123,052	2,046,076
General administrative services	624,860	456,500	475,631	386,538	460,862	493,990	481,801	627,890
School administrative services	419,491	308,041	464,082	479,112	488,557	511,239	572,223	572,136
Business administrative and technology services		556,011	331,951	470,911	552,943	576,479	568,960	504,207
Plant operations and maintenance	1,494,918	1,455,011	1,631,397	1,744,000	1,840,508	1,839,031	1,900,082	1,731,066
Pupil transportation	193,186	174,767	191,847	184,338	197,798	137,510	164,673	132,531
Special Schools								
Charter Schools	6,500	18,071	21,495	17,908	-			
Interest on long-term debt								
Unallocated depreciation			-					
Total governmental activities expenses	<u>11,090,786</u>	<u>11,978,213</u>	<u>12,472,062</u>	<u>12,624,301</u>	<u>13,790,030</u>	<u>13,724,833</u>	<u>13,895,246</u>	<u>13,833,988</u>
Business-type activities:								
Child Care					41,224	49,463	48,658	51,897
Total business-type activities expense	-	-	-	-	41,224	49,463	48,658	51,897
Total district expenses	<u>\$ 11,090,786</u>	<u>\$ 11,978,213</u>	<u>\$ 12,472,062</u>	<u>\$ 12,624,301</u>	<u>\$ 13,831,254</u>	<u>\$ 13,774,296</u>	<u>\$ 13,943,904</u>	<u>\$ 13,885,885</u>
Program Revenues								
Governmental activities:								
Charges for services:								
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,896	\$ 22,500	\$ 34,392
Pupil transportation	-	-	-	-	-	-	-	-
General Administrative Services	-	-	-	-	-	-	116,798	122,762
Plant operations and maintenance	-	-	-	-	-	-	-	72,032
Operating grants and contributions	987,666	1,049,360	1,220,624	1,597,435	1,603,331	1,148,190	1,289,999	1,306,089
Capital grants and contributions	244,410	387,212	-	-	-	-	-	-
Total governmental activities program revenues	<u>1,232,076</u>	<u>1,436,572</u>	<u>1,220,624</u>	<u>1,597,435</u>	<u>1,603,331</u>	<u>1,179,086</u>	<u>1,429,297</u>	<u>1,535,275</u>
Business-type activities:								
Charges for services								
Child care	-	-	-	-	47,900	42,541	51,021	47,008
Operating grants and contributions	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-
Total business type activities program revenues	-	-	-	-	47,900	42,541	51,021	47,008
Total district program revenues	<u>\$ 1,232,076</u>	<u>\$ 1,436,572</u>	<u>\$ 1,220,624</u>	<u>\$ 1,597,435</u>	<u>\$ 1,651,231</u>	<u>\$ 1,221,627</u>	<u>\$ 1,480,318</u>	<u>\$ 1,582,283</u>
Net (Expense)/Revenue								
Governmental activities	\$ (9,858,710)	\$ (10,541,641)	\$ (11,251,438)	\$ (11,026,866)	\$ (12,186,699)	\$ (12,545,747)	\$ (12,465,949)	\$ (12,298,713)
Business-type activities	-	-	-	-	6,676	(6,922)	2,363	(4,889)
Total district-wide net expense	<u>\$ (9,858,710)</u>	<u>\$ (10,541,641)</u>	<u>\$ (11,251,438)</u>	<u>\$ (11,026,866)</u>	<u>\$ (12,180,023)</u>	<u>\$ (12,552,669)</u>	<u>\$ (12,463,586)</u>	<u>\$ (12,303,602)</u>

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

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 8,311,687	\$ 8,305,178	\$ 8,745,049	\$ 9,157,885	\$ 9,663,553	\$ 10,151,229	\$ 10,005,884	\$ 11,030,881
Unrestricted grants and contributions	1,892,770	1,997,392	1,977,154	1,964,291	2,043,686	1,919,639	1,547,814	1,593,406
Funds received from the City of Linwood	-	-	4,041,495	-	-	-	-	-
Loss on Disposal of Equipment	-	-	-	(14,438)	(4,200)	(25,909)	(13,019)	(309)
Miscellaneous income	57,533	84,661	133,870	143,738	140,164	120,636	118,677	107,414
Transfer to Enterprise Fund	-	-	-	-	(10,000)	-	-	-
Cancellation of Construction in Progress	-	-	(273,004)	-	-	-	-	-
Total governmental activities	10,261,990	10,387,231	14,624,563	11,251,478	11,833,203	12,165,595	11,659,356	12,731,392
Business-type activities:								
Investment earnings	-	-	-	-	387	287	207	138
Transfers	-	-	-	-	10,000	-	-	-
Total business-type activities	-	-	-	-	10,387	287	207	138
Total district-wide	\$ 10,261,990	\$ 10,387,231	\$ 14,624,563	\$ 11,251,478	\$ 11,843,590	\$ 12,165,882	\$ 11,659,563	\$ 12,731,530
Change in Net Assets								
Governmental activities	\$ 403,280	\$ (154,410)	\$ 3,373,125	\$ 224,612	\$ (353,496)	\$ (380,152)	\$ (806,593)	\$ 432,679
Business-type activities	-	-	-	-	17,063	(6,635)	2,570	(4,751)
Total district	\$ 403,280	\$ (154,410)	\$ 3,373,125	\$ 224,612	\$ (336,433)	\$ (386,787)	\$ (804,023)	\$ 427,928

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only eight years of information is presented.

Source: CAFR Schedule A-2

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Restricted									\$ 1,859,907
Committed									-
Assigned									235,275
Unassigned									275,259
Reserved	\$ 116,085	\$ 971,759	\$ 1,380,200	\$ 1,439,995	\$ 1,541,406	\$ 1,823,623	\$ 2,109,149	\$ 1,425,419	
Unreserved	439,583	201,224	111,516	133,748	167,045	184,263	60,603	174,676	
Total general fund	\$ 555,668	\$ 1,172,983	\$ 1,491,716	\$ 1,573,743	\$ 1,708,451	\$ 2,007,886	\$ 2,169,752	\$ 1,600,095	\$ 2,370,440
All Other Governmental Funds									
Restricted									\$ -
Committed									
Assigned									
Unassigned									
Reserved	\$ 30,988	\$ 31,351	\$ 77,723	\$ 505,459	\$ 484,946	\$ 182,569	\$ 96,245	\$ -	
Unreserved, reported in:	(2,229)								
Special revenue fund									
Capital projects fund		53,000	90,394						
Total all other governmental funds	\$ 28,759	\$ 84,351	\$ 168,117	\$ 505,459	\$ 484,946	\$ 182,569	\$ 96,245	\$ -	\$ -

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only nine years of information is presented. FY2011 was the first year of reporting under GASB 54-Fund Balance Classifications

Source: CAFR Schedule B-1

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax levy	\$ 6,059,927	\$ 6,615,738	\$ 8,311,687	\$ 8,305,178	\$ 8,745,049	\$ 9,157,885	\$ 9,663,553	\$ 10,151,229	\$ 10,005,884	\$ 11,030,881
Tuition charges	29,868	48,843	6,124	3,235	4,438			30,896	22,500	34,392
Interest earnings	37,936	16,804	20,870	51,542	87,973	124,180	86,631	52,849	43,466	30,626
Miscellaneous	225,407	47,942	78,331	67,714	126,050	77,976	112,062	114,425	240,106	368,394
State sources	2,192,301	2,449,075	2,641,033	2,752,024	2,864,810	3,263,577	3,388,911	2,787,982	2,245,376	2,499,772
Federal sources	157,779	431,062	191,611	213,531	248,376	239,730	199,576	233,208	544,340	302,912
Total revenue	8,703,219	9,609,464	11,249,656	11,393,224	12,076,696	12,863,348	13,450,733	13,370,589	13,101,672	14,266,977
Expenditures										
Instruction										
Regular instruction	3,385,024	3,322,847	3,633,186	3,741,249	3,989,318	3,883,216	4,065,629	4,352,544	3,950,965	3,975,422
Special education instruction	971,322	1,189,592	1,039,436	1,070,477	1,135,205	1,241,580	1,273,129	1,391,567	1,439,633	1,498,392
Other special instruction	153,175	160,486	197,962	193,028	191,284	212,273	201,195	248,242	298,514	303,072
Other instruction	51,712	53,703	81,869	69,194	73,453	78,022	85,440	92,712	110,236	106,716
Support Services:										
Tuition	97,204	140,849	133,204	130,313	119,523	133,486	132,913	31,075	55,202	37,162
Student & instruction related services	935,574	1,078,589	1,155,166	1,219,025	1,303,757	1,424,176	1,385,067	1,410,658	1,529,323	1,473,515
General administrative services	301,077	295,363	309,201	325,266	338,156	384,024	340,504	378,985	449,689	452,185
School Administrative services	271,744	286,729	301,130	328,996	352,283	357,849	434,748	460,123	412,196	412,033
Business Administrative & Technology Services	102,777	133,449	153,087	206,771	236,157	256,405	271,830	333,422	307,218	363,113
Plant operations and maintenance	930,359	1,030,876	1,087,805	1,121,537	1,188,708	1,302,593	1,282,756	1,363,287	1,368,709	1,246,655
Pupil transportation	108,367	143,275	140,672	115,756	141,180	137,682	137,855	101,937	118,621	95,444
Unallocated employee benefits	1,128,050	1,300,925	1,520,668	1,636,895	1,884,365	1,960,221	1,958,936	2,055,131	2,271,701	2,303,257
On Behalf Payments - TPAF & FICA	364,478	586,449	743,321	792,715	883,656	1,299,286	1,345,225	864,498	860,243	904,379
Charter Schools			6,500	18,071	21,495	17,908				
Capital outlay	99,929	97,076	69,134	105,198	4,103,916	135,433	778,447	375,867	595,324	325,287
Debt service:										
Principal										
Interest and other charges										
Total expenditures	8,900,792	9,820,208	10,572,341	11,074,491	15,962,455	12,824,153	13,693,674	13,460,048	13,767,574	13,496,632
Excess (Deficiency) of revenues over (under) expenditures	(197,573)	(210,745)	677,315	318,733	(3,885,759)	39,195	(242,941)	(89,459)	(665,902)	770,345
Other Financing sources (uses)										
Capital leases (non-budgeted)					3,536,036					
Bond proceeds					13,632					
Transfer from capital reserves					250,000	75,000	250,000	165,000		
Transfers in			(60,000)				(10,000)			
Transfers out			(60,000)		3,799,668	75,000	240,000	165,000		
Total other financing sources (uses)										
Net change in fund balances	\$ (197,573)	\$ (210,745)	\$ 617,315	\$ 318,733	\$ (86,091)	\$ 114,195	\$ (2,941)	\$ 75,541	\$ (665,902)	\$ 770,345
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Revenue</u>	<u>Building Use And Rentals</u>	<u>Shared Services Revenue</u>	<u>Misc.</u>	<u>Total</u>
2002	\$ 37,936	\$ 29,868	\$ 127,150	\$ -	\$ 53,918	\$ 248,872
2003	16,804	48,843	1,950		18,268	85,865
2004	20,870	6,124	3,000		27,239	57,233
2005	51,542	3,235	4,950		24,934	84,661
2006	87,973	4,438	3,950		37,509	133,870
2007	124,180	-	6,000		71,976	202,156
2008	86,631	-	10,710		101,353	198,694
2009	52,849	30,896	13,650		100,775	198,170
2010	43,466	22,500	20,091	116,798	103,217	306,072
2011	30,626	34,392	29,225	194,794	144,375	433,412

Source: District Records

City of Linwood School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities *	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2001	\$ 13,604,500	\$ 450,885,700	\$ 631,400	\$ 27,600	\$ 66,584,500	\$ 531,733,700		\$ 962,518	\$ 532,696,218	1.340	\$ 580,595,333
2002	10,142,000	463,631,100	631,400	27,600	66,226,700	540,658,800		951,336	541,610,136	1.370	609,555,731
2003	14,112,300	636,787,500	978,800	38,100	92,482,900	744,399,600		1,100,617	745,500,217	1.150	662,078,345
2004	13,670,100	641,868,500	978,800	38,100	90,914,600	747,470,100		1,040,222	748,510,322	1.250	762,075,262
2005	15,595,700	645,565,600	749,400	34,600	88,700,700	750,646,000		899,247	751,545,247	1.280	863,745,830
2006	14,466,400	655,207,300	749,400	34,600	87,872,600	758,330,300		705,535	759,035,835	1.346	1,016,340,126
2007	14,714,500	666,666,400	749,400	34,600	90,209,200	772,374,100		649,680	773,023,780	1.392	1,167,730,520
2008	15,566,200	674,167,700	749,400	34,600	88,426,600	778,944,500		640,011	779,584,511	1.436	1,250,714,630 ^c
2009	14,640,900	676,693,900	749,400	34,600	87,633,100	779,751,900		694,344	780,446,244	1.444	1,266,655,076
2010	14,155,200	683,098,000	749,400	34,600	86,453,100	784,490,300		653,040	785,143,340	1.492	1,198,611,612

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
	General Obligation Debt Service ^b			Mainland			
				Regional High School District	City of Linwood	Atlantic County ^f	
2002	1.170	0.200	1.370	0.630	0.810	0.530	3.340
2003	1.000	0.150	1.150	0.530	0.690	0.400	2.770
2004	1.110	0.140	1.250	0.570	0.710	0.430	2.960
2005	1.140	0.140	1.280	0.600	0.730	0.430	3.040
2006	1.179	0.167	1.346	0.607	0.792	0.442	3.187
2007	1.217	0.175	1.392	0.610	0.823	0.419	3.244
2008	1.273	0.163	1.436	0.620	0.892	0.414	3.362
2009	1.291	0.153	1.444	0.647	0.922	0.436	3.449
2010	1.340	0.152	1.492	0.733	0.954	0.473	3.652
2011	1.380	0.147	1.527	0.776	0.976	0.505	3.784

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	2011			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
CCC Atlantic, LLC	\$ 19,000,000	1	2.44%			
Central Square	7,107,100	2	0.91%	\$ 5,900,000	2	1.13%
Brandall Estates, LLC	7,065,500	3	0.91%	5,130,000	4	
Central Park East	5,388,200	4	0.69%	4,175,000	6	0.80%
CPL	5,236,000	5	0.67%	-		
Linwood Golf & Country Club	3,490,000	6	0.45%	5,161,400	3	0.99%
Linwood Professional Plaza	2,436,600	7	0.31%	1,800,000	7	0.34%
Alexon Enterprises	2,024,000	8	0.26%	1,560,000	8	0.30%
Individual Taxpayer #1	1,497,200	9	0.19%			
Atlantic Broadcasting of Linwood	1,449,100	10	0.19%			
Linwood Nursing Home				6,300,000	1	1.21%
JMD - VJ - Linwood LLC				4,800,000	5	0.92%
Terra Group				1,056,600	9	0.20%
South Jersey Radio				1,050,000	10	0.20%
Total	<u>\$ 54,693,700</u>		<u>7.02%</u>	<u>\$ 36,933,000</u>		<u>5.89%</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	
2002	\$ 6,059,927	\$ 6,059,927	100.00%	-
2003	6,615,738	6,615,738	100.00%	-
2004	8,311,687	8,311,687	100.00%	-
2005	8,305,178	8,305,178	100.00%	-
2006	8,745,049	8,745,049	100.00%	-
2007	9,157,885	9,157,885	100.00%	-
2008	9,663,553	9,663,553	100.00%	-
2009	10,151,229	10,151,229	100.00%	-
2010	10,005,884	10,005,884	100.00%	-
2011	11,030,881	11,030,881	100.00%	-

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			
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
2002	\$ 9,750,684	\$ -	\$ -	\$ -	\$ -	9,750,684	\$ 32,851
2003	9,273,578	-	-	-	-	9,273,578	33,623
2004	11,460,685	-	-	-	-	11,460,685	34,671
2005	12,008,317	-	-	-	-	12,008,317	35,826
2006	12,184,948	-	-	1,600,000	-	13,784,948	37,194
2007	11,024,579	-	-	1,400,000	-	12,424,579	38,553
2008	9,884,210	-	-	-	-	9,884,210	39,923
2009	8,095,000	-	-	230,778	-	8,325,778	39,156
2010	7,814,251	-	-	230,778	-	8,045,029	41,234
2011	6,618,881	-	-	-	-	6,618,881	41,234

Source: District CAFR Schedules I-1, I-2

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

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** The District is a Type I District and does not directly issue debt. Bonds are issued by the City of Linwood.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Percentage of Actual Taxable Value ^a of Property	Per Capita ^c
	General Obligation Bonds ^b	Deductions	Net General Bonded Debt Outstanding			
2002	\$ 9,750,684	\$ -	\$ 9,750,684	1.83%	\$ 32,851	
2003	9,273,578	-	9,273,578	1.71%	33,623	
2004	11,460,685	-	11,460,685	1.54%	34,671	
2005	12,008,317	-	12,008,317	1.60%	35,826	
2006	12,184,948	-	12,184,948	1.62%	37,194	
2007	11,024,579	-	11,024,579	1.45%	38,553	
2008	9,884,210	-	9,884,210	1.28%	39,923	
2009	8,095,000	-	8,095,000	1.04%	39,156	
2010	7,814,251	-	7,814,251	1.00%	41,234	
2011	6,618,881	-	6,618,881	0.85%	41,234	

Note:

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

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

^b The District is a Type I District and does not directly issue debt. Bonds are issued by the City of Linwood.

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

City of Linwood School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2011
Unaudited

<u>Governmental Unit</u>	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
City of Linwood	\$ 14,978,353	100.000%	\$ 14,978,353
Other Debt			
County of Atlantic (City's Share) - as of December 31, 2010	3,190,084	100.000%	3,190,084
Subtotal, Overlapping Debt			18,168,437
Linwood School District Direct Debt			6,618,881
Total Direct and Overlapping Debt			<u>\$ 24,787,318</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 2010

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 17,284,837	\$ 18,616,166	\$ 20,444,019	\$ 22,887,432	\$ 26,207,582	\$ 30,087,284	\$ 33,914,251	\$ 36,486,737	\$ 37,607,291	\$ 35,958,348
Total net debt applicable to limit	12,941,922	9,273,578	11,460,685	10,440,317	13,788,444	12,424,579	11,484,210	8,095,000	7,814,251	6,618,881
Legal debt margin	\$ 4,342,915	\$ 9,342,588	\$ 8,983,334	\$ 12,447,115	\$ 12,419,138	\$ 17,662,705	\$ 22,430,041	\$ 28,391,737	\$ 29,793,040	\$ 29,339,467
Total net debt applicable to the limit as a percentage of debt limit	74.87%	49.81%	56.06%	45.62%	52.61%	41.30%	33.86%	22.19%	20.78%	18.41%

Average equalized valuation of taxable property		[A/3]	\$ 1,239,193,903
Debt Limit (3% of Avg Equal Value)		[B]	35,958,348 ^a
Net bonded school debt		[C]	6,618,881
Legal debt margin		[B-C]	\$ 29,339,467

Equalized valuation basis		2010	\$ 1,198,611,612
		2009	1,257,915,632
		2008	1,261,054,466
		[A]	\$ 3,717,581,710

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

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**City of Linwood School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2002	7,269	\$ 238,793,919	\$ 32,851	3.5%
2003	7,319	246,086,737	33,623	3.7%
2004	7,338	254,415,798	34,671	3.2%
2005	7,322	262,317,972	35,826	3.3%
2006	7,293	271,255,842	37,194	3.7%
2007	7,229	278,699,637	38,553	3.7%
2008	7,213	287,964,599	39,923	4.6%
2009	7,225	282,902,100	39,156	8.3%
2010	7,225	297,915,650	41,234	8.5%
2011	7,225	297,915,650	41,234	8.5%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development - most current information is as of 7/1/2009

^b Personal income provided by the NJ Dept of Labor and Workforce Development- most current information is as of 7/1/2009

^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 Five Years Ago**

	2011			2006		
	Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional) Percentage of Total Employment
	Mainland Regional High School	250	1	0.00%	200	2 0.00%
	Linwood Convalescent Center	216	2	0.00%	264	1 0.00%
	Central Square Shopping Center	174	3	0.00%	174	3 0.00%
	City of Linwood School District	157	4	0.00%	100	5 0.00%
	Central Park East	120	5	0.00%	120	4 0.00%
	Brandell Estates	100	6	0.00%	100	6 0.00%
	City of Linwood - Municipality	98	7			
	WOND Radio Station	94	8	0.00%	94	7 0.00%
	Linwood Country Club	80	9	0.00%	50	9 0.00%
	Linwood Professional Plaza	70	10	0.00%	70	8 0.00%
	Parkshore Building Association	-		0.00%	30	10 0.00%
		1,359		0.00%	1,202	0.00%

Source:

The above information was not available.

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

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	55.6	63.9	60.7	56.5	61.0	61.0	59.2	60.8	64.0	59.5
Special education	23.7	24.0	27.9	27.0	25.0	44.2	44.8	37.8	45.2	45.4
Other special education	2.6	3.0	3.0	2.6	2.6	2.6	2.6	4.2	7.6	6.0
Other instruction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & instruction related services	15.1	20.5	21.2	25.6	27.3	13.9	15.6	19.5	11.2	15.7
General administrative services	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3
School administrative services	5.6	5.6	5.6	5.9	5.9	5.8	5.6	6.1	6.0	6.1
Business administrative & Technology services	2.3	3.0	3.0	3.8	3.8	3.8	3.8	3.9	3.8	4.1
Plant operations and maintenance	18.6	21.2	19.6	20.4	20.4	21.3	22.0	21.8	18.0	17.5
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	1.0	0.5	0.7	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Child Care	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.7	0.7	0.7
Total	126.7	143.9	143.9	144.5	148.2	154.8	156.5	157.0	158.7	157.1

Source: District Personnel Records

City of Linwood School District
Operating Statistics
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	1,019	\$ 8,800,863	\$ 8,637	10.62%	88.0	1:18	1:21	1,005.8	968.10	0.37%	96.30%
2003	1,016	9,723,132	9,570	10.81%	88.0	1:18	1:21	966.9	925.30	-3.87%	95.70%
2004	1,024	10,503,207	10,257	7.18%	90.5	1:18	1:21	1,032.1	980.60	6.74%	95.00%
2005	1,038	10,969,293	10,568	3.03%	88.5	1:13	1:17	1,032.2	991.60	0.01%	96.10%
2006	1,027	11,858,539	11,547	9.26%	86.5	1:13	1:14	1,019.1	966.90	-1.27%	94.90%
2007	1,004	12,688,720	12,638	9.45%	85.0	1:11	1:13	998.9	963.80	-1.98%	96.50%
2008	1,000	12,915,227	12,915	2.19%	84.1	1:13	1:16	992.1	957.60	-0.68%	96.50%
2009	977	13,084,181	13,392	3.69%	88.6	1:11	1:14	977.6	940.40	-1.46%	96.20%
2010	945	13,172,250	13,939	4.08%	86.3	1:13	1:13	941.2	903.40	-3.72%	96.00%
2011	901	13,171,345	14,619	4.88%	81.6	1:11	1:11	910.3	875.90	-3.28%	96.20%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	511	502	499	500	512	499	494	531	504	435
<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	503	506	521	535	512	505	501	446	441	466
<u>Other</u>										
Poplar School Building (1961)										
Square Feet	17,305	17,305	17,305	17,305	17,305	17,305	17,305	17,305	17,305	17,305

Number of Schools at June 30, 2011

Early Learning Center = 0

Elementary = 1

Middle School = 1

Other = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and 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	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Seaview Elementary	\$ 33,799	\$ 76,136	\$ 70,743	\$ 67,201	\$ 95,467	\$ 77,259	\$ 68,981	\$ 58,844	\$ 61,350	\$ 49,106
Belhaven Middle School	91,520	107,891	100,139	91,463	75,329	101,709	97,115	55,240	52,244	7,412
Poplar Avenue School	3,259	3,310	1,591	1,702	4,428	860	1,267	1,103	8,169	11,799
Total School Facilities	128,578	187,337	172,473	160,366	175,224	179,827	167,363	115,187	121,763	68,317
Other Facilities	187,292	169,038	172,078	165,263	161,608	149,790	98,555	123,010	113,171	90,196
Grand Total	\$ 315,870	\$ 356,375	\$ 344,551	\$ 325,629	\$ 336,832	\$ 329,617	\$ 265,918	\$ 238,197	\$ 234,934	\$ 158,513

City of Linwood School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2011
Unaudited

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Group	School Board Legal Liability - claims made form - each claim, aggregate	\$ 5,000,000	\$ 5,000
School Alliance Insurance Fund	Worker's Compensation - Coverage A - Statutory - Coverage B - Employer's Liability	5,000,000	-
	Excess Over Worker's Compensation - Accidental and Occupational Illness	52 Weeks	7 Day Wait
	Commercial Package - Property - Blanket Bldg & Contents - Liability - CSL Bodily Injury Each Occurance - General Aggregate - Products/Completed Operation - Employee Benefits Liability - Inland Marine - Scheduled Property Floater - Computer Coverage - Hardware - Software - Boiler and Machinery	32,055,175 5,000,000 5,000,000 5,000,000 5,000,000 58,185 725,000 Included 100,000,000	1,000 1,000
	Business Auto - Combined Single Liability - Automobile Medical Payments - Uninsured Motorists Fund - Comprehensive - Collision	5,000,000 5,000 15,000/30,000/5,000	 1,000 1,000
	Umbrella - Occurrence and Aggregate	10,000,000	
	Bond - Public Official Bond - Treasurer - Business Administrator	 190,000 100,000	
Selective Insurance			
School Alliance Insurance Fund	Crime - Blanket Dishonesty Bond - Computer Fraud - Forgery & Alteration	500,000 50,000 50,000	1,000

Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER 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
County of Atlantic, New Jersey

We have audited the basic financial statements of the City of Linwood School District ("District"), in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2011 and have issued our report thereon dated October 11, 2011. 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; 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, we considered the City of Linwood School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

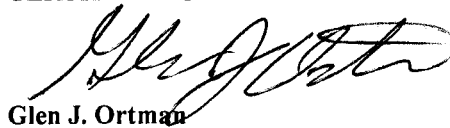
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, State of New Jersey. However, our audit noted other matters related to compliance that we are reporting in the Auditor's Management Report dated October 11, 2011.

This report is intended solely for the information of the management of the City of Linwood School District, the New Jersey State Department of Education (the cognizant audit agency), other state and federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these parties.

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



Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

October 11, 2011



FORD - SCOTT

& ASSOCIATES, L.L.C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Board of Education of the City of Linwood School District, in the County of Atlantic, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of City of Linwood School District's management. Our responsibility is to express an opinion on the City of Linwood School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Linwood School District's 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. Our audit does not provide a legal determination of City of Linwood School District's compliance with those requirements.

In our opinion, the Board of Education of the City of Linwood School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2011.

Internal Control Over Compliance

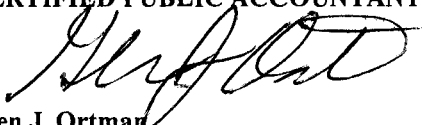
The management of the Board of Education of the City of Linwood School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered City of Linwood School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 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 state program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of the City of Linwood School District, the New Jersey State Department of Education (cognizant audit agency), other state and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these parties.

Ford, Scott & Associates, L.L.C.
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CERTIFIED PUBLIC ACCOUNTANTS



Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

October 11, 2011

CITY OF LINWOOD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/10	Carryover/Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/Adjustments	Deferred Revenue 6/30/11	(Accounts Receivable) 6/30/11	Due to Grantor at 6/30/11
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
No Child Left Behind (N.C.L.B.):												
Title I				\$	14,095	\$	7,157	\$	\$	\$	\$	\$
Title I	84.000	NCLB-2680-10	09/01/09-08/31/10									
Title I	84.000	NCLB-2680-11	09/01/10-08/31/11	32,490	(7,157)		12,939	32,490			(19,551)	
Title IV	84.186	NCLB-2680-10	09/01/09-08/31/10	1,338	(1,388)		1,388					
Title II A	84.298	NCLB-2680-11	09/01/10-08/31/11	21,356			8,277	9,327			(1,050)	
Title II A	84.298	NCLB-2680-10	09/01/09-08/31/10	20,798	(2,469)		15,711	13,242				
Title II - D	84.281	NCLB-2680-11	09/01/10-08/31/11	73			8	8				
Title II - D	84.281	NCLB-2680-10	09/01/09-08/31/10	140			140	140				
Special Education Cluster (IDEA)												
IDEA Part B, Basic Regular - ARRA	84.391	ARRA 10	09/01/09 - 08/31/11	201,578	(49,457)		82,210	33,134			(381)	
IDEA Part B, Preschool ARRA	84.392	ARRA 10	09/01/09 - 08/31/11	7,292			3,646	3,646				
IDEA Part B, Basic Regular	84.027	PT-2680-11	09/01/09 - 08/31/11	188,437			124,715	157,094			(32,379)	
IDEA Part B, Basic Regular	84.027	PT-2680-10	09/01/09-08/31/10	188,103	(38,234)		82,626	44,392				
IDEA Part B, Preschool	84.173	PT-2680-10	09/01/09-08/31/10	9,088	(858)		8,608	7,750				
IDEA Part B, Preschool	84.173	PT-2680-11	09/01/09 - 08/31/11	9,362				4,356			(4,356)	
Total Special Revenue Fund					(99,563)	0	347,425	305,579			(57,717)	
Total Federal Financial Assistance					<u>\$ (99,563)</u>	<u>\$ -</u>	<u>\$ 347,425</u>	<u>\$ 305,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,717)</u>	<u>\$ -</u>

Note: District is not subject to a Federal Single Audit; schedule is presented for informational purposes only

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

City of Livewood School District
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/10	Carryover/ Amount	Cash If Received In Full	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments	Deferred Revenue 6/30/11	(Accounts Receivable) 6/30/11	Due to Grantor at 6/30/11	Memo	
												Budgetary Receivable 6/30/11	Cumulative Total Expenditures
State Department of Education													
General Fund:													
State Aid Public Cluster:													
Security Aid	11-495-034-5120-084	07/01/10-06/30/11	\$	64,506	\$	\$	64,506	\$	\$	\$	\$	(6,209)	\$ 64,506
Special Education Aid	11-495-034-5120-089	07/01/10-06/30/11		461,277			461,277					(44,399)	461,277
Equalization Aid	11-495-034-5120-078	07/01/10-06/30/11		112,358			112,358					(10,815)	112,358
Adjustment Aid	11-495-045-5120-085	07/01/10-06/30/11		626,294			626,294					(60,283)	626,294
Transportation Aid	11-495-034-5120-014	07/01/10-06/30/11		105,597			105,597					(10,164)	105,597
Other State Aid													
Non-Public Transportation Aid	10-495-045-5120-014	07/01/09-06/30/10		987	(987)								
Non-Public Transportation Aid	11-495-045-5120-014	07/01/10-06/30/11		522			522			(522)			522
Extraordinary Aid	11-100-034-5120-473	07/01/10-06/30/11		156,606			156,606			(156,606)			156,606
Extraordinary Aid	10-100-034-5120-473	07/01/09-06/30/10		159,264	(159,264)								
Reimbursed TPAF													
Social Security Contributions	11-495-034-5095-002	07/01/10-06/30/11		471,797			471,797						471,797
On Behalf TPAF Non-Contributory Insurance	11-495-034-5095-007	07/01/10-06/30/11		19,451			19,451						19,451
On Behalf TPAF Post Retirement Medical	11-495-034-5095-001	07/01/10-06/30/11		413,131			413,131						413,131
Total General Fund													
				(160,251)	0	2,434,662	2,431,539	0	0	(157,128)	0	(131,870)	2,431,539
Special Revenue Fund:													
Non-Public Textbook Aid	11-100-034-5120-064	07/01/10-06/30/11		909			909						909
Non-Public Nursing	11-100-034-5120-070	07/01/10-06/30/11		1,078			1,078						1,078
Total Special Revenue Fund													
				-	0	1,987	1,987	0	0	0	0	0	1,987
Total State Financial Assistance													
			\$	(160,251)	-	2,436,649	\$ 2,433,526	\$ -	\$ -	(157,128)	\$ -	(131,870)	\$ 2,433,526

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

City of Linwood School District
Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2011

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 \$12,258 (excluding the changes in final state aid payments). 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	\$	\$ 2,497,785	\$ (432,582)	\$ 2,065,203
Special Revenue Fund	302,912	1,987		304,899
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Financial Award Revenues	\$ <u>302,912</u>	\$ <u>2,499,772</u>	\$ <u>(432,582)</u>	\$ <u>2,370,102</u>

The On-Behalf Pension Contributions made for the district by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**City of Linwood School District
Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2011
(Continued)**

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, 2011. 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, 2011.

City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2011

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

1) Material weakness identified? No

2) Significant Deficiencies identified? No

Noncompliance material to basic financial statements noted? No

Federal Awards

Internal control over major programs:

1) Material weakness identified? N/A

2) Significant Deficiencies identified? N/A

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? N/A

Identification of major programs:

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, 2011
(Continued)

I. Summary of Auditor's Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Internal Control over major programs:	
1) Material weakness identified?	No
2) Significant Deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified Opinion
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?	No
Identification of major programs:	

GMIS Numbers

Name of State Program

495-034-5120-078
495-034-5120-089
495-034-5120-085
495-034-5120-084

495-034-5095-002

State Aid-Public
Equalization Aid
Special Education Aid
Adjustment Aid
Security Aid

Reimbursed TPAF Social Security

City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2011
(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.