

Comprehensive Annual Financial Report

of the

Linwood Board of Education

Linwood, New Jersey

for the Fiscal Year ended June 30, 2013



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

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Chief School Administrator

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School Business Administrator

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October 16, 2013

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, 2013 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 2012-13 fiscal year with an average daily enrollment of 889.7 students, which is a .5% increase 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> |
| 12/13 | 889.6 | .5% |
| 11/12 | 884.7 | -2.81% |
| 10/11 | 910.3 | -3.28% |
| 09/10 | 941.2 | -3.72% |
| 08/09 | 977.6 | -1.46% |

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 remained stable the past year, 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-four percent of our general operating budget. During difficult economic times such as those we continue to experience, such support will most certainly be tested. The District implemented a subscription bussing program effective for the 2011-2012 school year to help defray the cost of transportation. The success of this program provided an estimated \$18,000 of savings to the District through reduced transportation costs and fees received the first year. The District consolidated the routes for the 12/13 school year which provided an additional \$15,000 of savings. The District plans to continue subscription services based on available seats for the 2013-2014 school year.

The District implemented, effective the 2012-2013 school year, a regular education tuition based program. Eligible students pay a tuition fee of 90% of the certified cost per pupil from the prior year. One student entered the program for the 2012-2013 school year.

The District is seeking to acquire property adjacent to the Belhaven Avenue School for the purpose of providing additional open space. The vacant land would be converted to playground and facilities for the District's physical education program. Additionally, the District is discussing the future of the Poplar School site. The Long Range Plan for the District is currently being updated to address these two areas.

3) MAJOR INITIATIVES:

Major initiatives for the 2013-2014 school year include the replacement of the Belhaven Roof and the Seaview Roof. The City has authorized a bond ordinance to include these projects along with the Seaview toilet room renovation, land acquisition and Poplar Avenue school projects.

Educationally we remain focused on the implementation of the Common Core Standards as well as new teacher evaluation criteria mandated by the State of New Jersey. Known as Achieve NJ, the intent of this initiative is to support teachers in their quest to become "highly effective." The district has provided teaching staff members with ongoing professional development that supports student achievement and will continue to do so during the 2013-14 school year. Accordingly, teachers will develop individual professional development plans that are derived from the evaluation process.

We will also be implementing a new Principal Evaluation tool that has been approved by the Department of Education and meets the requirements of Achieve NJ.

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, 2013.

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. 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, L.L.C., CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related State Treasury Circular Letter 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, 2013, the District employed 83.0 full time equivalent of certified staff and 65.6 full time equivalent non-professional employees. Enrollment as of September 2012 was 885 students, including preschool inclusion.

11) ACKNOWLEDGMENTS:

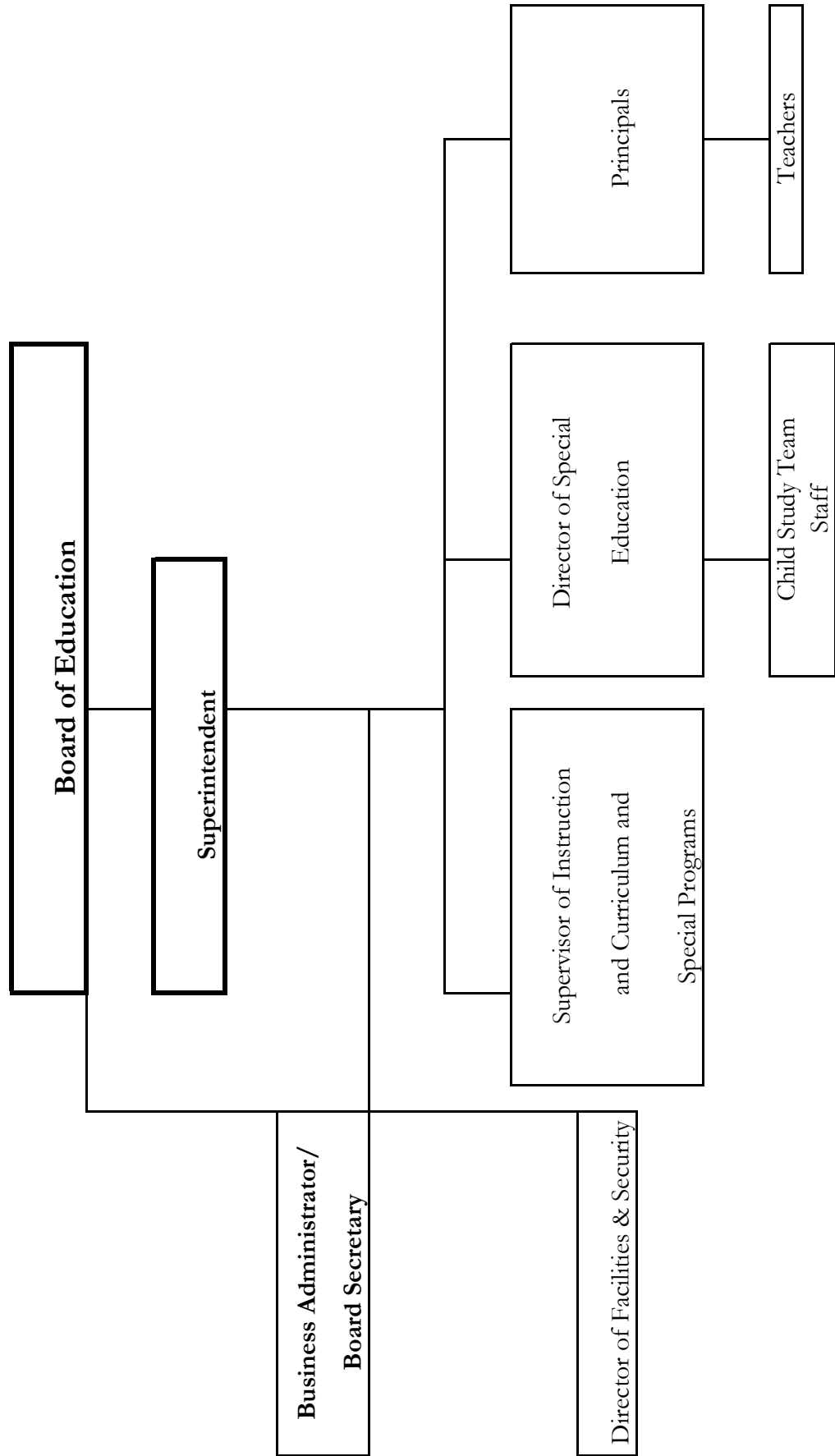
We would like to express our appreciation to the members of the Linwood School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. 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, 2013

Members of the Board of Education

Term Expires

| | |
|-------------------------------|------|
| Lynn E. Gibson, President | 2014 |
| Richard Sless, Vice President | 2014 |
| Joanne Scannell | 2016 |
| Donna Michael – Ziereis | 2015 |
| Shelly Meyers | 2016 |
| Joseph Jacobs | 2015 |
| Diana Rutala | 2015 |

Other Officials

Thomas A. Baruffi, Superintendent

Teri J. Weeks, School Business Administrator/Board Secretary

Kelly A Batz, Treasurer

William Donio, Esq., Solicitor

LINWOOD BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Ford Scott and Associates
Ocean City, New Jersey

Attorney

William Donio, Esq.
Atlantic City, New Jersey

Architect of Record

Daniel Scott Mascione
Northfield, New Jersey

Official Depositories

Ocean City Home Bank
New Road, Linwood, NJ 08221

Cape Savings Bank
Linwood, NJ 08221

Susquehanna Bank
New Road, Linwood, NJ 08221

Financial Section



Independent Auditor's Report

The Honorable President and
Members of the Board of Education
City of Linwood School District
(a component unit of the City of Linwood)
City of Linwood, New Jersey
County of Atlantic

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Linwood School District (a component unit of the City of Linwood), State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Linwood School District (a component unit of the City of Linwood), in the County of Atlantic, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Linwood School District's (a component unit of the City of Linwood) basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2013 on our consideration of the City of Linwood School District's (a component unit of the City of Linwood) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Linwood School District's (a component unit of the City of Linwood) internal control over financial reporting and compliance.

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

Glen J. Ortman

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

October 16, 2013

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REQUIRED SUPPLEMENTARY INFORMATION
PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Linwood City School District's ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District decreased \$519,381 from FY 12 to FY 13 which represents a 3% decrease from the prior year.
- The State of New Jersey reimbursed the District \$474,378 during the fiscal year ended June 30, 2013 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 \$918,003 during the fiscal year ended June 30, 2013 for the employer's share of pension and post retirement medical contributions for TPAF members. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- As required by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to the greater of 2% of the total general fund expenditures or \$250,000. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2013 the District had a total excess surplus of \$527,509.
- During the fiscal year ended June 30, 2013, the District's General Fund expenses realized were approximately \$149,757 more than General Fund revenues realized. During the prior fiscal year, revenue was more than expenses by approximately \$34,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.
 - The *proprietary fund statements* provide information on activities in which the District operates similar to private business.
 - *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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

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

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

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

Government-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Enterprise Funds* – The District is responsible for activities of the Before and After School Program. A fee is charged to users of the program that covers the cost of services provided by the District. The fund is operated in a manner similar to the private sector.
- *Fiduciary Funds* – The District is responsible for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

| | Governmental Activities | | Business-type Activities | |
|----------------------------|--------------------------------|----------------------|---------------------------------|-----------------|
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Current and other assets | \$ 2,818,190 | \$ 3,042,823 | \$ 16,439 | \$ 3,853 |
| Capital assets | 15,896,090 | 16,269,790 | | - |
| Total assets | <u>18,714,280</u> | <u>19,312,613</u> | <u>16,439</u> | <u>3,853</u> |
| Long-term liabilities | 376,508 | 368,447 | | |
| Other liabilities | 69,107 | 143,984 | 799 | 349 |
| Total liabilities | <u>445,615</u> | <u>512,431</u> | <u>799</u> | <u>349</u> |
| Net assets | | | | |
| Invested in capital assets | 15,896,090 | 16,269,790 | | - |
| Restricted | 2,508,318 | 2,620,254 | | - |
| Unrestricted | (135,743) | (89,862) | 15,640 | 3,504 |
| Total net position | <u>\$ 18,268,665</u> | <u>\$ 18,800,182</u> | <u>\$ 15,640</u> | <u>\$ 3,504</u> |

As required by New Jersey Statutes, the unassigned fund balance of the District is not permitted to exceed the greater of 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security and assets acquired under capital leases or \$250,000. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2013, the District did have \$1,112,737 excess fund balance, of which \$585,270 is designated for use in the 2013-2014 district budget.

Changes in Net Position. The total revenue of the District increased approximately \$230,423 due to the increase in property taxes and the increase in the State's Contribution to the Teacher's Pension and Annuity Fund of approximately \$404,462 offset by a decrease in Unrestricted State Aid \$193,769.

Approximately 11.43 % of the District's revenue comes from state aid, excluding on behalf payments. 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>2013 Amount</u> | <u>2013 Percentage</u> | <u>2012 Amount</u> | <u>2012 Percentage</u> |
|------------------------------------|----------------------|----------------------------|---------------------|------------------------|
| Property taxes | \$ 10,936,586 | 74.93% | \$10,841,517 | 75.48% |
| Unrestricted State aid | 1,668,517 | 11.43% | 1,862,286 | 12.96% |
| On Behalf Payment | 1,392,381 | 9.54% | 1,082,988 | 7.54% |
| Operating grants and contributions | 271,835 | 1.86% | 277,733 | 1.93% |
| Other | 325,531 | 2.23% | 299,903 | 2.09% |
| Totals | <u>\$ 14,594,850</u> | <u>100.00%</u> | <u>\$14,364,427</u> | <u>100.00%</u> |

Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2013 fiscal year.

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|-------------------|---------------------|-------------------|
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Revenues | | | | | | |
| Program revenue | | | | | | |
| Charges for services | \$ 220,174 | \$ 187,354 | \$ 67,639 | \$ 43,301 | \$ 287,813 | \$ 230,655 |
| Federal grants | 231,849 | 317,000 | | | 231,849 | 317,000 |
| State grants and entitlements | 2,186 | 1,980 | | | 2,186 | 1,980 |
| Local Grants | 37,800 | 25,869 | | | 37,800 | 25,869 |
| General revenues | | | | | | |
| Property taxes | 10,936,586 | 10,841,517 | | | 10,936,586 | 10,841,517 |
| State aid entitlements | 3,058,795 | 2,878,158 | | | 3,058,795 | 2,878,158 |
| Other | 107,459 | 112,549 | 65 | 49 | 107,524 | 112,598 |
| Total revenues | <u>14,594,849</u> | <u>14,364,427</u> | <u>67,704</u> | <u>43,350</u> | <u>14,662,553</u> | <u>14,407,777</u> |
| Expenses | | | | | | |
| Instruction: | | | | | | |
| Regular | 6,225,783 | 5,899,699 | | | 6,225,783 | 5,899,699 |
| Special Education | 1,910,498 | 1,947,629 | | | 1,910,498 | 1,947,629 |
| Other special instruction | 537,332 | 467,334 | | | 537,332 | 467,334 |
| Other instruction | 131,952 | 108,608 | | | 131,952 | 108,608 |
| Support services: | | | | | | |
| Student & instruction related | 2,400,283 | 2,208,777 | | | 2,400,283 | 2,208,777 |
| Tuition | 50,062 | 54,485 | | | 50,062 | 54,485 |
| School administration services | 633,132 | 537,265 | | | 633,132 | 537,265 |
| General & business admin services | 1,269,542 | 1,132,808 | | | 1,269,542 | 1,132,808 |
| Plant operations & maintenance | 1,831,614 | 1,844,198 | | | 1,831,614 | 1,844,198 |
| Pupil transportation | 132,802 | 124,999 | | | 132,802 | 124,999 |
| Transfer to Charter Schools | | | | | - | - |
| Business-type activities | | | 55,568 | 48,093 | 55,568 | 48,093 |
| Total expenses | <u>15,123,000</u> | <u>14,325,803</u> | <u>55,568</u> | <u>48,093</u> | <u>15,178,568</u> | <u>14,373,896</u> |
| Excess/(Deficiency) before Transfers | (528,151) | 38,624 | 12,136 | (4,743) | (516,015) | 33,881 |
| Loss on Disposal of Equipment | (3,366) | | | | (3,366) | - |
| Increase/(Decrease) in net position | <u>\$ (531,517)</u> | <u>\$ 38,624</u> | <u>\$ 12,136</u> | <u>\$ (4,743)</u> | <u>\$ (519,381)</u> | <u>\$ 33,881</u> |

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$2,749,083 which is approximately \$115,757 less than the beginning of the year. The decrease in fund balance was the result of the use of fund balance and reserve to support the budgetary expenditures as planned. Overall, the financial position of the District remains sound.

The District did not enter into any debt obligations during the fiscal year. Any projects or debt is approved by the City of Linwood and would be a direct obligation of the City. The City authorized a bond ordinance in the amount of \$4,250,000 to fund projects beginning July 1, 2013.

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type 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 \$190,277. The added revenue is from approximately \$122,246 more state aid and \$68,031 of Shared Services Revenue, and other Miscellaneous Income that was not budgeted. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual revenues were above actual expenditures by approximately \$190,277. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had invested \$15,896,090 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 \$371,700, or 2% over last year.

| | Governmental | |
|----------------------------|-----------------------------|-----------------------------|
| | <u>Activities</u> | |
| | <u>2013</u> | <u>2012</u> |
| Land | \$ 423,600 | \$ 423,600 |
| Construction In Progress | 74,500 | |
| Buildings and Improvements | 14,542,819 | 15,000,451 |
| Machinery & Equipment | 855,171 | 843,739 |
| Total | <u>\$ 15,896,090</u> | <u>\$ 16,267,790</u> |

During the 2013 fiscal year, the District completed the Seaview Chiller Replacement project. The district also commenced the Belhaven Roof 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 will continue to act as the lead agency for the shared services of Superintendent, Facility Manager, Cafeteria Delivery and, a wrestling program for sixth, seventh and eighth grade students attending Linwood, Northfield and Somers Point. The district will continue to seek additional shared service opportunities to provide educational and co-curricular activities for our students if financially feasible and in line with our program goals. Additionally the district was able to provide a tuition based Expanded Day kindergarten program based on the 2013-2014 enrollment. This program provides a revenue source to the district.

The district underwent an energy audit with funds provided through the New Jersey Smart Start program and will continue to upgrade the facilities in the most energy efficient and economically feasible manner. The 2012-2013 Seaview Chiller replacement project includes the most energy efficient product currently available on the market. New teacher evaluation initiatives will create the need to budget for additional professional development for teaching staff members and administrators as we meet the demands of this mandate.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position 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 Position
June 30, 2013

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,599,568 | \$ 14,031 | \$ 2,613,599 |
| Receivable - State | 164,653 | | 164,653 |
| Receivable - Federal | 47,682 | | 47,682 |
| Due from Fiduciary Funds | 1,000 | | 1,000 |
| Other Accounts Receivable | 5,287 | 2,408 | 7,695 |
| Capital assets: | | | |
| Land | 423,600 | | 423,600 |
| Construction in Progress | 74,500 | | 74,500 |
| Depreciable capital assets, net of depreciation | 15,397,990 | | 15,397,990 |
| Total Assets | <u>18,714,280</u> | <u>16,439</u> | <u>18,730,719</u> |
| LIABILITIES | | | |
| Accounts payable | 66,921 | 230 | 67,151 |
| Advances | 2,186 | 569 | 2,755 |
| Noncurrent liabilities: | | | |
| Due beyond one year | 376,508 | | 376,508 |
| Total liabilities | <u>445,615</u> | <u>799</u> | <u>446,414</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 15,896,090 | | 15,896,090 |
| Restricted for: | | | |
| Other Purposes | 82,993 | | 82,993 |
| Capital Reserve | 930,816 | | 930,816 |
| Maintenance Reserve | 131,772 | | 131,772 |
| Excess Surplus - Undesignated | 527,467 | | 527,467 |
| Excess Surplus - Designated | 585,270 | | 585,270 |
| Subsequent Year's Expenditures | 250,000 | | 250,000 |
| Unrestricted | (135,743) | 15,640 | (120,103) |
| Total net position | <u>\$ 18,268,665</u> | <u>\$ 15,640</u> | <u>\$ 18,284,305</u> |

See accompanying notes to the financial statements

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Activities
For the Year Ended June 30, 2013

| Functions/Programs | Expenses | Indirect Expenses Allocation | Program Revenues | | Governmental Activities | Business - type Activities | Total |
|---|---------------|------------------------------|----------------------|------------------------------------|-------------------------|----------------------------|-----------------|
| | | | Charges for Services | Operating Grants and Contributions | | | |
| Governmental activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 4,592,095 | \$ 1,633,688 | \$ 10,452 | \$ 685,890 | \$ (5,529,441) | \$ - | \$ (5,529,441) |
| Special education | 1,411,560 | 498,938 | | 209,475 | (1,701,023) | | (1,701,023) |
| Other special instruction | 365,314 | 172,018 | | 72,220 | (465,112) | | (465,112) |
| Other instruction | 112,820 | 19,132 | | | (131,952) | | (131,952) |
| Support services: | | | | | | | |
| Tuition | 50,062 | | | 8,032 | (42,030) | | (42,030) |
| Student & instruction related services | 1,770,433 | 629,850 | | 264,437 | (2,135,846) | | (2,135,846) |
| School administrative services | 466,994 | 166,138 | | 69,752 | (563,380) | | (563,380) |
| Central Services | 434,133 | 153,918 | | 64,621 | (523,430) | | (523,430) |
| General Administrative services | 519,921 | 161,570 | 138,605 | 67,834 | (475,052) | | (475,052) |
| Plant operations and maintenance | 1,331,406 | 500,208 | 71,117 | 210,008 | (1,550,489) | | (1,550,489) |
| Pupil transportation | 104,348 | 28,454 | | 11,946 | (120,856) | | (120,856) |
| Unallocated benefits | 3,963,914 | (3,963,914) | | | - | | - |
| Total governmental activities | 15,123,000 | - | 220,174 | 1,664,215 | (13,238,611) | - | (13,238,611) |
| Business Type Activities | | | | | | | |
| Child Care | 55,568 | | 67,639 | | | 12,071 | 12,071 |
| Total government | \$ 15,178,568 | \$ - | \$ 287,813 | \$ 1,664,215 | \$ (13,238,611) | \$ 12,071 | \$ (13,226,540) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes, net | | | | | | | |
| Federal and State aid not restricted | | | | | | | |
| Miscellaneous Income | | | | | | | |
| Loss on Disposal of Equipment | | | | | | | |
| Total general revenues, special items and transfers | | | | | | | |
| Change in Net Position | | | | | | | |
| Net Position—beginning | | | | | | | |
| Net Position—ending | | | | | | | |

See accompanying notes to the financial statements

FUND FINANCIAL STATEMENTS

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

City of Linwood School District
(A Component Unit of the City of Linwood)

Balance Sheet
Governmental Funds
June 30, 2013

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,432,678 | \$ 24,136 | \$ 1,456,814 |
| Capital Reserve Account | 1,010,982 | | 1,010,982 |
| Maintenance Reserve Account | 131,772 | | 131,772 |
| Receivable - Federal | - | 47,682 | 47,682 |
| Receivable - State | 164,653 | | 164,653 |
| Due from other funds | 67,895 | | 67,895 |
| Other Accounts Receivable | 1,812 | 3,475 | 5,287 |
| Total assets | <u>\$ 2,809,792</u> | <u>\$ 75,293</u> | <u>\$ 2,885,085</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 60,709 | \$ 6,212 | \$ 66,921 |
| Interfund Accounts Payable | | 66,895 | 66,895 |
| Unearned revenue | | 2,186 | 2,186 |
| Total liabilities | <u>60,709</u> | <u>75,293</u> | <u>136,002</u> |
| Fund Balances: | | | |
| Restricted for: | | | |
| Excess surplus Undesignated | 527,467 | | 527,467 |
| Excess surplus Designated | 585,270 | | 585,270 |
| Committed to: | | | |
| Capital Reserve | 930,816 | | 930,816 |
| Maintenance Reserve | 131,772 | | 131,772 |
| Assigned to: | | | |
| Designated for subsequent year's expenditures | 250,000 | | 250,000 |
| Other purposes | 82,993 | | 82,993 |
| Unreserved, reported in: | | | |
| General fund | 240,765 | | 240,765 |
| Total Fund balances | <u>2,749,083</u> | <u>-</u> | <u>2,749,083</u> |
| Total liabilities and fund balances | <u>\$ 2,809,792</u> | <u>\$ 75,293</u> | |
| Amounts reported for governmental activities in the statement of net position (A-1) are different because: | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | 15,896,090 |
| Some liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds. | | | (376,508) |
| Net position of governmental activities | | | <u>\$ 18,268,665</u> |

See accompanying notes to the financial statements

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, 2013

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|--|-------------------------|-------------------------------------|---|
| REVENUES | | | |
| Local tax levy | \$ 10,936,586 | \$ - | \$ 10,936,586 |
| Miscellaneous | 325,531 | | 325,531 |
| State sources | 3,058,795 | 2,186 | 3,060,981 |
| Federal sources | 2,103 | 231,849 | 233,952 |
| Local sources | | 37,800 | 37,800 |
| Total revenues | <u>14,323,015</u> | <u>271,835</u> | <u>14,594,850</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Regular instruction | 4,245,220 | 29,603 | 4,274,823 |
| Special education instruction | 1,194,961 | 119,701 | 1,314,662 |
| Other special instruction | 331,907 | | 331,907 |
| Other instruction | 109,104 | | 109,104 |
| Support services and undistributed costs: | | | |
| Tuition - Special Education | 14,062 | 36,000 | 50,062 |
| Student & instruction related services | 1,578,644 | 69,467 | 1,648,111 |
| School administrative services | 434,729 | | 434,729 |
| Other administrative services | 422,777 | | 422,777 |
| Central Services | 402,754 | | 402,754 |
| Plant operations and maintenance | 1,325,880 | | 1,325,880 |
| Pupil transportation | 74,456 | | 74,456 |
| Unallocated Benefits | 3,951,591 | 12,323 | 3,963,914 |
| Capital Outlay | 386,687 | 4,741 | 391,428 |
| Total expenditures | <u>14,472,772</u> | <u>271,835</u> | <u>14,744,607</u> |
| Excess (Deficiency) of revenues over expenditures | <u>(149,757)</u> | <u>-</u> | <u>(149,757)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| None | | | 0 |
| Total other financing sources and uses | <u>-</u> | <u>-</u> | <u>0</u> |
| Net change in fund balances | (149,757) | 0 | (149,757) |
| Fund balance—July 1 | 2,898,840 | | 2,898,840 |
| Fund balance—June 30 | <u>\$ 2,749,083</u> | <u>\$ -</u> | <u>\$ 2,749,083</u> |

See accompanying notes to the financial statements

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, 2013

Total net change in fund balances - governmental funds (from B-2) \$ (149,757)

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 | \$ (761,762) | |
| Loss on Disposal of Fixed Assets | (3,366) | |
| Capital outlays | <u>391,428</u> | (373,700) |

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(8,060)

Change in net position of governmental activities \$ (531,517)

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Net Position
Proprietary Funds
June 30, 2013

| | Business-Type Activities - Enterprise Funds | |
|---|--|-------------------------|
| | Before and After School Program | Totals |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 14,031 | \$ 14,031 |
| Other receivables | 2,408 | 2,408 |
| Total current assets | <u>16,439</u> | <u>16,439</u> |
| Total assets | <u><u>\$ 16,439</u></u> | <u><u>\$ 16,439</u></u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ 230 | \$ 230 |
| Prepaid program fees | <u>569</u> | <u>569</u> |
| Total current liabilities | <u>799</u> | <u>799</u> |
| Noncurrent Liabilities: | | |
| Compensated absences | <u>-</u> | <u>-</u> |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> |
| Total liabilities | <u><u>799</u></u> | <u><u>799</u></u> |
| NET POSITION | | |
| Invested in capital assets net of related debt | - | - |
| Unrestricted | <u>15,640</u> | <u>15,640</u> |
| Total net position | <u><u>\$ 15,640</u></u> | <u><u>\$ 15,640</u></u> |

The accompanying notes to financial statements are an integral part of this statement

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

| | Before and After School Program | Total Proprietary |
|---|--|------------------------------|
| Operating revenues: | | |
| Charges for services: | | |
| Tuition - net of discounts | \$ 67,639 | \$ 67,639 |
| Total operating revenues | <u>67,639</u> | <u>67,639</u> |
| Operating expenses: | | |
| Salaries | 32,112 | 32,112 |
| Benefits - FICA, DCRP, and Unemployment | 3,499 | 3,499 |
| Rent | 5,000 | 5,000 |
| Services | 9,533 | 9,533 |
| General supplies | 5,424 | 5,424 |
| Total Operating Expenses | <u>55,568</u> | <u>55,568</u> |
| Operating income | <u>12,071</u> | <u>12,071</u> |
| Nonoperating revenues (expenses): | | |
| Interest | 65 | 65 |
| Total nonoperating revenues (expenses) | <u>65</u> | <u>65</u> |
| Income before contributions & transfers | <u>12,136</u> | <u>12,136</u> |
| Transfers in (out) | - | - |
| Change in net position | <u>12,136</u> | <u>12,136</u> |
| Total net position—beginning | 3,504 | 3,504 |
| Total net position—ending | <u><u>\$ 15,640</u></u> | <u><u>\$ 15,640</u></u> |

The accompanying notes to financial statements are an integral part of this statement

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, 2013

| | Before and After School Program | Total Proprietary |
|---|--|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 67,779 | \$ 67,779 |
| Payments for salaries and benefits | (35,610) | (35,610) |
| Rent | (5,000) | (5,000) |
| Other costs | (15,077) | (15,077) |
| | <u>12,092</u> | <u>12,092</u> |
| Net cash provided by operating activities | | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Operating subsidies and transfers (to)/from other funds | (1,060) | (1,060) |
| Net cash provided by non-capital financing activities | <u>(1,060)</u> | <u>(1,060)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Net cash (used for) capital and related financing activities | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest | 65 | 65 |
| Net cash provided by investing activities | <u>65</u> | <u>65</u> |
| Net increase in cash and cash equivalents | 11,097 | 11,097 |
| Balances—beginning of year | 2,934 | 2,934 |
| Balances—end of year | <u>\$ 14,031</u> | <u>\$ 14,031</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ 12,071 | \$ 12,071 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | |
| Increase/(Decrease) in Accounts Payable | (119) | (119) |
| Increase/(Decrease) in Deferred Revenues | 569 | 569 |
| (Increase)/Decrease in accounts receivable, net | (429) | (429) |
| Total adjustments | <u>21</u> | <u>21</u> |
| Net cash provided by operating activities | <u>\$ 12,092</u> | <u>\$ 12,092</u> |

The accompanying notes to financial statements are an integral part of this statement

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

| | Agency Fund |
|-------------------------------------|------------------------|
| <hr/> | |
| ASSETS | |
| Cash and cash equivalents | \$ 61,246 |
| Accounts Receivable | 3,774 |
| | <hr/> |
| Total assets | \$ 65,020 |
| | <hr/> <hr/> |
| LIABILITIES | |
| Accounts Payable | \$ 150 |
| Interfund Accounts Payable | 1,000 |
| Payable to student groups | 41,420 |
| Payroll deductions and withholdings | 22,450 |
| | <hr/> |
| Total liabilities | \$ 65,020 |
| | <hr/> <hr/> |

See accompanying notes to the financial statements

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City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013

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). The more significant accounting policies established in GAAP and used by the District are discussed below.

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, 2013 of 890 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 regulatory 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.

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.

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. 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 State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - CONTINUED

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

2. Proprietary Funds

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

3. Enterprise Funds

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

4. Fiduciary Funds

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - CONTINUED

4. Fiduciary Funds - Continued

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.

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.

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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

1. Cash and Cash Equivalents - Continued

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

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

2. Investments

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

3. Inventories

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2013, 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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

5. Revenues

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

6. Expenditures

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

7. Compensated Absences

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

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

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:

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

9. Budgets/Budgetary Control - Continued

| <u>Account Number</u> | <u>Account Description</u> | <u>Amount</u> |
|-----------------------|---|---------------|
| 11-105-100-101 | Salaries of Teacher - Preschool | (38,824) |
| 11-120-100-101 | Salaries of Teachers – Grades 1-5 | (49,000) |
| 11-130-100-101 | Salaries of Teachers – Grades 6-8 | 14,500 |
| 11-190-100-5xx | Regular Program – Other Purch. Svces | (15,000) |
| 11-190-100-6xx | Regular Programs – General Supplies | 10,537 |
| 11-212-100-101 | Salaries of Teacher – Multiple Disab. | 12,850 |
| 11-213-100-101 | Salaries of Teachers – Resource Room | (117,546) |
| 11-215-100-106 | Other Instr. Salaries – Preschool Dis. PT | 10,985 |
| 11-216-100-101 | Salaries of Teachers – Presch. Dis. FT | (21,000) |
| 11-230-100-101 | Salaries of Teacher – Basic Skills | 19,000 |
| 11-000-217-100 | Salaries – Extraordinary Services | (31,981) |
| 11-000-219-104 | Salaries – Other – Child Study Team | (17,200) |
| 11-000-230-331 | Legal Services | 15,000 |
| 11-000-230-530 | Communications | (14,000) |
| 11-000-240-5xx | Other Purch. Svces – School Admin. | (10,607) |
| 11-000-252-100 | Admin Tech Services - Salaries | 27,490 |
| 11-000-261-4xx | Required Maintenance - Supplies | 43,000 |
| 11-000-262-100 | Plant Maintenance Salaries | (15,500) |
| 11-000-262-1xx | Other Maintenance Salaries | (13,000) |
| 11-000-262-621 | Energy (Heat) | (49,000) |
| 11-000-262-622 | Energy (Electric) | (44,122) |
| 11-000-292-220 | Social Security Contributions | (11,505) |
| 11-000-291-249 | Other Retirement Contributions | (14,250) |
| 11-000-291-270 | Health Benefits | 260,093 |
| 11-000-291-290 | Other Benefits | (54,186) |
| 12-000-400-xxx | Facilities Acquisition | (96,400) |

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. FINANCIAL STATEMENT AMOUNTS - CONTINUED

9. Budgets/Budgetary Control - Continued

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

10. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The Board of Education began charging tuition to district students for Preschool Regular Education services for a set rate approved by the Board annual, beginning September 1, 2008. As of June 30, 2013, there was no tuition receivable.

11. Tuition Payable

Tuition charges for the fiscal years 2012/13 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates

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

13. Allocation of Costs

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

F. ACCOUNTING CHANGES

The District has implemented GASB No. 63, which modified the terminology of *net assets* to *net position*. This change did not result in any monetary restatement, but the District has restated prior years to reflect *net position* instead of *net assets*.

GASB No. 65 was also effective in the current year, but had no impact on the District.

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In April 2012, GASB issued Statement No. 66 “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”. This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District’s financial reporting.

In June 2012, GASB issued Statement No. 67 “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”. This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the District’s financial reporting.

In June 2012, GASB issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the District’s financial reporting.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE - CONTINUED

In January 2013, GASB issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In April 2013, GASB issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the District's financial statements

NOTE 2. CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2013, \$150,911 of the government's bank balance of \$3,094,997 was exposed to custodial credit risk.

NOTE 3. INVESTMENTS

As of June 30, 2013, the district did not have any investments.

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

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

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

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City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2013 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 | \$ | \$ | \$ 423,600 |
| Construction in Progress | - | 74,500 | | 74,500 |
| Total capital assets not being depreciated | <u>423,600</u> | <u>74,500</u> | <u>-</u> | <u>498,100</u> |
| Capital assets being depreciated: | | | | |
| Site Improvements | - | | | - |
| Buildings and building improvements | 24,146,659 | 209,432 | | 24,356,091 |
| Machinery & Equipment | 1,905,070 | 107,496 | (11,426) | 2,001,140 |
| Total capital assets being depreciated at historical cost | <u>26,051,729</u> | <u>316,928</u> | <u>(11,426)</u> | <u>26,357,231</u> |
| Less accumulated depreciation for: | | | | |
| Site Improvements | - | - | | - |
| Buildings and improvements | (9,144,208) | (669,064) | | (9,813,272) |
| Equipment | (1,061,331) | (92,698) | 8,060 | (1,145,969) |
| Total Accumulated Depreciation | <u>(10,205,539)</u> | <u>(761,762)</u> | <u>8,060</u> | <u>(10,959,241)</u> |
| Total capital assets being depreciated, net of accumulated depreciation | <u>15,846,190</u> | <u>(444,834)</u> | <u>(3,366)</u> | <u>15,397,990</u> |
| Governmental activity capital assets, net | <u>\$ 16,269,790</u> | <u>\$ (370,334)</u> | <u>\$ (3,366)</u> | <u>\$ 15,896,090</u> |

Depreciation expense as charged to governmental functions as follows:

| | |
|-------------------------------------|-------------------|
| Regular Instruction | \$ 507,841 |
| Direct Expense of Various Functions | <u>253,927</u> |
| | <u>\$ 761,768</u> |

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City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2013 was as follows:

| | <u>Balance</u> <u>June 30, 2012</u> | <u>Issued</u> | <u>Retired/ Adjustment</u> | <u>Balance</u> <u>June 30, 2013</u> | <u>Due in</u> <u>One Year</u> |
|------------------------------|--|-------------------|--------------------------------|--|----------------------------------|
| Compensated Absences Payable | \$ 368,447 | \$ 543,161 | \$ 535,100 | \$ 376,508 | \$ - |
| | <u>\$ 368,447</u> | <u>\$ 543,161</u> | <u>\$ 535,100</u> | <u>\$ 376,508</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, 2013, the District had no authorized but not issued bonds.

NOTE 6. OPERATING LEASES

The District is leasing various copy machines for the schools and administrative office. The lease terms vary from three to five years. The monthly payment is \$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> | |
|---------------------------------------|-----------|
| 2014 | \$ 21,192 |
| 2015 | 21,192 |
| 2016 | - |
| 2017 | - |
| 2018 | - |

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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The School District's contributions to TPAF for the years ending June 30, 2013, 2012, and 2011, were \$409,301, \$196,497, and \$0 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, 2013, 2012, and 2011, were \$155,412, \$ 166,293, and \$171,002, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2013, 2012, and 2011, the State of New Jersey contributed \$508,702, \$395,010, and \$432,582, respectively, to the TPAF for post-retirement medical benefits and life insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$494,378, \$491,481, and \$471,797, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

Significant Legislation

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

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

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

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

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

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 7. PENSION PLANS - CONTINUED

Significant Legislation - Continued

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

NOTE 8. 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, 2012 there were 97,661 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012. The State also makes on-behalf payment for Teachers Pension and Annuity program retirees for health benefits. The on-behalf amount paid by the State of New Jersey in fiscal year 2012 was \$487,167.

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.

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City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

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
Syracusa
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, 2013 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, 2013, 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 an encumbrance policy for the fiscal year June 30, 2013 to consider significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund and Special Revenue Fund. There were no significant encumbrances outstanding at year end.

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2013:

| <u>Fund</u> | <u>Inter-fund Receivable</u> | <u>Inter-fund Payable</u> |
|-----------------|----------------------------------|-------------------------------|
| General | \$ 67,895 | |
| Special Revenue | | 66,895 |
| Agency | | 1,000 |
| | <u>\$ 67,895</u> | <u>\$ 67,895</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, 2013, consisted of accounts (other), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

| | <u>Governmental Fund Financial Statements</u> | <u>Governmental Wide Financial Statements</u> |
|------------------------------------|---|---|
| State Aid | \$ 164,653 | \$ 164,653 |
| Federal Aid | 47,682 | 47,682 |
| Interfunds | 67,895 | 1,000 |
| Other | 5,287 | 7,695 |
| Gross Receivables | <u>285,517</u> | <u>221,030</u> |
| Less: Allowance for Uncollectibles | | |
| Total Receivables, Net | <u>\$ 285,517</u> | <u>\$ 221,030</u> |

NOTE 17. FUND BALANCE APPROPRIATED

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

Specific classifications of fund balance are summarized below;

Non-Spendable Fund Balance – The District had no non-spendable fund balance at June 30, 2013.

Restricted Fund Balance

Excess Surplus – At June 30, 2013, excess surplus created in FY12 of \$585,270 will be utilized for expenditures in the 2013-14 budget, while excess surplus created in FY13 of \$527,467 is restricted and will be utilized for budget expenditures in 2014-15.

Committed Fund Balance

Capital Reserve Account – Of the \$930,816 balance in the capital reserve account at June 30, 2013, \$165,000 has been designated for utilization in the 2013-14 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan (LRFP).

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 17. FUND BALANCE APPROPRIATED - CONTINUED

Committed Fund Balance - Continued

Maintenance Reserve Account – Of the \$131,772 balance in the maintenance reserve account at June 30, 2013, \$10,000 has been designated for utilization in the 2013-14 budget. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Assigned Fund Balance – At June 30, 2013, the Board of School Estimates has assigned \$250,000 of general fund balance to expenditures in the 2013-14 budget. \$82,993 was assigned for other purposes as of year end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance – At June 30, 2013, the District has \$240,765 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, 2013 is \$527,467.

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.

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City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

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.

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, 2012 to June 30, 2013 fiscal year is as follows:

| | |
|---------------------------------|-------------------------|
| Beginning balance, July 1, 2012 | \$ 1,252,243 |
| Interest earnings | 8,739 |
| Deposits | |
| Withdrawals: | |
| Budget 2012-13 (Expended) | (244,166) |
| Board resolution \$86,000 | (86,000) |
| Total Withdrawals | <u>(330,166)</u> |
| Ending balance, June 30, 2013 | <u><u>\$930,816</u></u> |

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects at June 30, 2013 is \$4,351,100. 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, 2012 to June 30, 2013 fiscal year is as follows:

| | |
|---------------------------------------|-------------------------|
| Beginning balance, July 1, 2012 | \$ 130,762 |
| Interest earnings | 1,010 |
| Unexpen. Withdrawals Returned – FY 12 | |
| Withdrawals: | |
| Per Approved Budget: | |
| Board resolution \$_____ | |
| Total Withdrawals | <u>_____</u> |
| Ending balance, June 30, 2013 | <u><u>\$131,773</u></u> |

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2013
(Continued)

NOTE 22. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2013 and October 16, 2013, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

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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, 2013

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final Budget to Actual |
|--|----------------------|---------------------|----------------------|----------------------|---------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 10,936,586 | \$ - | \$ 10,936,586 | \$ 10,936,586 | \$ - |
| Miscellaneous | 257,500 | | 257,500 | 325,531 | 68,031 |
| Total - Local Sources | 11,194,086 | - | 11,194,086 | 11,262,117 | 68,031 |
| Federal Sources: | | | | | |
| Education Jobs Fund Act | 2,103 | | 2,103 | 2,103 | - |
| Total - Federal Sources | 2,103 | - | 2,103 | 2,103 | - |
| State Sources: | | | | | |
| Transportation Aid | 99,628 | | 99,628 | 99,628 | - |
| Special Education Aid | 481,909 | | 481,909 | 481,909 | - |
| Equalization Aid | 173,046 | | 173,046 | 173,046 | - |
| Security Aid | 62,818 | | 62,818 | 62,818 | - |
| Adjustment Aid | 710,935 | | 710,935 | 710,935 | - |
| Other State Aid | - | | - | - | - |
| -Non-Public Transportation | - | | - | 570 | 570 |
| -Extraordinary | - | | - | 121,676 | 121,676 |
| On-Behalf TPAF Pension Contributions (non-budgeted) | - | | - | 918,003 | 918,003 |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | - | | - | 474,378 | 474,378 |
| Total - State Sources | 1,528,336 | - | 1,528,336 | 3,042,963 | 1,514,627 |
| Total Revenues | \$ 12,724,525 | \$ - | \$ 12,724,525 | \$ 14,307,183 | \$ 1,582,658 |

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, 2013

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final Budget to Actual |
|---|--------------------|---------------------|-----------------|-----------|---------------------------------------|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Salaries of Teachers: | | | | | |
| Preschool | \$ 67,974 | \$ (38,824) | \$ 29,150 | \$ 28,682 | \$ 468 |
| Kindergarten | 166,341 | (9,000) | 157,341 | 156,448 | 893 |
| Grades 1-5 | 2,141,839 | (49,000) | 2,092,839 | 2,091,380 | 1,459 |
| Grades 6-8 | 1,696,228 | 14,500 | 1,710,728 | 1,710,462 | 266 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 2,500 | 1,000 | 3,500 | 2,100 | 1,400 |
| Purchased Professional - Educational Services | | | | | |
| Regular Programs - Undistributed Instruction: | | | | | |
| Purchased Professional - Educational Services | | | | | |
| Other Purchased Services | 78,845 | (15,000) | 63,845 | 29,069 | 34,776 |
| General Supplies | 235,585 | 10,537 | 246,122 | 215,325 | 30,797 |
| Textbooks | 10,600 | 1,300 | 11,900 | 11,644 | 256 |
| Other Objects | 110 | | 110 | 110 | - |
| Total Regular Programs | 4,400,022 | (84,487) | 4,315,535 | 4,245,220 | 70,315 |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 196,190 | 12,850 | 209,040 | 208,984 | 56 |
| Other Salaries for Instruction | 4,894 | 2,400 | 7,294 | 5,917 | 1,377 |
| General Supplies | 4,800 | | 4,800 | 4,017 | 783 |
| Textbooks | 1,000 | | 1,000 | 571 | 429 |
| Total Multiple Disabilities | 206,884 | 15,250 | 222,134 | 219,489 | 2,645 |

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, 2013

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final Budget to Actual |
|---|--------------------|---------------------|------------------|------------------|---------------------------------------|
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | \$ 794,565 | \$ (117,546) | \$ 677,019 | \$ 675,941 | \$ 1,078 |
| Other Salaries for Instruction | 160,822 | 6,000 | 166,822 | 164,849 | 1,973 |
| General Supplies | 9,700 | (300) | 9,400 | 7,399 | 2,001 |
| Textbooks | 2,000 | | 2,000 | 713 | 1,287 |
| Total Resource Room/Resource Center | 967,087 | (111,846) | 855,241 | 848,902 | 6,339 |
| Preschool Disabilities - Part Time: | | | | | |
| Salaries of Teachers | 73,095 | (7,000) | 66,095 | 62,591 | 3,504 |
| Other Salaries for Instruction | 20,177 | 10,985 | 31,162 | 30,452 | 710 |
| General Supplies | 3,665 | | 3,665 | 3,665 | - |
| Total Preschool Disabilities - Part Time | 96,937 | 3,985 | 100,922 | 96,708 | 4,214 |
| Preschool Disabilities - Full Time | | | | | |
| Salaries of Teachers | 40,395 | (21,000) | 19,395 | 18,858 | 537 |
| Other Salaries for Instruction | | 4,500 | 4,500 | 3,875 | 625 |
| Supplies | 3,665 | | 3,665 | 2,659 | 1,006 |
| Total Preschool Disabilities -Full Time | 44,060 | (16,500) | 27,560 | 25,392 | 2,168 |
| Special Education - Home Instruction | | | | | |
| Salaries of Teachers | 5,000 | 500 | 5,500 | 4,470 | 1,030 |
| Purchased Educational Services | | | - | | - |
| Total Special Education - Home Instruction | 5,000 | 500 | 5,500 | 4,470 | 1,030 |
| Total Special Education - Instruction | 1,319,968 | (108,611) | 1,211,357 | 1,194,961 | 16,396 |
| Basic Skills/Remedial- Instruction | | | | | |
| Salaries of Teachers | 282,889 | 19,000 | 301,889 | 301,149 | 740 |
| Other Salaries for Instruction | 13,477 | 8,700 | 22,177 | 22,122 | 55 |
| General Supplies | 1,700 | | 1,700 | 1,542 | 158 |
| Total Basic Skills/Remedial - Instruction | 298,066 | 27,700 | 325,766 | 324,813 | 953 |

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, 2013

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final Budget to Actual |
|---|--------------------|---------------------|-----------------|-----------|---------------------------------------|
| Bilingual Education - Instruction: | | | | | |
| Salaries of Teachers | \$ 5,966 | \$ (2,983) | \$ 2,983 | \$ 2,983 | \$ - |
| Other Salaries for Instruction | 2,709 | 1,354 | 4,063 | 4,063 | - |
| Supplies | 800 | | 800 | 48 | 752 |
| Total Bilingual Education - Instruction | 9,475 | (1,629) | 7,846 | 7,094 | 752 |
| School Sponsored Cocurricular Activities - Instruction: | | | | | |
| Salaries | 36,890 | | 36,890 | 32,270 | 4,620 |
| Purchased Services | | | - | | - |
| Supplies | 700 | | 700 | 500 | 200 |
| Total School Sponsored Cocurricular Activities - Instruction | 37,590 | - | 37,590 | 32,770 | 4,820 |
| School Sponsored Athletics - Instruction | | | | | |
| Salaries | 65,545 | | 65,545 | 62,427 | 3,118 |
| Purchased Services | 6,000 | | 6,000 | 5,670 | 330 |
| Supplies and Materials | 2,700 | 600 | 3,300 | 2,976 | 324 |
| Total School Sponsored Athletics - Instruction Before/After School Programs/Instruction | 74,245 | 600 | 74,845 | 71,073 | 3,772 |
| Salaries | 4,300 | | 4,300 | 2,620 | 1,680 |
| Supplies | 500 | 80 | 580 | 458 | 122 |
| Transfer to Enterprise Fund | | | - | | - |
| Total Before/After School Programs | 4,800 | 80 | 4,880 | 3,078 | 1,802 |
| Summer School Instruction | | | | | |
| Salaries | 14,470 | (7,500) | 6,970 | 2,183 | 4,787 |
| Total Summer School Programs | 14,470 | (7,500) | 6,970 | 2,183 | 4,787 |
| Total Instruction | 6,158,636 | (173,847) | 5,984,789 | 5,881,192 | 103,597 |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to CSSD & Regional Day Schools | 82,500 | (4,600) | 77,900 | 9,932 | 67,968 |
| Tuition - Other | | 6,000 | 6,000 | 4,130 | 1,870 |
| Tuition - Out of State | 19,550 | | 19,550 | | 19,550 |
| Total Undistributed Expenditures - Instruction | 102,050 | 1,400 | 103,450 | 14,062 | 89,388 |

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, 2013

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final Budget to Actual |
|--|--------------------|---------------------|-----------------|-----------|---------------------------------------|
| Undistributed Expenditures - Attendance and Social Work: | | | | | |
| Salaries | \$ 28,632 | \$ (1,170) | \$ 27,462 | \$ 27,461 | \$ 1 |
| Other Purchased Services | 250 | | 250 | | 250 |
| Total Undistributed Expenditures - Attendance and Social Work | 28,882 | (1,170) | 27,712 | 27,461 | 251 |
| Undistributed Expenditures - Health Services: | | | | | |
| Salaries | 139,231 | 1,400 | 140,631 | 140,091 | 540 |
| Other Purchased Services | 7,505 | | 7,505 | 5,226 | 2,279 |
| Supplies and Materials | 5,355 | | 5,355 | 4,245 | 1,110 |
| Other Objects | | | - | | - |
| Total Undistributed Expenditures - Health Services | 152,091 | 1,400 | 153,491 | 149,562 | 3,929 |
| Undistributed Expenditures - Speech, OT, PT & Related Services | | | | | |
| Salaries | 302,025 | (9,450) | 292,575 | 291,500 | 1,075 |
| Purchased Professional Educational Services | 8,500 | | 8,500 | 4,521 | 3,979 |
| Supplies and Materials | 4,000 | | 4,000 | 3,366 | 634 |
| Total Undistributed Expenditures - Other Support Services - Students - Related Services | 314,525 | (9,450) | 305,075 | 299,387 | 5,688 |
| Undistributed Expenditures - Other Support Services - Students - Extra Services | | | | | |
| Salaries | 298,827 | (31,981) | 266,846 | 264,260 | 2,586 |
| Purchased Professional Educational Services | 2,200 | | 2,200 | | 2,200 |
| Supplies and Materials | 3,200 | | 3,200 | 2,704 | 496 |
| Other Objects | | | - | | - |
| Total Undistributed Expenditures - Other Support Services - Students - Extra Services | 304,227 | (31,981) | 272,246 | 266,964 | 5,282 |
| Undistributed Expenditures - Other Support Services - Guidance | | | | | |
| Salaries of Other Professional Staff | 113,888 | (4,510) | 109,378 | 108,989 | 389 |
| Other Salaries | 23,300 | | 23,300 | 21,307 | 1,993 |
| Other Purchased Prof & Technical Services | 600 | 110 | 710 | 568 | 142 |
| Other Purchased Services | 425 | 650 | 1,075 | 976 | 99 |
| Supplies and Materials | 7,400 | (610) | 6,790 | 6,330 | 460 |
| Other Objects | 350 | (150) | 200 | 65 | 135 |
| Total Undistributed Expenditures - Other Support Services - Guidance | 145,963 | (4,510) | 141,453 | 138,235 | 3,218 |

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, 2013

| | 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 | \$ 301,705 | \$ (17,200) | \$ 284,505 | \$ 280,172 | \$ 4,333 |
| Salaries of Secretarial and Clerical Assistants | 37,087 | | 37,087 | 37,087 | - |
| Other Salaries | 3,000 | | 3,000 | 2,850 | 150 |
| Purchased Professional - Educational Services | 6,000 | (3,500) | 2,500 | 677 | 1,823 |
| Misc. Purchased Services | 13,660 | | 13,660 | 11,953 | 1,707 |
| Supplies and Materials | 7,035 | | 7,035 | 5,965 | 1,070 |
| Other Objects | 1,500 | | 1,500 | 800 | 700 |
| Total Undistributed Expenditures - Other Support Services - Child Study Team | 369,987 | (20,700) | 349,287 | 339,504 | 9,783 |
| Undistributed Expenditures - Improvement of Instruction Services: | | | | | |
| Salaries of Supervisor of Instruction | 118,270 | 2,366 | 120,636 | 120,636 | - |
| Salaries of Other Professional Staff | 28,000 | (1,000) | 27,000 | 25,691 | 1,309 |
| Salaries of Secretarial & Clerical | 24,166 | | 24,166 | 23,863 | 303 |
| Other Purchased Services | 13,950 | 6,000 | 19,950 | 16,955 | 2,995 |
| Supplies and Materials | 1,750 | 2,593 | 4,343 | 4,341 | 2 |
| Other Objects | 2,550 | | 2,550 | 2,257 | 293 |
| Total Undistributed Expenditures - Improv. of Instr. Services | 188,686 | 9,959 | 198,645 | 193,743 | 4,902 |
| Undistributed Expenditures - Educational Media Services - School Library | | | | | |
| Salaries - Media Specialist | 80,088 | (1,000) | 79,088 | 78,770 | 318 |
| Salaries - Technology Coordinators | 57,607 | | 57,607 | 57,607 | - |
| Other Purchased Services | 4,947 | 1,260 | 6,207 | 5,698 | 509 |
| Supplies and Materials | 13,250 | (4,260) | 8,990 | 6,696 | 2,294 |
| Other Objects | 480 | | 480 | 385 | 95 |
| Total Undistributed Expenditures - Educational Media Services - School Library | 156,372 | (4,000) | 152,372 | 149,156 | 3,216 |
| Undistributed Expenditures - Instructional Staff Training | | | | | |
| Salaries of Other Professional Staff | 5,400 | 6,500 | 11,900 | 6,560 | 5,340 |
| Other Purchased Professional and Technical Services | | 1,200 | 1,200 | 1,200 | - |
| Other Purchased Services | 5,000 | 2,000 | 7,000 | 6,872 | 128 |
| Supplies and Materials | 1,000 | (1,000) | - | | - |
| Total Undistributed Expenditures - Instructional Staff Training | 11,400 | 8,700 | 20,100 | 14,632 | 5,468 |

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, 2013

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final Budget to Actual |
|---|--------------------|---------------------|-----------------|------------|---------------------------------------|
| Undistributed Expenditures - Support Services - Gen. Admin.: | | | | | |
| Salaries | \$ 248,009 | | \$ 248,009 | \$ 248,009 | \$ - |
| Legal Services | 50,000 | 15,000 | 65,000 | 59,792 | 5,208 |
| Audit Fees | 16,500 | 600 | 17,100 | 16,600 | 500 |
| Other Purchased Professional Services | 5,000 | (5,000) | - | | - |
| Purchased Technical Services | 5,500 | | 5,500 | 4,894 | 606 |
| Communications/Telephone | 46,620 | (14,000) | 32,620 | 26,260 | 6,360 |
| Other Purchased Services | 74,350 | | 74,350 | 68,886 | 5,464 |
| Other Purchased Service - Board Expense | 500 | | 500 | | 500 |
| General Supplies | 5,000 | (2,000) | 3,000 | 1,277 | 1,723 |
| Board Training and Meeting Supplies | 750 | | 750 | | 750 |
| Board Memberships | 8,000 | | 8,000 | 7,603 | 397 |
| Miscellaneous Expenditures | 3,500 | | 3,500 | 1,408 | 2,092 |
| Total Undistributed Expenditures - Support Services - Gen. Admin. | 463,729 | (5,400) | 458,329 | 434,729 | 23,600 |
| Undistributed Expenditures - Support Serv. - School Admin.: | | | | | |
| Salaries of Principals/Assistant Principals | 241,328 | 4,827 | 246,155 | 246,155 | - |
| Salaries of Secretarial and Clerical Assistants | 136,032 | 2,000 | 138,032 | 136,098 | 1,934 |
| Other Salaries | 5,500 | | 5,500 | 5,500 | - |
| Other Purchased Services | 40,814 | (10,607) | 30,207 | 11,794 | 18,413 |
| Supplies and Materials | 23,873 | (210) | 23,663 | 20,975 | 2,688 |
| Other Objects | 4,200 | | 4,200 | 2,255 | 1,945 |
| Total Undistributed Expenditures - Support Serv. - School Admin. | 451,747 | (3,990) | 447,757 | 422,777 | 24,980 |
| Undistributed Expenditures - Business Administration | | | | | |
| Salary | 173,261 | | 173,261 | 173,261 | - |
| Miscellaneous Purchased Services | 20,425 | | 20,425 | 18,196 | 2,229 |
| Supplies and Materials | 4,500 | 1,000 | 5,500 | 4,857 | 643 |
| Miscellaneous Expense | 2,500 | | 2,500 | 1,826 | 674 |
| Total Undistributed Expenditures - Support Serv. - Business Admin. | 200,686 | 1,000 | 201,686 | 198,140 | 3,546 |
| Undistributed Expenditures - Technical Services | | | | | |
| Salary | 82,663 | 27,490 | 110,153 | 110,037 | 116 |
| Other Purchased Services | 112,365 | | 112,365 | 86,514 | 25,851 |
| Supplies and Materials | 7,425 | | 7,425 | 7,425 | - |
| Other Objects | 1,000 | | 1,000 | 638 | 362 |
| Total Undistributed Expenditures - Support Serv. - Technical Services | 203,453 | 27,490 | 230,943 | 204,614 | 26,329 |

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, 2013

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final Budget to Actual |
|--|--------------------|---------------------|-----------------|------------|---------------------------------------|
| Undistributed Expenditures - Required Maintenance for School Facilities | | | | | |
| Salaries | \$ 194,030 | \$ 1,950 | \$ 195,980 | \$ 195,833 | \$ 147 |
| Cleaning Repairs and Maintenance Services | 161,165 | 43,000 | 204,165 | 186,979 | 17,186 |
| General Supplies | 22,500 | | 22,500 | 14,895 | 7,605 |
| Other Objects | 600 | | 600 | | 600 |
| Total Undistributed Expenditures - Required Maintenance for School Facilities | 378,295 | 44,950 | 423,245 | 397,707 | 25,538 |
| Undistributed Expenditures - Operation and Maintenance of Plant Services: | | | | | |
| Salaries | 295,145 | (15,500) | 279,645 | 278,487 | 1,158 |
| Salaries of Non-Instructional | 53,479 | (13,000) | 40,479 | 39,234 | 1,245 |
| Cleaning, Repair and Maintenance Services | 24,700 | | 24,700 | 16,118 | 8,582 |
| Other Purchased Property Services | 33,500 | | 33,500 | 32,159 | 1,341 |
| Insurance | 38,100 | 3,199 | 41,299 | 41,299 | - |
| Miscellaneous Purchased Services | 52,000 | | 52,000 | 36,238 | 15,762 |
| General Supplies | 92,448 | | 92,448 | 90,928 | 1,520 |
| Energy (Heat) | 98,000 | (49,000) | 49,000 | 45,820 | 3,180 |
| Energy (Electricity) | 345,000 | (44,122) | 300,878 | 300,584 | 294 |
| Energy (Gas) | 5,500 | | 5,500 | 3,207 | 2,293 |
| Other Objects | 2,000 | | 2,000 | 693 | 1,307 |
| Total Undistributed Expenditures - Operation and Maintenance of Plant Services | 1,039,872 | (118,423) | 921,449 | 884,767 | 36,682 |
| Undistributed Expenditures - Grounds | | | | | |
| Salaries | 2,329 | 50 | 2,379 | 2,375 | 4 |
| Cleaning, Repairs & Maintenance Services | 29,500 | | 29,500 | 6,412 | 23,088 |
| General Supplies | 6,000 | | 6,000 | 1,100 | 4,900 |
| Total Undistributed Expenditures - Grounds | 37,829 | 50 | 37,879 | 9,887 | 27,992 |
| Undistributed Expenditures - Security | | | | | |
| Salaries | 33,235 | 140 | 33,375 | 29,969 | 3,406 |
| Purchased Property Services | | 2,500 | 2,500 | | 2,500 |
| General Supplies | 3,800 | 1,000 | 4,800 | 3,550 | 1,250 |
| Total Undistributed Expenditures - Security | 37,035 | 3,640 | 40,675 | 33,519 | 7,156 |
| Undistributed Expenditures - Student Transportation Services: | | | | | |
| Contracted Services - (Other Than Between Home and School) - Vendors | 9,000 | 1,000 | 10,000 | 9,749 | 251 |
| Contracted Services - (Between Home and School) - Joint Agmnts | 25,000 | | 25,000 | 18,641 | 6,359 |
| Contracted Services (Special Ed Students) - Joint Agreements | 50,000 | (4,000) | 46,000 | 43,434 | 2,566 |
| Contracted Services - Aid in Lieu of Payments | 8,940 | | 8,940 | 2,632 | 6,308 |
| Total Undistributed Expenditures - Student Transportation Serv. | 92,940 | (3,000) | 89,940 | 74,456 | 15,484 |

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, 2013

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final Budget to Actual |
|---|--------------------|---------------------|-------------------|-------------------|---------------------------------------|
| Unallocated Benefits: | | | | | |
| Social Security Contributions | \$ 175,149 | \$ (11,505) | \$ 163,644 | \$ 163,643 | \$ 1 |
| Other Retirement - Regular | 169,719 | (14,250) | 155,469 | 155,412 | 57 |
| Defined Contribution Retirement Program | 10,000 | 8,500 | 18,500 | 5,436 | 13,064 |
| Unemployment Compensation | 40,000 | | 40,000 | 34,227 | 5,773 |
| Workmen's Compensation | 95,000 | 1,708 | 96,708 | 96,708 | - |
| Health Benefits | 1,794,000 | 260,093 | 2,054,093 | 2,021,327 | 32,766 |
| Tuition Reimbursements | 60,000 | | 60,000 | 15,474 | 44,526 |
| Other Employee Benefits | 124,609 | (54,186) | 70,423 | 66,983 | 3,440 |
| Total Unallocated Benefits | 2,468,477 | 190,360 | 2,658,837 | 2,559,210 | 99,627 |
| On-behalf TPAF Pension Contributions (non-budgeted) | | | | 918,003 | (918,003) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 474,378 | (474,378) |
| Total On-behalf Contributions | - | - | - | 1,392,381 | (1,392,381) |
| Total Undistributed Expenditures | 7,148,246 | 86,325 | 7,234,571 | 8,204,893 | (970,322) |
| Total Current Expense | 13,306,882 | (87,522) | 13,219,360 | 14,086,085 | (866,725) |
| Capital Outlay: | | | | | |
| Equipment: | | | | | |
| Undistributed Expenditures: | | | | | |
| Technology | 47,900 | 63,422 | 111,322 | 76,837 | 34,485 |
| Custodial and Maintenance Equipment | | 13,700 | 13,700 | 13,695 | 5 |
| Total Equipment | 47,900 | 77,122 | 125,022 | 90,532 | 34,490 |

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, 2013

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final Budget to Actual |
|--|--------------------|---------------------|-----------------|--------------|---------------------------------------|
| Facilities Acquisition and Construction Services | | | | | |
| Architectural and Engineering Services | \$ - | \$ 86,000 | \$ 86,000 | \$ 74,500 | \$ 11,500 |
| Construction Services | 250,000 | | 250,000 | 209,432 | 40,568 |
| Debt Service Assessment | 12,223 | | 12,223 | 12,223 | - |
| Increase in Capital Reserve | 8,000 | 10,400 | 18,400 | | 18,400 |
| Increase in Maintenance Reserve | 1,500 | | 1,500 | | 1,500 |
| Total Facilities Acquisition and Construction Services | 271,723 | 96,400 | 368,123 | 296,155 | 71,968 |
| Total Capital Outlay | 319,623 | 173,522 | 493,145 | 386,687 | 106,458 |
| Transfers to Charter Schools | | | - | | - |
| Total Expenditures | 13,626,505 | 86,000 | 13,712,505 | 14,472,772 | (760,267) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (901,980) | (86,000) | (987,980) | (165,589) | 822,391 |
| Other Sources and (Uses) of Funds | | | - | | - |
| None | | | - | | - |
| Fund Balances, July 1 | 3,057,761 | | 3,057,761 | 3,057,761 | |
| Fund Balances, June 30 | \$ 2,155,781 | \$ (86,000) | \$ 2,069,781 | \$ 2,892,172 | \$ 822,391 |
| Recapitulation of Fund Balance | | | | | |
| Reserve for Encumbrances | | | | \$ 82,993 | |
| Excess Surplus - Undesignated | | | | 527,467 | |
| Capital Reserve | | | | 930,816 | |
| Maintenance Reserve | | | | 131,772 | |
| Excess Surplus Designated for Subsequent Year's Expenditures | | | | 585,270 | |
| Unreserved Surplus Designated for Subsequent Year's Expenditures | | | | 250,000 | |
| Unrestricted Fund Balance | | | | 383,854 | |
| | | | | 2,892,172 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | (143,089) | |
| Last State Aid Payment Not Recognized | | | | \$ 2,749,083 | |
| Fund Balance per Governmental Funds | | | | | |

City of Linwood School District
(A Component Unit of the City of Linwood)
Budgetary Comparison Schedule
Education Jobs Fund
For the Fiscal Year Ended June 30, 2013

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget to Actual</u> |
|---------------------------------------|----------------------------|-----------------------------|---------------------|-----------------|--|
| REVENUES: | | | | | |
| Federal Sources: | | | | | |
| Education Jobs | \$ 2,103 | \$ - | \$ 2,103 | \$ 2,103 | \$ - |
| Total Revenues | \$ <u>2,103</u> | \$ <u>-</u> | \$ <u>2,103</u> | \$ <u>2,103</u> | \$ <u>-</u> |
| EXPENDITURES: | | | | | |
| Support Services: | | | | | |
| Salaries - Custodial | 1,954 | | 1,954 | 1,954 | |
| Personal Services - Employee Benefits | 149 | - | 149 | 149 | - |
| Total Support Services | <u>2,103</u> | <u>-</u> | <u>2,103</u> | <u>2,103</u> | <u>-</u> |
| Total Expenditures | \$ <u>2,103</u> | \$ <u>-</u> | \$ <u>2,103</u> | \$ <u>2,103</u> | \$ <u>-</u> |

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, 2013

| | Original Budget | Budget Transfers/Adjustments | Final Budget | Actual | Variance Final Budget to Actual |
|---|--------------------|---------------------------------|-----------------|-----------|---------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Revenue from Local Sources | \$ - | \$ 45,938 | \$ 45,938 | \$ 37,785 | \$ (8,153) |
| Total - Local Sources | - | 45,938 | 45,938 | 37,785 | (8,153) |
| State Sources: | | | | | |
| Non Public Aids | | 2,186 | 2,186 | 2,186 | - |
| Total - State Sources | - | 2,186 | 2,186 | 2,186 | - |
| Federal Sources: | | | | | |
| Title I | 19,431 | (1,732) | 17,699 | 16,386 | (1,313) |
| Title II A | | 26,670 | 26,670 | 18,695 | (7,975) |
| I.D.E.A., Part B | 157,895 | 82,791 | 240,686 | 188,717 | (51,969) |
| I.D.E.A., Preschool | 8,074 | 8,794 | 16,868 | 8,121 | (8,747) |
| Total - Federal Sources | 185,400 | 116,523 | 301,923 | 231,919 | (70,004) |
| Total Revenues | 185,400 | 164,647 | 350,047 | 271,890 | (78,157) |
| EXPENDITURES: | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 95,873 | 70,206 | 166,079 | 120,747 | 45,332 |
| Tuition | 36,000 | | 36,000 | 36,000 | - |
| Other Purchased Services (400-500 series) | | 4,495 | 4,495 | 4,495 | - |
| General Supplies | | 26,135 | 26,135 | 23,324 | 2,811 |
| Textbooks | | 793 | 793 | 793 | - |
| Total instruction | 131,873 | 101,629 | 233,502 | 185,359 | 48,143 |
| Support Services | | | | | |
| Salaries of Other Professional Staff | \$ 20,600 | \$ 44,497 | \$ 65,097 | \$ 40,589 | \$ 24,508 |
| Personal Services - Employee Benefits | 8,927 | 8,302 | 17,229 | 12,323 | 4,906 |
| Purchased Professional - Educational Services | 24,000 | (3,060) | 20,940 | 20,790 | 150 |
| Other Purchased Services | | 4,083 | 4,083 | 3,633 | 450 |
| Supplies & Materials | | 4,455 | 4,455 | 4,455 | - |
| Total support services | 53,527 | 58,277 | 111,804 | 81,790 | 30,014 |
| Contribution to Charter Schools | | | - | - | |
| Facilities acquisition and construction services: | | | | | |
| Equipment | | 4,741 | 4,741 | 4,741 | - |
| Facilities | | | - | | - |
| Total facilities acquisition and construction services | - | 4,741 | 4,741 | 4,741 | - |
| Total expenditures | 185,400 | 164,647 | 350,047 | 271,890 | 78,157 |
| 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, 2013

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

| | | General Fund | Special Revenue |
|--|----------|----------------------|--------------------|
| Sources/inflows of resources | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | C-1; C-2 | \$ 14,307,183 | \$ 271,890 |
| 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 | | | 165 |
| Current Year | | | (220) |
| State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | | 158,921 | |
| State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | | (143,089) | |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | B-2 | <u>\$ 14,323,015</u> | <u>\$ 271,835</u> |
| Uses/outflows of resources | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | C-1; C-2 | 14,472,772 | 271,890 |
| 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 | | | 165 |
| Current Year | | | (220) |
| 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>\$ 14,472,772</u> | <u>\$ 271,835</u> |

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Other Supplementary Information

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

City of Linwood School District
(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, 2013

| | Linwood Education Foundation | Parent and Teacher Association | Community And Other Local Grants | Non Public Nursing | Non Public Textbook | Non Public Technology | Subtotal State Grants | Subtotal Local Grants | Total |
|---|------------------------------------|--------------------------------------|--|-----------------------|------------------------|--------------------------|-----------------------------|-----------------------------|---------|
| REVENUES: | | | | | | | | | |
| State Sources | \$ | \$ | \$ | 1,100 | 793 | 293 | 2,186 | \$ | 2,186 |
| Federal Sources | | | | | | | | | 231,919 |
| Local Sources | 22,462 | 8,072 | 7,251 | | | | | 37,785 | 37,785 |
| Total revenues | 22,462 | 8,072 | 7,251 | 1,100 | 793 | 293 | 2,186 | 37,785 | 271,890 |
| EXPENDITURES | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Salaries of teachers | 480 | 1,590 | | | | | - | 2,070 | 120,747 |
| Tuition | | | | | | | - | - | 36,000 |
| Other purchased services | 1,050 | 350 | 1,995 | 1,100 | | | 1,100 | 3,395 | 4,495 |
| General supplies | 18,739 | 2,698 | 515 | | | 293 | 293 | 21,952 | 23,324 |
| Textbooks | | | | | 793 | | 793 | - | 793 |
| Total instruction | 20,269 | 4,638 | 2,510 | 1,100 | 793 | 293 | 2,186 | 27,417 | 185,359 |
| Support services: | | | | | | | | | |
| Salaries of Other Professional Staff | | | | | | | - | - | - |
| Personal services- employee benefits | | 122 | | | | | - | - | 40,589 |
| Purchased professional educational service | | | | | | | - | 122 | 12,323 |
| Other Purchased Services | 1,050 | | | | | | - | 1,050 | 20,790 |
| Supplies and materials | 1,143 | 3,312 | | | | | - | 4,455 | 3,633 |
| Total support services | 2,193 | 3,434 | - | - | - | - | - | 5,627 | 4,455 |
| Facilities acquisition and const. serv.: | | | | | | | | | 81,790 |
| Equipment | | | 4,741 | | | | - | 4,741 | 4,741 |
| Facilities | | | | | | | - | - | - |
| Total facilities acquisition and construction services | | | 4,741 | - | - | - | - | 4,741 | 4,741 |
| Total expenditures | 22,462 | 8,072 | 7,251 | 1,100 | 793 | 293 | 2,186 | 37,785 | 271,890 |
| 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, 2013

| | No Child Left Behind | | | | | | | | | | |
|---|----------------------|------------|----------------|-------------------|-------------------|-----------------------|------------|----------------|---------------------------|---------|--|
| | Title I | Title II A | Summer Title I | Summer Title II A | Summer IDEA Basic | Summer IDEA Preschool | IDEA Basic | IDEA Preschool | Subtotal Federal Projects | | |
| REVENUES: | | | | | | | | | | | |
| State Sources | \$ 15,250 | \$ 7,304 | \$ 1,136 | \$ 11,391 | \$ 57,021 | \$ 7,027 | \$ 131,696 | \$ 1,094 | \$ - | - | |
| Federal Sources | | | | | | | | | | 231,919 | |
| Local Sources | | | | | | | | | | - | |
| Total revenues | 15,250 | 7,304 | 1,136 | 11,391 | 57,021 | 7,027 | 131,696 | 1,094 | | 231,919 | |
| EXPENDITURES | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | |
| Salaries of teachers | 8,220 | | 350 | | 34,369 | 6,514 | 69,104 | 120 | | 118,677 | |
| Tuition | | | | | | | 36,000 | | | 36,000 | |
| Other purchased services | | | | | | | | | | - | |
| General supplies | 178 | | 356 | | | | 296 | 249 | | 1,079 | |
| Textbooks | | | | | | | | | | - | |
| Total instruction | 8,398 | - | 706 | - | 34,369 | 6,514 | 105,400 | 369 | | 155,756 | |
| Support services: | | | | | | | | | | | |
| Salaries of Other Professional Staff | 5,780 | 5,790 | 375 | 10,194 | 18,010 | | 240 | 200 | | 40,589 | |
| Personal services- employee benefits | 1,072 | 443 | 55 | 780 | 4,006 | 513 | 5,307 | 25 | | 12,201 | |
| Purchased professional educational service | | | | | 636 | | 20,154 | | | 20,790 | |
| Other purchased services | | 1,071 | | 417 | | | 595 | 500 | | 2,583 | |
| Supplies and materials | | | | | | | | | | - | |
| Total support services | 6,852 | 7,304 | 430 | 11,391 | 22,652 | 513 | 26,296 | 725 | | 76,163 | |
| Facilities acquisition and const. serv.: | | | | | | | | | | | |
| Equipment | | | | | | | | | | - | |
| Facilities | | | | | | | | | | - | |
| Total facilities acquisition and construction services | | | | | | | | | | - | |
| Total expenditures | 15,250 | 7,304 | 1,136 | 11,391 | 57,021 | 7,027 | 131,696 | 1,094 | | 231,919 | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Fiduciary Fund
Combining Statement of Fiduciary Net Position
For the Year Ended June 30, 2013

| | Agency | | |
|-------------------------------------|------------------|------------------|------------------|
| | Student Activity | Payroll | Total |
| ASSETS: | | | |
| Cash and cash equivalents | \$ 41,570 | \$ 19,676 | \$ 61,246 |
| Accounts receivable | | 2,274 | 2,274 |
| Other Receivables | | 1,500 | 1,500 |
| Total Assets | <u>\$ 41,570</u> | <u>\$ 23,450</u> | <u>\$ 65,020</u> |
| LIABILITIES: | | | |
| Liabilities: | | | |
| Payroll deductions and withholdings | \$ | \$ 22,450 | \$ 22,450 |
| Interfund payable - general fund | | 1,000 | 1,000 |
| Due to student groups | 41,420 | | 41,420 |
| Accounts Payable | 150 | | 150 |
| Total Liabilities | <u>\$ 41,570</u> | <u>\$ 23,450</u> | <u>\$ 65,020</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, 2013

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---------------------------|-------------------------|-------------------|-------------------|--------------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 43,444 | \$ 189,168 | \$ 191,042 | \$ 41,570 |
| Accounts Receivable | | | | - |
| Total assets | <u>\$ 43,444</u> | <u>\$ 189,168</u> | <u>\$ 191,042</u> | <u>\$ 41,570</u> |
| LIABILITIES: | | | | |
| Due to Student groups | \$ 39,139 | \$ 189,018 | \$ 186,737 | \$ 41,420 |
| Accounts Payable | <u>4,305</u> | <u>150</u> | <u>4,305</u> | <u>150</u> |
| Total liabilities | <u>\$ 43,444</u> | <u>\$ 189,168</u> | <u>\$ 191,042</u> | <u>\$ 41,570</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, 2013

| | Balance July 1, 2012 | Cash Receipts | Cash Disbursements | Accounts Receivable/(Payable) June 30, 2013 | Balance June 30, 2013 |
|-----------------------------|-------------------------|-------------------|-----------------------|---|--------------------------|
| Elementary School | \$ 10,549 | \$ 28,962 | \$ 30,357 | \$ (150) | \$ 9,004 |
| Middle School | 23,692 | 22,453 | 18,797 | | 27,348 |
| Middle School - Band | 1,003 | 109,024 | 108,802 | | 1,224 |
| Middle School - Renaissance | 2,540 | 21,729 | 20,732 | | 3,537 |
| Middle School - Athletics | 1,356 | 6,999 | 8,049 | | 306 |
| Total all schools | <u>\$ 39,139</u> | <u>\$ 189,168</u> | <u>\$ 186,737</u> | <u>\$ (150)</u> | <u>\$ 41,420</u> |

**City of Linwood School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2013**

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 2,726 | \$ 9,759,934 | \$ 9,742,984 | \$ 19,676 |
| Other Receivables | 1,500 | | | 1,500 |
| Accounts receivable | 1,488 | 2,234 | 1,448 | 2,274 |
| Total assets | <u>\$ 5,714</u> | <u>\$ 9,762,168</u> | <u>\$ 9,744,432</u> | <u>\$ 23,450</u> |
| LIABILITIES: | | | | |
| Payroll deductions and withholdings | \$ 680 | \$ 9,761,168 | \$ 9,739,398 | \$ 22,450 |
| Interfund Accounts Payable | 5,034 | 1,000 | 5,034 | 1,000 |
| Total liabilities | <u>\$ 5,714</u> | <u>\$ 9,762,168</u> | <u>\$ 9,744,432</u> | <u>\$ 23,450</u> |

Statistical Section

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

| | 2004 | 2005 | 2006 | 2007 | Fiscal Year Ending June 30, | | 2010 | 2011 | 2012 | 2013 |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | 2008 | 2009 | | | | |
| 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 | \$ 16,269,790 | \$ 15,896,090 |
| 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 | 2,620,255 | 2,508,318 |
| Unrestricted | 21,551 | (439,659) | (549,511) | (152,264) | (162,917) | (235,109) | (135,094) | (68,925) | (89,862) | (135,743) |
| Total governmental activities net position | \$ 16,425,791 | \$ 16,271,381 | \$ 19,644,508 | \$ 19,869,120 | \$ 19,515,624 | \$ 19,135,471 | \$ 18,328,879 | \$ 18,761,558 | \$ 18,800,183 | \$ 18,268,665 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - | \$ - | \$ 17,063 | \$ 10,428 | \$ 12,998 | \$ 8,247 | \$ 3,504 | \$ 15,640 |
| Restricted | - | - | - | - | 17,063 | 10,428 | 12,998 | 8,247 | 3,504 | 15,640 |
| Total business-type activities net position | \$ - | \$ - | \$ - | \$ - | \$ 17,063 | \$ 10,428 | \$ 12,998 | \$ 8,247 | \$ 3,504 | \$ 15,640 |
| 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 | \$ 16,269,790 | \$ 15,896,090 |
| 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 | 2,620,255 | 2,508,318 |
| Unrestricted | 21,551 | (439,659) | (549,511) | (152,264) | (145,854) | (224,681) | (122,096) | (60,678) | (89,862) | (120,103) |
| Total district net position | \$ 16,425,791 | \$ 16,271,381 | \$ 19,644,508 | \$ 19,869,120 | \$ 19,532,687 | \$ 19,145,899 | \$ 18,341,877 | \$ 18,769,805 | \$ 18,800,183 | \$ 18,284,305 |

Source: CAFR Schedule A-1

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | Fiscal Year Ending June 30, | | 2010 | 2011 | 2012 | 2013 |
|---|----------------|-----------------|-----------------|-----------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|------|
| | | | | | | 2009 | | | | | |
| 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 | \$ 5,899,699 | \$ 6,225,783 | |
| 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 | 1,947,629 | 1,910,498 | |
| Other special education | 286,246 | 267,087 | 289,876 | 310,645 | 325,825 | 367,224 | 456,919 | 462,302 | 467,334 | 537,332 | |
| Vocational | | | | | | | | | | | |
| Other instruction | 111,047 | 100,934 | 125,970 | 78,022 | 97,537 | 92,712 | 110,236 | 106,716 | 108,608 | 131,952 | |
| 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 | 54,485 | 50,062 | |
| 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 | 2,208,777 | 2,400,283 | |
| General administrative services | 624,860 | 456,500 | 475,631 | 386,538 | 460,862 | 493,990 | 627,960 | 627,960 | 537,265 | 681,491 | |
| School administrative services | 419,491 | 308,041 | 464,082 | 479,112 | 488,557 | 511,239 | 572,223 | 572,136 | 542,144 | 633,132 | |
| Business administrative and technology services | | 556,011 | 331,951 | 470,911 | 552,943 | 576,479 | 568,960 | 504,207 | 590,664 | 588,051 | |
| 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 | 1,844,198 | 1,831,614 | |
| Pupil transportation | 193,186 | 174,767 | 191,847 | 184,338 | 197,798 | 137,510 | 164,673 | 132,531 | 124,999 | 132,802 | |
| Special Schools | | | | | | | | | | | |
| Charter Schools | | | | | | | | | | | |
| Interest on long-term debt | 6,500 | 18,071 | 21,495 | 17,908 | - | | | | | | |
| Unallocated depreciation | | | | | | | | | | | |
| Total governmental activities expenses | 11,090,786 | 11,978,213 | 12,472,062 | 12,624,301 | 13,790,030 | 13,724,833 | 13,895,246 | 13,833,998 | 14,325,802 | 15,123,000 | |
| Business-type activities: | | | | | | | | | | | |
| Child Care | | | | | | | | | | | |
| Total business-type activities expense | - | - | - | - | 41,224 | 49,463 | 48,658 | 51,897 | 48,093 | 55,568 | |
| Total district expenses | \$ 11,090,786 | \$ 11,978,213 | \$ 12,472,062 | \$ 12,624,301 | \$ 13,831,254 | \$ 13,774,296 | \$ 13,943,904 | \$ 13,885,895 | \$ 14,373,895 | \$ 15,178,568 | |
| Program Revenues | | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | | |
| Charges for services: | | | | | | | | | | | |
| Instruction (tuition) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30,896 | \$ 22,500 | \$ 34,392 | \$ 28,000 | \$ 10,452 | |
| Pupil transportation | - | - | - | - | - | - | - | - | - | - | |
| General Administrative Services | - | - | - | - | - | - | 116,798 | 122,762 | 96,555 | 138,605 | |
| Plant operations and maintenance | - | - | - | - | - | - | - | 72,032 | 62,799 | 71,117 | |
| 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 | 1,360,720 | 1,664,215 | |
| Capital grants and contributions | 244,410 | 387,212 | - | - | - | - | - | - | - | - | |
| Total governmental activities program revenues | 1,232,076 | 1,436,572 | 1,220,624 | 1,597,435 | 1,603,331 | 1,179,086 | 1,429,297 | 1,535,275 | 1,548,074 | 1,884,389 | |
| Business-type activities: | | | | | | | | | | | |
| Charges for services: | | | | | | | | | | | |
| Child care | - | - | - | - | 47,900 | 42,541 | 51,021 | 47,008 | 43,301 | 67,639 | |
| Operating grants and contributions | - | - | - | - | - | - | - | - | - | - | |
| Capital grants and contributions | - | - | - | - | 47,900 | 42,541 | 51,021 | 47,008 | 43,301 | 67,639 | |
| Total business-type activities program revenues | - | - | - | - | 47,900 | 42,541 | 51,021 | 47,008 | 43,301 | 67,639 | |
| Total district program revenues | \$ 1,232,076 | \$ 1,436,572 | \$ 1,220,624 | \$ 1,597,435 | \$ 1,651,231 | \$ 1,221,627 | \$ 1,480,318 | \$ 1,582,283 | \$ 1,591,375 | \$ 1,952,028 | |
| 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) | \$ (12,298,723) | \$ (12,777,728) | \$ (13,238,611) | |
| Business-type activities | - | - | - | - | 6,676 | (6,922) | 2,363 | (4,889) | (4,792) | 12,071 | |
| Total district-wide net expense | \$ (9,858,710) | \$ (10,541,641) | \$ (11,251,438) | \$ (11,026,866) | \$ (12,180,023) | \$ (12,552,669) | \$ (12,463,586) | \$ (12,303,612) | \$ (12,782,520) | \$ (13,226,540) | |

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | Fiscal Year Ending June 30, 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------|---------------|---------------|---------------|---------------|-------------------------------------|---------------|---------------|---------------|---------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| 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 | \$ 10,841,517 | \$ 10,936,586 |
| Taxes levied for debt service | 1,892,770 | 1,997,392 | 1,977,154 | 1,964,291 | 2,043,686 | 1,919,639 | 1,547,814 | 1,593,406 | 1,862,286 | 1,668,517 |
| Unrestricted grants and contributions | | | 4,041,495 | - | - | | | | | |
| Funds received from the City of Linwood | | | | (14,438) | (4,200) | (25,909) | (13,019) | (309) | | (3,366) |
| Loss on Disposal of Equipment | 57,533 | 84,661 | 133,870 | 143,738 | 140,164 | 120,636 | 118,677 | 107,414 | 112,549 | 105,357 |
| Miscellaneous income | | | | | (10,000) | | | | | |
| Transfer to Enterprise Fund | | | (273,004) | - | | | | | | |
| Cancellation of Construction in Progress | | | | | | | | | | |
| 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 | \$ 12,816,352 | \$ 12,707,094 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | - | - | - | - | 387 | 287 | 207 | 138 | 49 | 65 |
| Transfers | - | - | - | - | 10,000 | | | | | |
| Total business-type activities | \$ 10,261,990 | \$ 10,387,231 | \$ 14,624,563 | \$ 11,251,478 | \$ 11,843,590 | \$ 12,165,882 | \$ 11,659,563 | \$ 12,731,530 | \$ 12,816,401 | \$ 12,707,159 |
| Total district-wide | \$ 20,523,980 | \$ 20,774,462 | \$ 29,249,126 | \$ 22,502,956 | \$ 23,676,793 | \$ 24,331,477 | \$ 23,318,919 | \$ 25,462,922 | \$ 25,632,753 | \$ 25,414,253 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 403,280 | \$ (154,410) | \$ 3,373,125 | \$ 224,612 | \$ (353,496) | \$ (380,152) | \$ (806,593) | \$ 432,669 | \$ 38,624 | \$ (531,517) |
| Business-type activities | - | - | - | - | 17,063 | (6,635) | 2,570 | (4,751) | (4,743) | 12,136 |
| Total district | \$ 403,280 | \$ (154,410) | \$ 3,373,125 | \$ 224,612 | \$ (336,433) | \$ (386,787) | \$ (804,023) | \$ 427,918 | \$ 33,881 | \$ (519,381) |

Source: CAFR Schedule A-2

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

| | Fiscal Year Ending June 30, | | | | | | | | | |
|------------------------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| General Fund | | | | | | | | | | |
| Restricted | | | | | | | | | | |
| Committed | | | | | | | | | | |
| Assigned | | | | | | | | | | |
| Unassigned | | | | | | | | | | |
| Reserved | 971,759 | 1,380,200 | 1,439,995 | 1,541,406 | 1,823,623 | 2,109,149 | 1,425,419 | \$ 1,859,907 | \$ 2,495,255 | \$ 1,112,779 |
| Unreserved | 201,224 | 111,516 | 133,748 | 167,045 | 184,263 | 60,603 | 174,676 | 235,275 | 125,000 | 1,062,588 |
| Total general fund | <u>\$ 1,172,983</u> | <u>\$ 1,491,716</u> | <u>\$ 1,573,743</u> | <u>\$ 1,708,451</u> | <u>\$ 2,007,886</u> | <u>\$ 2,169,752</u> | <u>\$ 1,600,095</u> | <u>\$ 2,370,441</u> | <u>\$ 2,898,840</u> | <u>\$ 2,749,083</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 30,988 | \$ 31,351 | \$ 77,723 | \$ 505,459 | \$ 484,946 | \$ 182,569 | \$ 96,245 | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | (2,229) | | | | | | | | | |
| Capital projects fund | | 53,000 | 90,394 | | | | | | | |
| Total all other governmental funds | <u>\$ 28,759</u> | <u>\$ 84,351</u> | <u>\$ 168,117</u> | <u>\$ 505,459</u> | <u>\$ 484,946</u> | <u>\$ 182,569</u> | <u>\$ 96,245</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Source: CAFR Schedule B-1

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Revenues | | | | | | | | | | |
| Tax levy | \$ 8,311,687 | \$ 8,305,178 | \$ 8,745,049 | \$ 9,157,885 | \$ 9,663,553 | \$ 10,151,229 | \$ 10,005,884 | \$ 11,030,881 | \$ 10,841,517 | \$ 10,936,586 |
| Tuition charges | 6,124 | 3,235 | 4,438 | | | 30,626 | 22,500 | 34,392 | 28,000 | 10,452 |
| Interest earnings | 20,870 | 51,542 | 87,973 | 2,009 | 43,466 | 30,626 | 43,466 | 30,626 | 35,321 | 21,613 |
| Miscellaneous | 78,331 | 67,714 | 126,050 | 200,147 | 139,297 | 229,186 | 240,106 | 368,394 | 262,451 | 331,266 |
| State sources | 2,641,033 | 2,752,024 | 2,864,810 | 3,263,577 | 3,388,911 | 2,787,982 | 2,245,376 | 2,499,772 | 2,880,138 | 3,060,981 |
| Federal sources | 191,611 | 213,531 | 248,376 | 239,730 | 199,576 | 233,208 | 544,340 | 299,559 | 317,000 | 233,952 |
| Total revenue | 11,249,656 | 11,393,224 | 12,076,696 | 12,863,348 | 13,434,803 | 13,462,857 | 13,101,672 | 14,263,624 | 14,364,427 | 14,594,850 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 3,633,186 | 3,741,249 | 3,989,318 | 3,883,216 | 4,065,629 | 4,352,544 | 3,950,965 | 3,975,422 | 4,192,618 | 4,274,823 |
| Special education instruction | 1,039,436 | 1,070,477 | 1,135,205 | 1,241,580 | 1,273,129 | 1,391,567 | 1,439,633 | 1,495,039 | 1,384,081 | 1,314,662 |
| Other special instruction | 197,962 | 193,028 | 191,284 | 212,273 | 201,195 | 248,242 | 298,514 | 303,072 | 300,685 | 331,907 |
| Other instruction | 81,869 | 69,194 | 73,453 | 78,022 | 85,440 | 92,712 | 110,236 | 106,716 | 108,608 | 109,104 |
| Support Services: | | | | | | | | | | |
| Tuition | 133,204 | 130,313 | 119,523 | 133,486 | 132,913 | 31,075 | 55,202 | 37,162 | 38,720 | 50,062 |
| Student & instruction related services | 1,155,166 | 1,219,025 | 1,303,757 | 1,424,176 | 1,385,067 | 1,410,658 | 1,529,323 | 1,473,515 | 1,569,666 | 1,648,111 |
| General administrative services | 309,201 | 325,266 | 338,156 | 384,024 | 340,504 | 378,985 | 449,689 | 452,185 | 381,807 | 422,777 |
| School Administrative services | 301,130 | 328,996 | 352,283 | 357,849 | 434,748 | 460,123 | 412,196 | 412,033 | 419,755 | 434,729 |
| Business Administrative & Technology Services | 153,087 | 206,771 | 236,157 | 256,405 | 271,830 | 333,422 | 307,218 | 363,113 | 385,275 | 402,754 |
| Plant operations and maintenance | 1,087,805 | 1,121,537 | 1,188,708 | 1,302,593 | 1,282,756 | 1,363,287 | 1,368,709 | 1,246,655 | 1,310,578 | 1,325,880 |
| Pupil transportation | 140,672 | 115,756 | 141,180 | 137,682 | 137,855 | 101,937 | 118,621 | 95,444 | 88,831 | 74,456 |
| Unallocated employee benefits | 1,520,668 | 1,636,895 | 1,884,365 | 1,960,221 | 1,958,936 | 2,055,131 | 2,271,701 | 2,303,257 | 2,373,003 | 2,571,533 |
| On Behalf Payments - TPAF & FICA | 743,321 | 792,715 | 883,656 | 1,299,286 | 1,345,225 | 864,498 | 860,243 | 904,379 | 1,082,988 | 1,392,381 |
| Charter Schools | 6,500 | 18,071 | 21,495 | 17,908 | - | | | | | |
| Capital outlay | 69,134 | 105,198 | 4,103,916 | 135,433 | 778,447 | 375,867 | 595,324 | 325,287 | 199,412 | 391,428 |
| Debt service: | | | | | | | | | | |
| Principal | | | | | | | | | | |
| Interest and other charges | | | | | | | | | | |
| Total expenditures | 10,572,341 | 11,074,491 | 15,962,455 | 12,824,153 | 13,693,674 | 13,460,048 | 13,767,574 | 13,493,279 | 13,836,027 | 14,744,607 |
| Excess (Deficiency) of revenues over (under) expenditures | 677,315 | 318,733 | (3,885,759) | 39,195 | (258,871) | 2,809 | (665,902) | 770,345 | 528,400 | (149,757) |
| Other Financing sources (uses) | | | | | | | | | | |
| Capital leases (non-budgeted) | | | | | | | | | | |
| Bond proceeds | | | 3,536,036 | | | | | | | |
| Transfer from capital reserves | | | 13,632 | | | | | | | |
| Transfers in | | | 250,000 | 75,000 | 250,000 | 165,000 | | | | |
| Transfers out | (60,000) | - | | | (10,000) | | | | | |
| Total other financing sources (uses) | (60,000) | - | 3,799,668 | 75,000 | 240,000 | 165,000 | - | - | - | - |
| Net change in fund balances | \$ 617,315 | \$ 318,733 | \$ (86,091) | \$ 114,195 | \$ (18,871) | \$ 167,809 | \$ (665,902) | \$ 770,345 | \$ 528,400 | \$ (149,757) |
| 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> |
|---------------------------------------|------------------------------------|----------------------------|---|--|--------------|--------------|
| 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 |
| 2012 | 35,321 | 28,000 | 32,275 | 159,354 | 70,822 | 325,772 |
| 2013 | 21,614 | 10,452 | 10,840 | 209,722 | 110,703 | 363,331 |

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 ^a | Net Valuation Taxable | Total Direct School Tax Rate ^b | Estimated Actual (County Equalized Value) |
|----------------------------------|-------------|-------------|-----------|--------|------------|-------------------------|-------------------------------------|-------------------------------|--------------------------|---|---|
| | | | | | | | | | | | |
| 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 |
| 2009 | 14,640,900 | 676,693,900 | 749,400 | 34,600 | 87,633,100 | 779,751,900 | | 694,344 | 780,446,244 | 1.444 | 1,266,655,076 |
| 2010 | 14,155,200 | 683,098,000 | 749,400 | 34,600 | 86,453,100 | 784,490,300 | | 653,040 | 785,143,340 | 1.492 | 1,198,611,612 |
| 2011 | 14,045,800 | 681,296,900 | 749,400 | 34,600 | 96,181,000 | 792,307,700 | | 568,851 | 792,876,551 | 1.527 | 1,212,931,431 |
| 2012 | 14,045,800 | 677,447,400 | 749,400 | 34,600 | 96,181,000 | 788,458,200 | | 584,044 | 789,042,244 | 1.381 | 1,059,201,391 |
| 2013 | 13,303,800 | 668,610,000 | 749,400 | 34,600 | 96,528,400 | 779,226,200 | | 577,697 | 779,803,897 | 1.417 | 1,058,617,347 |

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 | | | Mainland | | Atlantic County ^c | |
| | Basic Rate ^a | Obligation Debt Service ^b | Total District | Regional | City of | | |
| | | | | High School District | Linwood | | |
| 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 |
| 2012 | 1.381 | 0.129 | 1.510 | 0.784 | 0.992 | 0.491 | 3.777 |
| 2013 | 1.417 | 0.131 | 1.548 | 0.799 | 0.999 | 0.582 | 3.928 |

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
Property Tax Levies and Collections,
Last Nine 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 | |
| 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% | - |
| 2012 | 10,841,517 | 10,841,517 | 100.00% | - |
| 2013 | 10,936,586 | 10,936,586 | 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
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 | |
| 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% | - |
| 2012 | 10,841,517 | 10,841,517 | 100.00% | - |
| 2013 | 10,936,586 | 10,936,586 | 100.00% | - |

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

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

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

| Fiscal Year Ended June 30, | Governmental Activities | | | Business-Type Activities | | Percentage of Personal Income ^a | Per Capita ^a |
|-------------------------------------|---|----------------------------------|-------------------|---|----------------|---|-------------------------|
| | General Obligation Bonds b | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | Total District | |
| 2004 | 11,460,685 | - | - | - | - | 11,460,685 | 32,702 |
| 2005 | 12,008,317 | - | - | - | - | 12,008,317 | 34,442 |
| 2006 | 12,184,948 | - | - | 1,600,000 | - | 13,784,948 | 35,552 |
| 2007 | 11,024,579 | - | - | 1,400,000 | - | 12,424,579 | 36,874 |
| 2008 | 9,884,210 | - | - | - | - | 9,884,210 | 38,351 |
| 2009 | 8,095,000 | - | - | 230,778 | - | 8,325,778 | 39,370 |
| 2010 | 7,814,251 | - | - | 230,778 | - | 8,045,029 | 38,175 |
| 2011 | 6,618,881 | - | - | - | - | 6,618,881 | 39,746 |
| 2012 | 5,487,514 | - | - | - | - | 5,487,514 | 40,262 |
| 2013 | 4,591,815 | - | - | 2,265,000 | - | 6,856,815 | 41,234 |

Source: City of Linwood Finance Office Records

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

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

b The District 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 | Net General Bonded Debt Outstanding | | | |
| | | Deductions | | | |
| 2004 | 11,460,685 | - | 11,460,685 | 2.20% | 32,702 |
| 2005 | 12,008,317 | - | 12,008,317 | 1.60% | 34,442 |
| 2006 | 12,184,948 | - | 12,184,948 | 1.62% | 35,552 |
| 2007 | 11,024,579 | - | 11,024,579 | 1.45% | 36,874 |
| 2008 | 9,884,210 | - | 9,884,210 | 1.28% | 38,351 |
| 2009 | 8,095,000 | - | 8,095,000 | 1.04% | 39,370 |
| 2010 | 7,814,251 | - | 7,814,251 | 1.00% | 38,175 |
| 2011 | 6,618,881 | - | 6,618,881 | 0.85% | 39,746 |
| 2012 | 5,487,514 | - | 5,487,514 | 0.70% | 40,262 |
| 2013 | 4,591,815 | - | 4,591,815 | 0.58% | 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, 2013
Unaudited

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|---|--|
| Debt Repaid with Property Taxes | | | |
| City of Linwood | \$ 12,348,811 | 100.00% | \$ 12,348,811 |
| Other debt | | | |
| County of Atlantic (City's Share) - as of December 31, 2012 | 110,447,482 | 2.47% | 2,724,507 |
| Subtotal, Overlapping Debt | | | 15,073,318 |
| Linwood School District Direct Debt | | | 6,856,815 |
| Total Direct and Overlapping Debt | | | <u><u>\$ 21,930,133</u></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 2013

| | | | |
|---|--|---------------------------|--------------------------------|
| | | Equalized valuation basis | |
| | | 2012 | \$ 1,058,617,347 |
| | | 2011 | 1,139,027,746 |
| | | 2010 | 1,198,611,612 |
| | | <u>[A]</u> | <u>\$ 3,396,256,705</u> |
| Average equalized valuation of taxable property | | <u>[A/3]</u> | <u>\$ 1,132,085,568</u> |
| Debt Limit (3% of Avg Equal Value) | | <u>[B]</u> | <u>31,776,042 ^a</u> |
| Net bonded school debt | | <u>[C]</u> | <u>4,591,815</u> |
| Legal debt margin | | <u>[B-C]</u> | <u>\$ 27,184,227</u> |

| | Fiscal Year | | | | | | | | | | |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | |
| Debt limit | \$ 20,444,019 | \$ 22,887,432 | \$ 26,207,582 | \$ 30,087,284 | \$ 33,914,251 | \$ 36,486,737 | \$ 37,607,291 | \$ 37,175,817 | \$ 36,387,943 | \$ 31,776,042 | |
| Total net debt applicable to limit | 11,460,685 | 10,440,317 | 13,788,444 | 12,424,579 | 11,484,210 | 8,095,000 | 7,814,251 | 6,618,881 | 5,487,514 | 4,591,815 | |
| Legal debt margin | <u>\$ 8,983,334</u> | <u>\$ 12,447,115</u> | <u>\$ 12,419,138</u> | <u>\$ 17,662,705</u> | <u>\$ 22,430,041</u> | <u>\$ 28,391,737</u> | <u>\$ 29,793,040</u> | <u>\$ 30,556,936</u> | <u>\$ 30,900,429</u> | <u>\$ 27,184,227</u> | |
| Total net debt applicable to the limit as a percentage of debt limit | 56.06% | 45.62% | 52.61% | 41.30% | 33.86% | 22.19% | 20.78% | 17.80% | 15.08% | 14.45% | |

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

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

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

| Year | Population ^a | Personal Income (thousands of dollars) ^b | Per Capita Personal Income ^c | Unemployment Rate ^d |
|------|-------------------------|---|---|-----------------------------------|
| 2004 | 7,338 | 252,735,396 | 34,442 | 3.2% |
| 2005 | 7,322 | 260,311,744 | 35,552 | 3.3% |
| 2006 | 7,293 | 268,922,082 | 36,874 | 3.7% |
| 2007 | 7,229 | 277,239,379 | 38,351 | 3.7% |
| 2008 | 7,213 | 283,975,810 | 39,370 | 4.6% |
| 2009 | 7,225 | 275,814,375 | 38,175 | 8.3% |
| 2010 | 7,225 | 287,164,850 | 39,746 | 8.5% |
| 2011 | 7,087 | 285,336,794 | 40,262 | 8.6% |
| 2012 | 7,087 | 292,225,358 | 41,234 | 8.6% |
| 2013 | 7,090 | 292,349,060 | 41,234 | 9.0% |

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development - most current information is as of 7/1/2012

^b Personal income provided by the NJ Dept of Labor and Workforce Development- most current information is as of 7/1/2012

^c Per Capita information provided by Labor Report of Per Capita Income, Atlantic County

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

City of Linwood School District
Principal Employers,
Current Year and Nine Years Ago

| | 2013 | | | 2007 | | |
|---------------------------------|-----------|--------------------|--------------------------------------|-----------|-----------------|--------------------------------------|
| | Employees | Rank (Optional) | Percentage of Total Employment | Employees | Rank (Optional) | Percentage of Total Employment |
| Mainland Regional High School | | | 0.00% | 200 | 2 | 0.00% |
| Linwood Convalescent Center | | | 0.00% | 264 | 1 | 0.00% |
| Central Square Shopping Center | | | 0.00% | 174 | 3 | 0.00% |
| City of Linwood School District | | | 0.00% | 100 | 5 | 0.00% |
| Central Park East | | | 0.00% | 120 | 4 | 0.00% |
| Brandell Estates | | | 0.00% | 100 | 6 | 0.00% |
| City of Linwood - Municipality | | NOT AVAILABLE | | | | |
| WOND Radio Station | | | 0.00% | 94 | 7 | 0.00% |
| Linwood Country Club | | | 0.00% | 50 | 9 | 0.00% |
| Linwood Professional Plaza | | | 0.00% | 70 | 8 | 0.00% |
| Parkshore Building Association | | | 0.00% | 30 | 10 | 0.00% |
| | | | | | | |
| | - | | 0.00% | 1,202 | | 0.00% |

Source:

Employers listed above

Percentages above are zero because total employment is unknown

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

| Function/Program | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction | | | | | | | | | | |
| Regular | 60.7 | 56.5 | 61.0 | 61.0 | 59.2 | 60.8 | 64.0 | 59.5 | 60.3 | 59.1 |
| Special education | 27.9 | 27.0 | 25.0 | 44.2 | 44.8 | 37.8 | 45.2 | 45.4 | 45.0 | 42.0 |
| Other special education | 3.0 | 2.6 | 2.6 | 2.6 | 2.6 | 4.2 | 7.6 | 6.0 | 5.4 | 6.3 |
| 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 | |
| Student & instruction related services | 21.2 | 25.6 | 27.3 | 13.9 | 15.6 | 19.5 | 11.2 | 15.7 | 15.3 | 15.0 |
| General administrative services | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.3 | 2.2 | 2.3 |
| School administrative services | 5.6 | 5.9 | 5.9 | 5.8 | 5.6 | 6.1 | 6.0 | 6.1 | 6.1 | 5.6 |
| Business administrative & Technology services | 3.0 | 3.8 | 3.8 | 3.8 | 3.8 | 3.9 | 3.8 | 4.1 | 4.1 | 4.4 |
| Plant operations and maintenance | 19.6 | 20.4 | 20.4 | 21.3 | 22.0 | 21.8 | 18.0 | 17.5 | 17.1 | 13.3 |
| Pupil transportation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Special Schools | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Food Service | 0.7 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Child Care | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Total | 143.9 | 144.5 | 148.2 | 154.8 | 156.5 | 157.0 | 158.7 | 157.1 | 156.2 | 148.6 |

Source: District Personnel Records

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Pupil/Teacher Ratio | | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|------------|---------------|---|---|--------------------------------------|-------------------------------|
| | | | | | Teaching Staff ^b | Elementary | Middle School | | | | |
| 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 | 972.1 | 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 | 13,167,992 | 14,615 | 4.85% | 81.6 | 1:11 | 1:11 | 910.3 | 875.90 | -3.28% | 96.20% |
| 2012 | 890 | 13,636,615 | 15,322 | 4.84% | 81.8 | 1:11 | 1:11 | 884.7 | 856.80 | -2.81% | 96.80% |
| 2013 | 885 | 14,353,179 | 16,218 | 5.85% | 83.09 | 1:10 | 1:10 | 889.6 | 856.10 | 0.55% | 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**

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <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 | 499 | 500 | 512 | 499 | 494 | 531 | 504 | 435 | 462 | 438 |
| <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 | 521 | 535 | 512 | 505 | 501 | 446 | 441 | 466 | 428 | 448 |
| <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, 2013 | | | | | | | | | | |
| 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 any additions. Enrollment is based on the annual October district count.

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

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

| School Facilities | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Seaview Elementary | 76,307 | \$ 102,084 | \$ 33,799 | \$ 76,136 | \$ 70,743 | \$ 67,201 | \$ 95,467 | \$ 77,259 | \$ 68,981 | \$ 58,844 |
| Belhaven Middle School | 118,863 | 103,730 | 91,521 | 107,891 | 100,139 | 91,463 | 75,329 | 101,709 | 97,115 | 55,240 |
| Poplar Avenue School | 6,702 | 1,957 | 3,259 | 3,310 | 1,591 | 1,702 | 4,428 | 860 | 1,267 | 1,103 |
| Total School Facilities | 201,872 | 207,770 | 128,579 | 187,337 | 172,473 | 160,366 | 175,224 | 179,827 | 167,363 | 115,187 |
| Other Facilities | 195,835 | 190,527 | 187,292 | 169,038 | 172,078 | 165,263 | 161,608 | 149,790 | 98,555 | 123,010 |
| Grand Total | \$ 397,707 | \$ 398,297 | \$ 315,871 | \$ 356,375 | \$ 344,551 | \$ 325,629 | \$ 336,832 | \$ 329,617 | \$ 265,918 | \$ 238,197 |

**City of Linwood School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2013
Unaudited**

| Company | Type of Coverage | Coverage | Deductible |
|--|--|---------------------|------------|
| School Alliance Insurance Group | School Board Legal Liability | | \$ 5,000 |
| | - claims made form | | |
| | - each claim | \$5,000,000 | |
| | - aggregate | 10,000,000 | |
| School Alliance Insurance Fund | Worker's Compensation | | |
| | - Coverage A - Statutory | | n/a |
| | - 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 | 38,226,300 | 1,000 |
| | - Liability | | |
| | - CSL Bodily Injury Each Occurrence | 5,000,000 | |
| | - General Aggregate | 5,000,000 | |
| | - Products/Completed Operation | 5,000,000 | |
| | - Employee Benefits Liability | 5,000,000 | 1,000 |
| | - Inland Marine | | |
| | - Scheduled Property Floater | 58,185 | 1,000 |
| | - Computer Coverage - Hardware | 725,000 | |
| | - Software | Included | |
| | - Boiler and Machinery | 100,000,000 | 1,000 |
| | Business Auto | | |
| | - Combined Single Liability | 5,000,000 | |
| | - Uninsured Motorists Fund | 15,000/30,000/5,000 | |
| | - Comprehensive | | 1,000 |
| | - Collision | | 1,000 |
| | Umbrella | | |
| | - Occurance and Aggregate | 10,000,000 | |
| | Bond | | |
| Selective Insurance | - Public Official Bond | | |
| | - Treasurer | 190,000 | |
| | - Business Administrator | 100,000 | |
| School Alliance Insurance Fund | Crime | | |
| | - Blanket Dishonesty Bond | 500,000 | 1,000 |
| | - Computer Fraud | 50,000 | |
| | - Forgery & Alteration | 50,000 | |
| | - Money & Security | 50,000 | |
| Insurance | - Full Excess | | |
| | - Dental Sub Limit | 10,000 | |

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Single Audit Section



K-1 INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
City of Linwood School District School District
(a component unit of the City of Linwood)
City of Linwood, New Jersey
County of Atlantic

We have audited the basic financial statements of the Board of Education of the City of Linwood School District School District (a component unit of the City of Linwood), State of New Jersey, as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated October 16, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

This report is intended for the information of the management of the City of Linwood School District School District Board of Education (a component unit of the City of Linwood), 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

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

October 16, 2013



K-2 INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of Board of Education
City of Linwood School District
(a component unit of the City of Linwood)
City of Linwood, New Jersey
County of Atlantic

Report on Compliance for Each Major Federal and State Program

We have audited the City of Linwood School District's (a component unit of the City of Linwood), State of New Jersey compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the New Jersey OMB *State Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013. The City of Linwood School District's (a component unit of the City of Linwood) major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Linwood School District's (a component unit of the City of Linwood) major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Linwood School District's (a component unit of the City of Linwood) compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the City of Linwood School District (a component unit of the City of Linwood) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the City of Linwood School District (a component unit of the City of Linwood) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Linwood School District's (a component unit of the City of Linwood) internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, 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 (a component unit of the City of Linwood) internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the City of Linwood School District (a component unit of the City of Linwood) as of and for the year ended June 30, 2013, and have issued our report thereon dated October 16, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

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

Glen J. Ortman

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

October 16, 2013

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CITY OF LINWOOD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2013

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant or State Project Number | Grant Period | Program or Award Amount | Balance 6/30/12 | Carryover/Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances/Adjustments | Deferred Revenue 6/30/13 | (Accounts Receivable) 6/30/13 | Due to Grantor at 6/30/13 |
|--|---------------------|-------------------------------|-----------------------|-------------------------|-----------------|------------------|---------------|------------------------|--|--------------------------|-------------------------------|---------------------------|
| U.S. Department of Education | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | |
| Education Jobs Funds | 84.410 | | 07/01/11 - 09/30/2012 | 67,116 | \$ (16,820) | \$ - | \$ 18,923 | \$ 2,103 | \$ - | \$ - | \$ - | \$ - |
| Total General Fund | | | | | (16,820) | - | 18,923 | 2,103 | - | - | - | - |
| U.S. Department of Education | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | |
| No Child Left Behind (N.C.L.B.): | | | | | | | | | | | | |
| Title I | 84.000 | NCLB-2680-12 | 09/01/11-08/31/12 | 19,662 | (15,151) | - | 16,287 | 1,136 | - | - | (5,266) | - |
| Title I | 84.000 | NCLB-2680-13 | 09/01/12-08/31/13 | 16,563 | - | - | 9,984 | 15,250 | - | - | (5,297) | - |
| Title II A | 84.298 | NCLB-2680-13 | 09/01/12-08/31/13 | 15,279 | - | - | 2,007 | 7,304 | - | - | - | - |
| Title II A | 84.298 | NCLB-2680-12 | 09/01/11-08/31/12 | 18,282 | (2,254) | - | 13,645 | 11,391 | - | - | - | - |
| Special Education Cluster (IDEA) | | | | | | | | | | | | |
| IDEA Part B, Basic Regular | 84.027 | FT-2680-13 | 09/01/12-08/31/13 | 183,665 | - | - | 94,656 | 131,696 | - | - | (37,040) | - |
| IDEA Part B, Basic Regular | 84.027 | FT-2680-12 | 09/01/11-08/31/12 | 186,766 | (25,924) | - | 82,945 | 57,021 | - | - | - | - |
| IDEA Part B, Preschool | 84.173 | PT-2680-12 | 09/01/11-08/31/12 | 9,688 | (1,961) | - | 8,988 | 7,027 | - | - | (79) | - |
| IDEA Part B, Preschool | 84.173 | PT-2680-13 | 09/01/12-08/31/13 | 9,841 | - | - | 1,015 | 1,094 | - | - | - | - |
| Total Special Revenue Fund | | | | | (45,290) | - | 229,527 | 231,919 | - | - | (47,682) | - |
| Total Federal Financial Assistance | | | | | (62,110) | - | 248,450 | 234,022 | - | - | (47,682) | - |

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

City of Linwood School District
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2013

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Program or Award Amount | Balance 6/30/12 | Carryover/ Amount | Cash If Received In Full | Budgetary Expenditures | Repayment of Prior Years' Balances/ Adjustments | Deferred Revenue 6/30/13 | (Accounts Receivable) 6/30/13 | Due to Grantor at 6/30/13 | Memo | |
|----------------------------------|-------------------------------|-------------------|-------------------------|-----------------|-------------------|--------------------------|------------------------|---|--------------------------|-------------------------------|---------------------------|------------------------------|-------------------------------|
| | | | | | | | | | | | | Budgetary Receivable 6/30/13 | Cumulative Total Expenditures |
| State Department of Education | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | |
| State Aid Public Cluster: | | | | | | | | | | | | | |
| Security Aid | 13-495-034-5120-084 | 07/01/12-06/30/13 | \$ 62,818 | \$ | \$ | 62,818 | \$ 62,818 | \$ | \$ | \$ | \$ | (5,875) | \$ 62,818 |
| Transportation Aid | 13-495-034-5120-014 | 07/01/12-06/30/13 | 99,628 | | | 99,628 | 99,628 | | | | | (9,317) | 99,628 |
| Special Education Aid | 13-495-034-5120-089 | 07/01/12-06/30/13 | 481,909 | | | 481,909 | 481,909 | | | | | (45,067) | 481,909 |
| Equalization Aid | 13-495-034-5120-078 | 07/01/12-06/30/13 | 173,046 | | | 173,046 | 173,046 | | | | | (16,183) | 173,046 |
| Adjustment Aid | 13-495-045-5120-085 | 07/01/12-06/30/13 | 710,935 | | | 710,935 | 710,935 | | | | | (66,647) | 710,935 |
| Other State Aid | | | | | | | | | | | | | |
| Non-Public Transportation Aid | 12-495-045-5120-014 | 07/01/11-06/30/12 | 348 | (348) | | 348 | | | | | | | |
| Non-Public Transportation Aid | 13-495-045-5120-014 | 07/01/12-06/30/13 | 570 | | | | 570 | | | (570) | | | 570 |
| Extraordinary Aid | 13-100-034-5120-473 | 07/01/12-06/30/13 | 121,676 | | | | 121,676 | | | (121,676) | | | 121,676 |
| Extraordinary Aid | 12-100-034-5120-473 | 07/01/11-06/30/12 | 187,158 | (187,158) | | 187,158 | | | | | | | |
| Reimbursed TPAF | | | | (3,165) | | 3,165 | | | | (42,406) | | | |
| Social Security Contributions | 12-495-034-5095-002 | 07/01/11-06/30/12 | 491,481 | | | 431,972 | 474,378 | | | | | | 474,378 |
| Social Security Contributions | 13-495-034-5095-002 | 07/01/12-06/30/13 | 474,378 | | | | | | | | | | |
| Total General Fund | | | | (190,671) | 0 | 2,150,979 | 2,124,960 | 0 | 0 | (164,652) | 0 | (143,089) | 2,124,960 |
| Special Revenue Fund: | | | | | | | | | | | | | |
| Non-Public Textbook Aid | 13-100-034-5120-064 | 07/01/12-06/30/13 | 793 | | | 793 | 793 | | | | | | 793 |
| Non-Public Textbook Aid | 12-100-034-5120-064 | 07/01/11-06/30/12 | 880 | 157 | | | | 157 | | | | | |
| Non-Public Technology Aid | 13-100-034-5120-065 | 07/01/12-06/30/13 | 293 | | | 293 | 293 | | | | | | 293 |
| Non-Public Nursing | 13-100-034-5120-070 | 07/01/12-06/30/13 | 1,100 | | | 1,100 | 1,100 | | | | | | 1,100 |
| Total Special Revenue Fund | | | | 157 | 0 | 2,186 | 2,186 | 157 | 0 | 0 | 0 | 0 | 2,186 |
| Total State Financial Assistance | | | \$ | (190,514) | \$ | 2,153,165 | \$ 2,127,146 | \$ 157 | \$ | (164,652) | \$ | (143,089) | \$ 2,127,146 |

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

City of Linwood School District
Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2013

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 \$4,103 (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 | \$ 2,103 | \$ 3,058,795 | \$ (918,003) | \$ 2,142,895 |
| Special Revenue Fund | 231,849 | 2,186 | | 234,035 |
| | <u>233,952</u> | <u>3,060,981</u> | <u>(918,003)</u> | <u>2,376,930</u> |
| Total Financial Award Revenues | \$ <u>233,952</u> | \$ <u>3,060,981</u> | \$ <u>(918,003)</u> | \$ <u>2,376,930</u> |

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

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represent the amount paid by the state on behalf of the District for the year ended June 30, 2013. 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, 2013.

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**City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2013**

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, 2013
(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

| | |
|--|--|
| 495-034-5120-078 495-034-5120-089 495-034-5120-085 495-034-5120-084 495-034-5120-089 | <u>State Aid-Public</u> Equalization Aid Special Education Aid Adjustment Aid Security Aid TPAF Social Security |
|--|--|

City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2013
(Continued)

II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

None

III. Federal Awards and State Financial Assistance Findings and Questioned Costs.

Federal:

N/A

State:

Our audit disclosed no material Findings or Questioned Costs.

Status of Prior Year Findings

None noted.

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