

Comprehensive Annual Financial Report

of the

Linwood Board of Education

Linwood, New Jersey

for the Fiscal Year ended June 30, 2010



Excellence in Education and Learning

Prepared by:

Linwood Board of Education Finance Department

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9-10
Required Supplementary Information - Part I Management's Discussion and Analysis	11-18
Basic Financial Statements	
A DISTRICT - WIDE FINANCIAL STATEMENTS	
A-1 Statement of Net Assets	19
A-2 Statement of Activities	20
B FUND FINANCIAL STATEMENTS	
Governmental Funds:	
B-1 Balance Sheet	21
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	22
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds:	
B-4 Statement of Net Assets	24
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	25
B-6 Statement of Cash Flows	26
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	27
B-8 Statement of Changes in Fiduciary Net Assets	n/a
Notes to Financial Statements	28-44

TABLE OF CONTENTS

Page

Required Supplementary Information - Part II

C	Budgetary Comparison Schedules		45-54
	C-1 Budgetary Comparison Schedule - General Fund		n/a
	C-1a Combining Budgetary Comparison Schedule - General Fund		55
	C-1b1 American Recovery Act-Education Stabilization Fund-Budgetary Comparison Schedule		56
	C-1b2 American Recovery Act-Government Stabilization Fund-Budgetary Comparison Schedule		57-58
	C-2 Budgetary Comparison Schedule - Special Revenue Fund		
	Notes to the Required Supplementary Information		59
	C-3 Budget - to - GAAP Reconciliation		
	Other Supplementary Information		
D	School Level Schedules (General Fund):		N/A
E	Special Revenue Fund:		
	E-1 Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis		60-61
F	Capital Projects Fund:		
	F-1 Summary Statement of Project Expenditures		62
	F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis		63
	F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Various Improvements		64
G	Proprietary Funds:		
	Enterprise Fund:		
	G-1 Statement of Net Assets		N/A
	G-2 Statement of Revenues, Expenses, and Changes in Fund Net Assets		N/A
	G-3 Statement of Cash Flows		N/A
H	Fiduciary Funds		
	H-1 Combining Statement of Fiduciary Net Assets		65
	H-2 Combining Statement of Changes in Fiduciary Net Assets		66
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements		67
	H-4 Payroll Agency Fund Schedule of Receipts and Disbursements		68

TABLE OF CONTENTS

Page

Other Supplementary Information (Continued)

I Long-Term Debt

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

J STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Assets by Component	69
J-2	Changes in Net Assets	70-71
J-3	Fund Balances, Governmental Funds	72
J-4	Changes in Fund Balances, Governmental Funds	73
J-5	General & Special Revenue Fund Other Local Revenue by Source	74

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property	75
J-7	Direct and Overlapping Property Tax Rates	76
J-8	Principal Property Tax Payers	77
J-9	Property Tax Levies and Collections	78

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	79
J-11	Ratios of Net General Bonded Debt Outstanding	80
J-12	Direct and Overlapping Governmental Activities Debt	81
J-13	Legal Debt Margin Information	82

Demographic and Economic Data

J-14	Demographic and Economic Statistics	83
J-15	Principal Employers	84

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	85
J-17	Operating Statistics	86
J-18	School Building Information	87
J-19	Required Maintenance for School Facilities	88
J-20	Insurance Schedule	89

K SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	90-91
K-2	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	92-93
K-3	Schedule of Expenditures of Federal Awards, Schedule A	94
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	95
K-5	Notes to Schedules of Awards and Financial Assistance	96-97
K-6	Schedule of Findings and Questioned Costs	98-99
K-7	Summary Schedule of Prior Audit Findings	100

Introductory Section

LINWOOD PUBLIC SCHOOLS

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Superintendent of Schools
Belhaven Middle School
Linwood, NJ 08221-1669

Phone: (609) 926-6703
Fax: (609) 926-6705



TERI J. WEEKS, CPA
Business Administrator/
Board Secretary
Belhaven Middle School
Linwood, NJ 08221-1669

Phone: (609) 926-6707
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Excellence in Teaching and Learning

October 28, 2010

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, 2010 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 through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2009-10 fiscal year with an average daily enrollment of 941.2 students, which is a -3.72% decrease below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percentage</u> <u>Change</u>
09/10	941.2	-3.72%
08/09	977.6	-1.46%
07/08	992.1	-.68%
06/07	998.9	-1.98%
05/06	1,019.1	-1.27%

2) ECONOMIC OUTLOOK:

Economic demands placed on the district remain significant and continue to be driven by the challenge of meeting individual needs. While enrollment has slowly declined, the demand for these unique and important programs continues to grow. Our economic outlook reflects the support we receive from local tax payers who fund eighty-five percent of our budget. During difficult economic times such as those we are currently experiencing, such support will most certainly be tested. The extracurricular offerings, support staff, facility projects and supplies have been impacted in the 2010-2011 school year budget due to the fiscal constraints. The impact from the loss of these items will be felt in the future years as the district finds unique ways to provide the quality programs the community has depended on over the years.

3) MAJOR INITIATIVES:

Major initiatives for the 2010-2011 school year include the completion and initial implementation of the five year strategic plan, continuation of the Response to Intervention program across all grade levels, and the development of a wireless campus at both school sites.

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, 2010.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) DEBT ADMINISTRATION:

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

8) CASH MANAGEMENT:

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

9) RISK MANAGEMENT:

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

10) OTHER INFORMATION:

A) *Independent Audit* - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related State Treasury Circular Letter NJOMB 04-04. The auditor's report on the 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 Cafeteria. 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, cafeteria, 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, 2010, the District employed 80.7 full time equivalent of certified staff and 49.8 full time equivalent non-professional employees. Enrollment as of August 2010 was 880 students, including preschool inclusion.

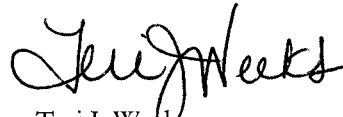
11) ACKNOWLEDGMENTS:

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,

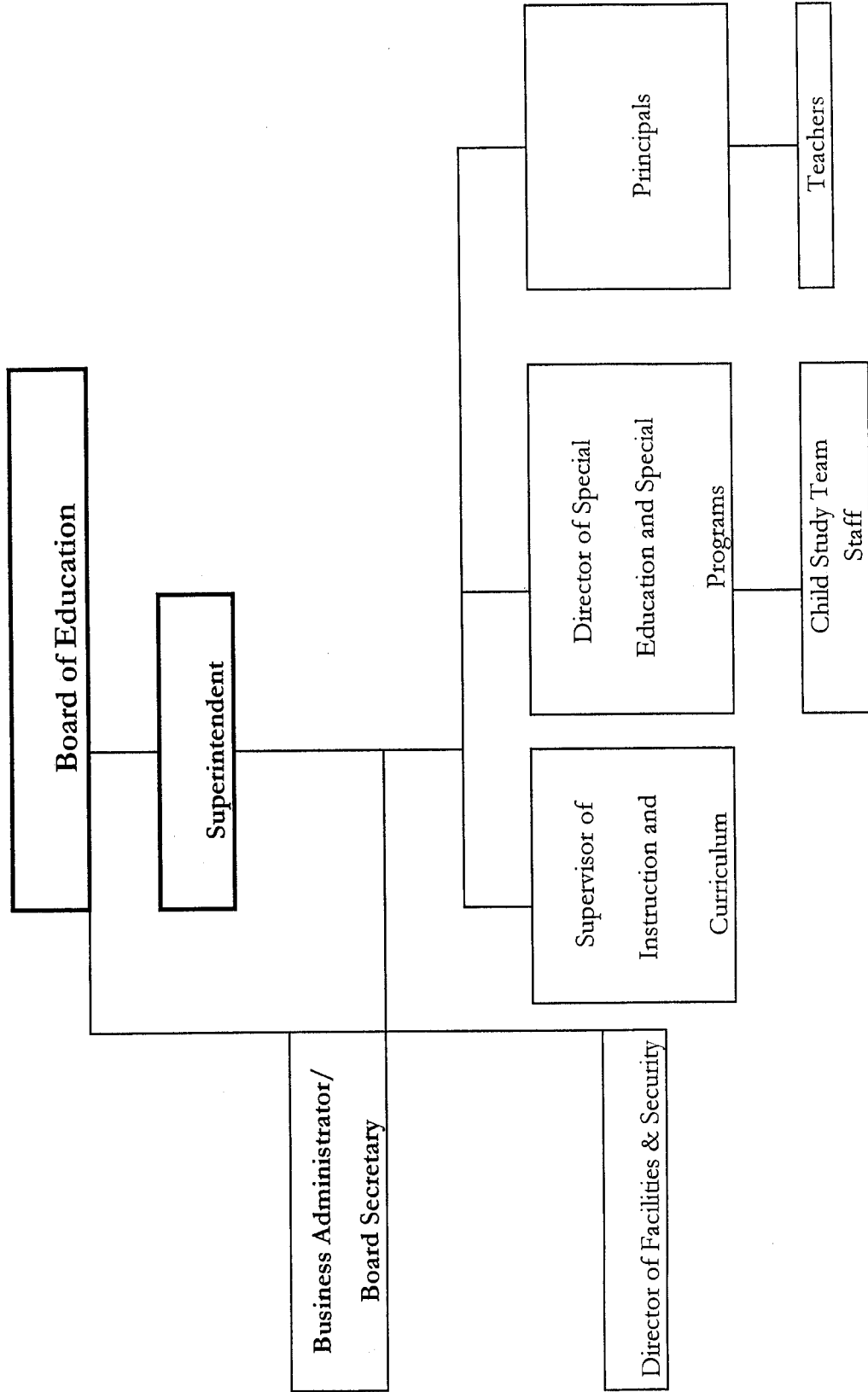


Thomas A. Baruffi
Superintendent of Schools



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, 2010

Members of the Board of Education

Term Expires

Mathew Finkelson, DMD, President

2012

Lynn E. Gibson, Vice President

2011

Joanne Scannell

2010

Richard Sless

2011

Shelly Meyers

2010

Joseph Jacobs

2012

Diana Rutala

2012

Other Officials

Thomas A. Baruffi, Superintendent

Teri J. Weeks, School Business Administrator/Board Secretary

Kelly A Batz, Treasurer

Will Donio, Esq., Solicitor

LINWOOD BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Ford, Scott & Associates, LLC
Ocean City, New Jersey

Attorney

William Donio, Esq.
Atlantic City, New Jersey

Architect of Record

Daniel Scott Mascione
Northfield, New Jersey

Official Depositories

Ocean City Home Bank
New Road, Linwood, NJ 08221

Cape Savings Bank
Somers Point, NJ 08244

Susquehanna Bank
New Road, Linwood, NJ 08221

Crown Bank
New Road, Linwood, NJ 08221

Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Board of Education of the City of Linwood School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Linwood School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, of the City of Linwood School District Board of Education, in the County of Atlantic, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2010 on our consideration of the City of Linwood School District Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considering is assessing the results of our audit.

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

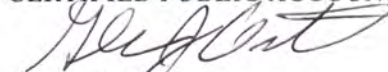
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Linwood School District Board of Education's basic financial statements. The accompanying introductory section, combining statements, and related major fund supporting statements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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS



Glen J. Ortman

Certified Public Accountant

Licensed Public School Accountant

No. 853

October 28, 2010

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, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net assets of the District decreased \$804,022 as a result of an increase in accumulated depreciation and use of fund balance.
- The State of New Jersey reimbursed the District \$467,834 during the fiscal year ended June 30, 2010 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 \$392,409 during the fiscal year ended June 30, 2010 for the employer's share of pension post retirement medical contributions for TPAF members. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- As required by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to the greater of 2% of the total general fund expenditures or \$250,000. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2010 the District had a total excess surplus of \$562,967.
- During the fiscal year ended June 30, 2010, the District's General Fund revenue sources were approximately \$569,657 less than total expenses realized. During the prior fiscal year, revenue was less than expenses by approximately \$3,134.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; N/A	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets

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

Government-Wide Statements

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

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

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

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

- *Governmental Activities* – most of the District’s basic services are included here, such as instruction, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.

Fund Financial Statements

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

The District has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets. Net assets of the District decreased due to the increase of Compensated Absences payable and depreciation expense and a loss on disposal of fixed assets exceeding capital outlay additions.

	Governmental Activities		Business-type Activities	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 1,756,044	\$ 2,400,722	\$ 20,270	\$ 10,428
Capital assets	17,038,553	17,165,012	-	-
Total assets	<u>18,794,597</u>	<u>19,565,734</u>	<u>20,270</u>	<u>10,428</u>
Long-term liabilities	309,769	295,538		
Other liabilities	155,949	134,725	7,272	-
Total liabilities	<u>465,718</u>	<u>430,263</u>	<u>7,272</u>	<u>-</u>
Net assets				
Invested in capital assets	17,038,553	17,165,012	-	-
Restricted	1,425,420	2,205,568	-	-
Unrestricted	(135,094)	(235,109)	12,998	10,428
Total net assets	<u>\$ 18,328,879</u>	<u>\$ 19,135,471</u>	<u>\$ 12,998</u>	<u>\$ 10,428</u>

As required by New Jersey Statutes, the unrestricted net assets of the District are not permitted to exceed the greater of 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security and assets acquired under capital leases or \$250,000. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2010, the District did have \$562,967 excess fund balance, of which \$250,000 is designated for use in the 2010-2011 district budget.

Changes in Net Assets. The total revenue of the District decreased approximately \$268,917 due to the decrease in unrestricted State aid of approximately \$359,406 offset by the increase in the State's on-behalf contribution to the Teacher's Pension and Annuity Fund of approximately \$26,000. Total decrease in state aid of approximately \$333,000 is offset by an increase in tax levy of approximately \$145,000.

Approximately 12% of the District's revenue comes from the State of New Jersey in the form of non-restricted state aid. This aid is based on the District's enrollment as well as other factors such as growth in the City. The City of Linwood levies property taxes on properties located in the City. This tax is remitted to the District on a monthly basis. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>2010 Amount</u>	<u>2010</u> <u>Percentage</u>	<u>2009 Amount</u>	<u>2009</u> <u>Percentage</u>
Property taxes	\$10,005,884	76.37%	\$ 10,151,229	75.92%
Unrestricted State aid	1,547,814	11.81%	1,919,639	14.36%
On Behalf Payment	860,243	6.57%	864,498	6.47%
Operating grants and contributions	429,756	3.28%	283,692	2.12%
Other	257,975	1.97%	151,532	1.13%
Totals	<u>\$13,101,672</u>	<u>100.00%</u>	<u>\$ 13,370,590</u>	<u>100.00%</u>

Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2010 fiscal year.

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program revenue						
Charges for services	\$ 139,298	\$ -	\$ 51,021	\$ 42,541	\$ 190,319	\$ 42,541
Federal grants		233,208			-	233,208
State grants and entitlements	1,289,999	3,845			1,289,999	3,845
Local Grants		46,638			-	46,638
General revenues						
Property taxes	10,005,884	10,151,229			10,005,884	10,151,229
State aid entitlements	1,547,814	2,784,137			1,547,814	2,784,137
Other	105,658	125,624	207	287	105,865	125,911
Total revenues	<u>13,088,653</u>	<u>13,344,681</u>	<u>51,228</u>	<u>42,828</u>	<u>13,139,881</u>	<u>13,387,509</u>
Expenses						
Instruction:						
Regular	5,442,124	5,875,586			5,442,124	5,875,586
Special Education	1,998,542	1,886,210			1,998,542	1,886,210
Other special instruction	456,919	367,224			456,919	367,224
Other instruction	110,236	92,712			110,236	92,712
Support services:						
Student & instruction related	2,123,052	1,902,933			2,123,052	1,902,933
Tuition	76,634	41,919			76,634	41,919
School administration services	572,223	511,239			572,223	511,239
General & business admin	1,050,761	1,070,469			1,050,761	1,070,469
Plant operations & maintenance	1,900,082	1,839,031			1,900,082	1,839,031
Pupil transportation	164,673	137,510			164,673	137,510
Transfer to Charter Schools					-	-
Business-type activities			48,658	49,463	48,658	49,463
Total expenses	<u>13,895,246</u>	<u>13,724,833</u>	<u>48,658</u>	<u>49,463</u>	<u>13,943,904</u>	<u>13,774,296</u>
Excess/(Deficiency) before Transfers	(806,593)	(380,152)	2,570	(6,635)	(804,023)	(386,787)
Transfers					-	-
Increase/(Decrease) in net assets	<u>\$ (806,593)</u>	<u>\$ (380,152)</u>	<u>\$ 2,570</u>	<u>\$ (6,635)</u>	<u>\$ (804,023)</u>	<u>\$ (386,787)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$1,600,095 which is approximately \$665,000 less than the beginning of the year. The decrease in fund balance was the result of decrease in anticipated state aid and decreases in reserved fund balance offset by increases in Capital and Maintenance Reserve. Overall, the financial position of the District has remains sound.

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

General Fund Budgetary Highlights

As further explained in the Footnotes 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 less than the budget by approximately \$525,000. The revenue shortfall is from approximately \$506,000 less state aid and \$19,000 of miscellaneous income that was budgeted. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual revenues were below actual expenditures by approximately \$561,000. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, the District had invested \$17.0 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 \$111,000, or .7% over last year.

	Governmental Activities	
	2010	2009
Land	\$423,600	\$423,600
Buildings and Improvements	15,821,982	15,876,062
Machinery & Equipment	792,971	748,099
Total	\$17,038,553	\$17,047,761

During the 2010 fiscal year, the District commenced the Belhaven Window Replacement project, completed a boiler replacement project at the Seaview School, and the Network and Telephone infrastructure projects. The Belhaven boiler replacement project that commenced in 2008-2009 was completed in 2009-2010. 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 continues to review the potential uses of the Poplar Avenue School. Currently the district does not plan the addition of any new significant programs, other than those required to meet the needs of the special education population, however, the district will be limited in their intention to continue to expand technology district wide. Solely through donations by the local education parent groups, the district has been fortunate to begin the wireless initiative. The district made many difficult budgetary decisions during the formation of the 2010-2011 budget, which included the reduction of support staff, after school programs, facility improvements, and an overall reduction in instructional supplies.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,375,733	\$ 18,637	\$ 1,394,370
Receivable - State	160,251		160,251
Receivable - Federal	97,920		97,920
Other Accounts Receivable	122,140	1,633	123,773
Capital assets:			
Land	423,600		423,600
Depreciable capital assets, net of depreciation	16,614,953		16,614,953
Total Assets	<u>18,794,597</u>	<u>20,270</u>	<u>18,814,867</u>
LIABILITIES			
Accounts payable	129,331	7,272	136,603
Deferred revenue	26,618		26,618
Noncurrent liabilities:			
Due beyond one year	309,769		309,769
Total liabilities	<u>465,718</u>	<u>7,272</u>	<u>472,990</u>
NET ASSETS			
Invested in capital assets, net of related debt	17,038,553		17,038,553
Restricted for:			
Encumbrances	158,989		158,989
Capital Reserve	590,153		590,153
Maintenance Reserve	103,311		103,311
Excess Surplus - Undesignated	322,967		322,967
Excess Surplus - Designated	250,000		250,000
Subsequent Year's Expenditures	-		-
Unrestricted	(135,094)	12,998	(122,096)
Total net assets	<u>\$ 18,328,879</u>	<u>\$ 12,998</u>	<u>\$ 18,341,877</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Activities
For the Year Ended June 30, 2010

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	\$ 4,235,583	\$ 1,206,542	\$ 22,500	\$ 481,719	\$ (4,937,906)	\$ -	\$ (4,937,906)	
Special education	1,543,341	455,201		191,092	(1,807,450)		(1,807,450)	
Other special instruction	327,676	129,243		54,256	(402,663)		(402,663)	
Other instruction	110,236				(110,236)		(110,236)	
Support services:								
Tuition	59,179	17,455		7,327	(69,307)		(69,307)	
Student & instruction related services	1,639,492	483,560		202,997	(1,920,055)		(1,920,055)	
School administrative services	441,890	130,333		54,714	(517,509)		(517,509)	
Central Services	329,349	97,140		40,779	(385,710)		(385,710)	
General Administrative services	482,084	142,188	116,798	59,691	(447,783)		(447,783)	
Plant operations and maintenance	1,467,307	432,775		181,678	(1,718,404)		(1,718,404)	
Pupil transportation	127,166	37,507		15,746	(148,927)		(148,927)	
Unallocated benefits	3,131,944	(3,131,944)			-		-	
Total governmental activities	<u>13,895,247</u>	<u>0</u>	<u>139,298</u>	<u>1,289,999</u>	<u>(12,465,950)</u>	<u>-</u>	<u>(12,465,950)</u>	
Business Type Activities								
Child Care	48,658		51,021			2,363	2,363	
Total government	<u>\$ 13,943,905</u>	<u>\$ 0</u>	<u>\$ 190,319</u>	<u>\$ 1,289,999</u>	<u>\$ (12,465,950)</u>	<u>\$ 2,363</u>	<u>\$ (12,463,587)</u>	
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net					\$ 10,005,884	\$ -	\$ 10,005,884	
Federal and State aid not restricted					1,547,814		1,547,814	
Miscellaneous Income					118,677	207	118,884	
Loss on Disposal of Equipment					(13,017)		(13,017)	
Total general revenues, special items and transfers					<u>11,659,358</u>	<u>207</u>	<u>11,659,565</u>	
Change in Net Assets					<u>(806,592)</u>	<u>2,570</u>	<u>(804,022)</u>	
Net Assets—beginning					19,135,471	10,428	19,145,899	
Net Assets—ending					<u>\$ 18,328,879</u>	<u>\$ 12,998</u>	<u>\$ 18,341,877</u>	

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, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 580,269	\$ -	\$ -	\$ 580,269
Capital Reserve Account	692,153			692,153
Maintenance Reserve Account	103,311			103,311
Receivable - Federal		97,920		97,920
Receivable - State	160,251			160,251
Due from other funds	143,724			143,724
Other Accounts Receivable	29,171	1,212	91,757	122,140
Total assets	<u>\$ 1,708,879</u>	<u>\$ 99,132</u>	<u>\$ 91,757</u>	<u>\$ 1,899,768</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 108,784	\$ 13,298	\$ 7,249	\$ 129,331
Interfund Accounts Payable		59,216	84,508	143,724
Deferred revenue		26,618		26,618
Total liabilities	<u>108,784</u>	<u>99,132</u>	<u>91,757</u>	<u>299,673</u>
Fund Balances:				
Reserved for:				
Encumbrances	158,989			158,989
Capital Reserve	590,153			590,153
Maintenance Reserve	103,311			103,311
Excess surplus Undesignated	322,967			322,967
Excess surplus Designated	250,000			250,000
Designated for subsequent year's expenditures	-			-
Unreserved, reported in:				
General fund	174,676			174,676
Total Fund balances	<u>1,600,095</u>	<u>-</u>	<u>-</u>	<u>1,600,095</u>
Total liabilities and fund balances	<u>\$ 1,708,879</u>	<u>\$ 99,132</u>	<u>\$ 91,757</u>	
Amounts reported for governmental activities in the statement of net assets (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				17,038,553
Some liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.				(309,769)
Net assets of governmental activities				<u>\$ 18,328,879</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local tax levy	\$ 10,005,884	\$ -	\$ -	\$ 10,005,884
Miscellaneous	257,975			257,975
State sources	2,243,099	2,277		2,245,376
Federal sources	164,958	379,382		544,340
Local sources		48,097		48,097
Total revenues	<u>12,671,916</u>	<u>429,756</u>	<u>0</u>	<u>13,101,672</u>
EXPENDITURES				
Current:				
Regular instruction	3,937,312	13,653		3,950,965
Special education instruction	1,199,057	240,576		1,439,633
Other special instruction	288,296	10,218		298,514
Other instruction	103,916	6,320		110,236
Support services and undistributed costs:				
Tuition - Special Education	29,173	26,029		55,202
Student & instruction related services	1,461,181	68,142		1,529,323
School administrative services	412,196			412,196
Other administrative services	449,689			449,689
Central Services	307,218			307,218
Plant operations and maintenance	1,368,709			1,368,709
Pupil transportation	118,621			118,621
Unallocated Benefits	3,118,396	13,548		3,131,944
Capital outlay	447,809	51,270	96,245	595,324
Total expenditures	<u>13,241,573</u>	<u>429,756</u>	<u>96,245</u>	<u>13,767,574</u>
Excess (Deficiency) of revenues over expenditures	<u>(569,657)</u>	<u>-</u>	<u>(96,245)</u>	<u>(665,902)</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Maintenance Reserve	0			0
Transfer to Capital Reserve	0			0
Total other financing sources and uses	<u>0</u>	<u>-</u>	<u>0</u>	<u>0</u>
Net change in fund balances	(569,657)	-	(96,245)	(665,902)
Fund balance—July 1	2,169,752		96,245	2,265,997
Fund balance—June 30	<u>\$ 1,600,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,600,095</u>

**City of Linwood School District
(A Component Unit of the City of Linwood)
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2010**

Total net change in fund balances - governmental funds (from B-2) \$ (665,902)

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	\$ (708,764)	
Loss on Disposal of Fixed Assets	(13,017)	
Capital outlays	<u>595,324</u>	(126,457)

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 (+).

(14,233)

Change in net assets of governmental activities \$ (806,592)

**City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Net Assets
Proprietary Funds
June 30, 2010**

	Business-Type Activities - Enterprise Funds	
	Before and After School Program	Totals
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,637	\$ 18,637
Other receivables	1,633	1,633
Total current assets	20,270	20,270
Total assets	\$ 20,270	\$ 20,270
LIABILITIES		
Current liabilities:		
Accounts Payable	\$ 7,272	\$ 7,272
Total current liabilities	7,272	7,272
Noncurrent Liabilities:		
Compensated absences	-	-
Total noncurrent liabilities	-	-
Total liabilities	7,272	7,272
NET ASSETS		
Invested in capital assets net of related debt	-	-
Unrestricted	12,998	12,998
Total net assets	\$ 12,998	\$ 12,998

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Before and After School Program	Total Enterprise
Operating revenues:		
Charges for services:		
Tuition - net of discounts	\$ 51,021	\$ 51,021
Total operating revenues	<u>51,021</u>	<u>51,021</u>
Operating expenses:		
Salaries	30,339	30,339
Benefits - FICA and Unemployment	2,450	2,450
Rent	7,500	7,500
Services	500	500
General supplies	7,869	7,869
Total Operating Expenses	<u>48,658</u>	<u>48,658</u>
Operating income	<u>2,363</u>	<u>2,363</u>
Nonoperating revenues (expenses):		
Interest	207	207
Total nonoperating revenues (expenses)	<u>207</u>	<u>207</u>
Income before contributions & transfers	2,570	2,570
Transfers in (out)	-	-
Change in net assets	<u>2,570</u>	<u>2,570</u>
Total net assets—beginning	10,428	10,428
Total net assets—ending	<u>\$ 12,998</u>	<u>\$ 12,998</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Before and After School Program</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 50,110	\$ 50,110
Payments for salaries	(23,592)	(23,592)
Rent	(7,500)	(7,500)
Other costs	(10,292)	(10,292)
	<u>8,726</u>	<u>8,726</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers (to)from other funds	-	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	-	-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	207	207
Net cash provided by investing activities	<u>207</u>	<u>207</u>
Net increase in cash and cash equivalents	8,933	8,933
Balances—beginning of year	9,704	9,704
Balances—end of year	<u>\$ 18,637</u>	<u>\$ 18,637</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 2,363	\$ 2,363
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase in Accounts Payable	7,272	7,272
(Increase)/Decrease in accounts receivable, net	(909)	(909)
Total adjustments	<u>6,363</u>	<u>6,363</u>
Net cash provided by operating activities	<u>\$ 8,726</u>	<u>\$ 8,726</u>

**City of Linwood School District
 (A Component Unit of the City of Linwood)
 Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2010**

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 35,426
Accounts Receivable	2,665
	38,091
Total assets	38,091
 LIABILITIES	
Accounts Payable	150
Payable to student groups	36,020
Payroll deductions and withholdings	1,921
Total liabilities	\$ 38,091

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. REPORTING ENTITY

The City of Linwood School District is a Type I district located in the County of Atlantic, State of New Jersey. As a Type I district, the Board of Education members are appointed by the Mayor. The Board is comprised of seven members appointed to three-year terms. The purpose of the district is to educate students in grades PreK Handicapped-8. The City of Linwood School District had an approximate enrollment at June 30, 2010 of 941 students.

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

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

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District does not have any funds that are classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (no business activities to report). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

The following fund types are used by the District:

1. Governmental Funds

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

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

2. Proprietary Funds

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

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

3. Fiduciary Funds

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

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

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

**City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. BASIS OF ACCOUNTING

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

1. Accrual

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

2. Modified Accrual

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

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

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents

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

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

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

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

2. Investments

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

3. Inventories

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2010, the District did not have inventory in the general fund or the enterprise fund.

4. Capital Assets

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

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

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

5. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

6. Expenditures

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Compensated Absences

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

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

8. Interfund Activity

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Budgets/Budgetary Control

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

<u>Account Description</u>	<u>Account Number</u>	<u>Amount</u>
Students- Extraordinary Services	11-000-217-xxx	\$28,815
Students - Child Study Team services	11-000-219-xxx	(\$21,710)
General Administration	11-000-230-xxx	\$34,050
School Administrative Services	11-000-240-xxx	\$15,900
Administrative Technology	11-000-252-xxx	\$12,500
Maintenance of Plant Services	11-000-261-xxx	(\$11,520)
Operations of Plant Services	11-000-262-xxx	(\$41,888)
Employee Benefits	11-000-291-xxx	\$48,688
Instruction - Grades 1-5	11-120-100-xxx	(\$105,220)
Instruction - Grades 6-8	11-130-100-xxx	(\$97,365)
Multiply Handicapped	11-212-100-xxx	\$15,000
Resource Room	11-213-100-xxx	(\$15,780)
Preschool Handicapped	11-215-100-xxx	(\$20,720)
Basic Skills	11-230-100-xxx	\$23,800
Facilities	12-xxx-xxx-xxx	\$102,000
ARRA ESF	16-120-100-xxx	\$87,345
ARRA ESF	16-130-100-xxx	\$71,465
ARRA GSF	17-190-100-xxx	\$6,148

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 last 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, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

	General Fund	Special Revenue
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$12,680,288	\$445,736
 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		546
Current Year		(16,526)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	189,744	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(198,116)	
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$12,671,916</u>	<u>\$429,756</u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$13,241,573	\$445,736
 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		546
Current Year		(16,526)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to capital projects fund.		
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 13,241,573</u>	<u>\$429,756</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

10. Encumbrances

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

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

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

11. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The Board of Education will began charging tuition to district students for Preschool Regular Education services beginning September 1, 2008. As of June 30, 2010, there was no tuition receivable.

12. Tuition Payable

Tuition charges for the fiscal year 2009 - 2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. The Atlantic County Special Services School District notified the district that the tuition adjustment payable in the 2009-2010 school year from the 2006-2007 school year for students sent to their programs was \$11,993 and the 2007-2008 tuition adjustment was \$11,452. A credit was due from the 2008-2009 school year in the amount of \$284. This amount was netted with the 2007-2008 amount due and a total of \$23,161 was paid in the 2009-2010 school year.

13. Use of Estimates

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

NOTE 2. INVESTMENTS

As of June 30, 2010, 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.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 2. INVESTMENTS - CONTINUED

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. \$0 of the District's investments are at risk.

NOTE 3. CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2010, \$0 of the government's bank balance of \$1,699,058.49 was exposed to custodial credit risk.

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Transfers/Adj. Additions</u>	<u>Transfers/Adj. Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 423,600.00	\$ -	\$ -	\$ 423,600.00
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>423,600.00</u>	<u>-</u>	<u>-</u>	<u>423,600.00</u>
Capital assets being depreciated:				
Site Improvements	-	-	-	-
Buildings and building improvements	23,467,416.00	375,719.00	-	23,843,135.00
Machinery & Equipment	2,085,479.00	219,605.00	(324,047.00)	1,981,037.00
Total capital assets being depreciated at historical cost	<u>25,552,895.00</u>	<u>595,324.00</u>	<u>(324,047.00)</u>	<u>25,824,172.00</u>
Less accumulated depreciation for:				
Site Improvements	-	-	-	-
Buildings and improvements	(7,428,965.00)	(592,188.00)	-	(8,021,153.00)
Equipment	(1,382,518.00)	(116,576.00)	311,028.00	(1,188,066.00)
Total Accumulated Depreciation	<u>(8,811,483.00)</u>	<u>(708,764.00)</u>	<u>311,028.00</u>	<u>(9,209,219.00)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>16,741,412.00</u>	<u>(113,440.00)</u>	<u>(13,019.00)</u>	<u>16,614,953.00</u>
Governmental activity capital assets, net	<u>\$ 17,165,012.00</u>	<u>\$ (113,440.00)</u>	<u>\$ (13,019.00)</u>	<u>\$ 17,038,553.00</u>

**City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010**

NOTE 4. FIXED ASSETS - CONTINUED

Depreciation expense as charged to governmental functions as follows:

Regular Instruction	\$ 279,016
Special Education	101,666
Other Special Instruction	28,588
Other Instruction	3,898
Student and Instruction Related Services	116,377
School Administration Expenses	29,109
General and Central Administration	53,452
Plant Operations and Maintenance	<u>96,658</u>
	<u>\$ 708,764</u>

NOTE 5. GENERAL LONG-TERM DEBT – COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the district's personnel policy. Upon termination, eligible employees are paid for accrued vacation. The district's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the district for the unused sick leave in accordance with the district's agreements with the various employee unions.

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Issued	Retired/ Adjustment	Balance June 30, 2010	Due in One Year
Compensated Absences Payable	\$ 295,538	\$ 510,310	\$ 496,079	\$ 309,769	\$ -
	\$ 295,538	\$ 510,310	\$ 496,079	\$ 309,769	\$ -

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, 2010, the District had no authorized but not issued bonds.

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 6. OPERATING LEASES

Effective August 2010, the District is leasing various copy machines for the schools and administrative office. The lease terms vary from three to five years. The monthly payment is \$831. The following are minimum lease payments due for the lease on an annual basis.

Future minimum lease payments are as follows:

Year Ending June 30,	
2011	\$ 9,852
2012	9,852
2013	9,852
2014	7,751
2015	630

NOTE 7. PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 7. PENSION PLANS - CONTINUED

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 5.5% and the PERS rate is 5.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2010, 2009 and 2008 were \$0, \$0, and \$437,298 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2010, 2009, 2008 were \$142,846, \$112,133, and \$83,316 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2010, 2009 and 2008, the State of New Jersey contributed \$392,409, \$401,031, and \$473,800, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$467,834, \$463,467, and \$434,127 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

NOTE 8. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2009 there were 84,590 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 made post-retirement (PRM) contributions of \$1.38 billion for fiscal year 2009 and 3.22 million for fiscal year 2008.

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 \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010

NOTE 9. COMPENSATED ABSENCES

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

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

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

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, 2010 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, 2010, 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 is included in the State of New Jersey plan as of January 1996.

**City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010**

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2010:

Fund	Inter-fund Receivable	Inter-fund Payable
General	\$ 143,724	\$
Special Revenue		59,216
Capital		84,508
	\$ 143,724	\$ 143,724

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 13. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,600,095 General Fund fund balance at June 30, 2010, \$158,989 is reserved for encumbrances; \$572,967 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$250,000 of the excess surplus is designated for subsequent year's expenditures); \$590,153 is reserved for future capital outlays; \$103,311 is reserved for maintenance; and \$174,676 is unreserved and undesignated.

NOTE 14. 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, 2010 is \$322,967.

NOTE 15. LITIGATION

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

**City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010**

NOTE 16. 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, 2009 to June 30, 2010 fiscal year is as follows:

Beginning balance, July 1, 2009	\$681,536
Interest earnings	10,617
Deposits	
Withdrawals:	
Board resolution: 1/21/2010	(102,000)
Board resolution \$ _____	
Total Withdrawals	
Ending balance, June 30, 2010	<u>\$590,153</u>

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects at June 30, 2010 is \$1,136,133. The withdrawals from the capital reserve, if any, are for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 17. 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, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$ 101,580
Interest Earnings	1,731
Ending Balance, June 30, 2010	<u> </u>
	<u>\$ 103,311</u>

**City of Linwood School District
(A Component Unit of the City of Linwood)
Notes to Financial Statements
June 30, 2010**

NOTE 18. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2010 and October 28, 2010, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

Required Supplementary Information – Part II

Budgetary Comparison Schedules

City of Linwood School District
 (A Component Unit of the City of Linwood)
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 10,005,884	\$ -	\$ 10,005,884	\$ 10,005,884	\$ -
Miscellaneous	277,000	-	277,000	257,975	(19,025)
Total - Local Sources	10,282,884	-	10,282,884	10,263,859	(19,025)
Federal Sources:					
Equalization Aid - ARRA - ESF		158,810	158,810	158,810	-
Equalization Aid - ARRA - GSF		6,148	6,148	6,148	-
Total - Federal Sources	-	164,958	164,958	164,958	-
State Sources:					
Transportation Aid	109,672	-	109,672	109,672	-
Special Education Aid	479,018	-	479,018	479,018	-
Equalization Aid	909,128	(164,958)	744,170	577,877	(166,293)
Security Aid	64,410	-	64,410	64,410	-
Adjustment Aid	462,954	-	462,954	-	(462,954)
Other State Aid	37,459	-	37,459	160,251	122,792
-Extraordinary, Non-Public Transportation				392,409	392,409
On-Behalf TPAF Pension Contributions (non-budgeted)				467,834	467,834
Reimbursed TPAF Social Security Contributions (non-budgeted)					
Total - State Sources	2,062,641	(164,958)	1,897,683	2,251,471	353,788
Total Revenues	\$ 12,345,525	\$ -	\$ 12,345,525	\$ 12,680,288	\$ 334,763

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:	\$ 32,059	\$ (1,600)	\$ 30,459	\$ 26,768	\$ 3,691
Preschool	156,713	(3,180)	153,533	152,907	626
Kindergarten	2,025,670	(17,875)	2,007,795	1,965,905	41,890
Grades 1-5	1,608,319	(25,900)	1,582,419	1,537,804	44,615
Grades 6-8					
Regular Programs - Home Instruction:	1,500	2,500	4,000	3,200	800
Salaries of Teachers					
Regular Programs - Undistributed Instruction:	300		300		300
Purchased Professional - Educational Services	24,297	(1,300)	22,997	14,130	8,867
Other Purchased Services	261,727	2,500	264,227	208,069	56,158
General Supplies	38,875	(2,500)	36,375	27,641	8,734
Textbooks	1,776		1,776	888	888
Other Objects					
Total Regular Programs	4,151,236	(47,355)	4,103,881	3,937,312	166,569
Multiple Disabilities					
Salaries of Teachers	192,920	15,000	207,920	205,154	2,766
Other Salaries for Instruction	10,532		10,532		10,532
General Supplies	340		340	191	149
Total Multiple Disabilities	203,792	15,000	218,792	205,345	13,447

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 733,533	\$ (48,600)	\$ 684,933	\$ 684,717	\$ 216
Other Salaries for Instruction	120,213	32,500	152,713	149,286	3,427
General Supplies	7,600	320	7,920	7,546	374
Textbooks	4,000		4,000	73	3,927
Total Resource Room/Resource Center	865,346	(15,780)	849,566	841,622	7,944
Preschool Disabilities - Part Time:					
Salaries of Teachers	60,231	40,000	100,231	95,457	4,774
Other Salaries for Instruction	82,171	(60,400)	21,771	18,603	3,168
General Supplies	6,715	(320)	6,395	4,593	1,802
Total Preschool Disabilities - Part Time	149,117	(20,720)	128,397	118,653	9,744
Preschool Disabilities - Full Time					
Salaries of Teachers	20,491	2,000	22,491	20,913	1,578
Other Salaries for Instruction	11,590	1,000	12,590	12,124	466
Total Preschool Disabilities - Full Time	32,081	3,000	35,081	33,037	2,044
Special Education - Home Instruction					
Salaries of Teachers	5,000	(900)	4,100	400	3,700
Total Special Education - Home Instruction	5,000	(900)	4,100	400	3,700
Total Special Education - Instruction	1,255,336	(19,400)	1,235,936	1,199,057	36,879
Basic Skills/Remedial - Instruction					
Salaries of Teachers	214,615	25,700	240,315	239,741	574
Other Salaries for Instruction	29,878	(1,900)	27,978	27,847	131
General Supplies	1,855		1,855	403	1,452
Total Basic Skills/Remedial - Instruction	246,348	23,800	270,148	267,991	2,157

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 24,283	\$ (7,500)	\$ 16,783	\$ 16,568	\$ 215
Other Salaries for Instruction	6,110	(1,300)	4,810	3,666	1,144
Supplies	1,140		1,140	71	1,069
Total Bilingual Education - Instruction	31,533	(8,800)	22,733	20,305	2,428
School Sponsored Cocurricular Activities - Instruction:					
Salaries	35,442	(1,000)	34,442	29,998	4,444
Purchased Services				692	8
Supplies	700		700		
Total School Sponsored Cocurricular Activities - Instruction	36,142	(1,000)	35,142	30,690	4,452
School Sponsored Athletics - Instruction					
Salaries	58,914		58,914	52,257	6,657
Purchased Services	5,000	500	5,500	4,911	589
Supplies and Materials	3,250		3,250	2,946	304
Total School Sponsored Athletics - Instruction Before/After School Programs/Instruction	67,164	500	67,664	60,114	7,550
Salaries	4,800		4,800	3,800	1,000
Supplies	250		250	132	118
Transfer to Enterprise Fund					
Total Before/After School Programs	5,050	-	5,050	3,932	1,118
Summer School Instruction					
Salaries	10,480		10,480	9,180	1,300
Total Summer School Programs	10,480	-	10,480	9,180	1,300
Total Instruction	5,803,289	(52,255)	5,751,034	5,528,581	222,453
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools	34,740		34,740	29,173	5,567
Total Undistributed Expenditures - Instruction	34,740	-	34,740	29,173	5,567

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 26,255	\$ -	\$ 26,255	\$ 26,255	\$ -
Other Purchased Services	500		500		500
Total Undistributed Expenditures - Attendance and Social Work	26,755	-	26,755	26,255	500
Undistributed Expenditures - Health Services:					
Salaries	117,151	1,360	118,511	118,511	-
Other Purchased Services	6,751	(430)	6,321	5,307	1,014
Supplies and Materials	5,015		5,015	4,109	906
Other Objects	275		275	196	79
Total Undistributed Expenditures - Health Services	129,192	930	130,122	128,123	1,999
Undistributed Expenditures - Speech, OT, PT & Related Services					
Salaries	285,161		285,161	282,601	2,560
Purchased Professional Educational Services	8,500		8,500	6,480	2,020
Supplies and Materials	4,550		4,550	3,950	400
Total Undistributed Expenditures - Other Support Services - Students - Related Services	298,011	-	298,011	293,031	4,980
Undistributed Expenditures - Other Support Services - Students - Extra Services					
Salaries	231,147	29,700	260,847	256,785	4,062
Purchased Professional Educational Services	9,700	(885)	8,815	150	8,665
Supplies and Materials	2,500		2,500	1,512	988
Other Objects	100		100		100
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	243,447	28,815	272,262	258,447	13,815
Undistributed Expenditures - Other Support Services - Guidance					
Salaries of Other Professional Staff	97,515	1,710	99,225	99,219	6
Other Salaries	40,600		40,600	28,381	12,219
Other Purchased Prof & Technical Services	657	375	1,032	1,026	6
Other Purchased Services	625		625	425	200
Supplies and Materials	12,300	(175)	12,125	7,840	4,285
Other Objects	280		280	155	125
Total Undistributed Expenditures - Other Support Services - Guidance	151,977	1,910	153,887	137,046	16,841

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Other Support Services -					
Child Study Team	\$ 222,658	(12,110)	\$ 210,548	\$ 206,711	\$ 3,837
Salaries of Other Professional Staff	43,848	(9,600)	34,248	34,227	21
Salaries of Secretarial and Clerical Assistants	1,400		1,400	1,390	10
Other Salaries	11,900		11,900	7,789	4,111
Purchased Professional - Educational Services	2,060		2,060	1,162	898
Misc. Purchased Services	6,850		6,850	1,942	4,908
Supplies and Materials	900		900	852	48
Other Objects					
Total Undistributed Expenditures - Other Support Services -	289,616	(21,710)	267,906	254,073	13,833
Child Study Team					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	148,591		148,591	148,585	6
Salaries of Other Professional Staff	24,820		24,820	23,925	895
Salaries of Secretarial & Clerical	28,205	(4,000)	24,205	21,514	2,691
Other Purchased Services	12,300	885	13,185	5,064	8,121
Supplies and Materials	2,750	(1,000)	1,750	794	956
Other Objects	2,550		2,550	2,416	134
Total Undistributed Expenditures - Improv. of Instr. Services	219,216	(4,115)	215,101	202,298	12,803
Undistributed Expenditures - Educational Media Services - School Library					
Salaries - Media Specialist	74,345	(4,500)	69,845	65,486	4,359
Salaries - Technology Coordinators	60,800	(1,300)	59,500	56,357	3,143
Other Purchased Services	6,307		6,307	5,557	750
Supplies and Materials	14,172	(50)	14,122	10,204	3,918
Other Objects	180	50	230	180	50
Total Undistributed Expenditures - Educational Media Services -	155,804	(5,800)	150,004	137,784	12,220
School Library					
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	18,750	720	19,470	18,620	850
Other Purchased Professional and Technical Services	3,500	1,350	4,850	4,800	50
Other Purchased Services	3,100	(775)	2,325	508	1,817
Supplies and Materials	1,000	(50)	950	196	754
Total Undistributed Expenditures - Instructional Staff Training	26,350	1,245	27,595	24,124	3,471

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	\$ 223,802	\$ 14,300	\$ 238,102	\$ 237,574	\$ 528
Legal Services	40,000	10,000	50,000	41,615	8,385
Audit Fees	17,500	(1,200)	16,300	16,300	-
Other Purchased Professional Services	5,000	35,000	40,000	5,255	40,000
Purchased Technical Services	12,500		12,500	45,100	7,245
Communications/Telephone	73,000	(18,050)	54,950	51,865	9,850
Other Purchased Services	93,800	(5,000)	88,800	2,000	36,935
Other Purchased Service - Board Expense	2,000		2,000	4,877	2,000
General Supplies	5,500		5,500	12	623
Board Training and Meeting Supplies	1,500	(1,000)	500	7,145	488
Board Memberships	8,000		8,000	2,453	855
Miscellaneous Expenditures	5,600		5,600		3,147
Total Undistributed Expenditures - Support Services - Gen. Admin.	488,202	34,050	522,252	412,196	110,056
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	279,849		279,849	132,657	40
Salaries of Secretarial and Clerical Assistants	132,826	400	133,226	5,000	569
Other Salaries	4,500	500	5,000	6,594	-
Other Purchased Services	36,350	15,000	51,350	22,770	44,756
Supplies and Materials	22,839		22,839	2,859	69
Other Objects	4,500		4,500	449,689	1,641
Total Undistributed Expenditures - Support Serv. - School Admin.	480,864	15,900	496,764	179,823	47,075
Undistributed Expenditures - Business Administration					
Salary	163,374	(1,250)	162,124	154,975	7,149
Miscellaneous Purchased Services	22,425		22,425	18,063	4,362
Supplies and Materials	7,900		7,900	5,745	2,155
Miscellaneous Expense	3,575		3,575	1,040	2,535
Total Undistributed Expenditures - Support Serv. - Business Admin.	197,274	(1,250)	196,024	179,823	16,201
Undistributed Expenditures - Technical Services					
Salary	59,892	12,500	72,392	42,981	11
Other Purchased Services	86,868		86,868	11,642	43,887
Supplies and Materials	12,349		12,349	391	707
Other Objects	1,000		1,000		609
Total Undistributed Expenditures - Support Serv. - Technical Services	160,109	12,500	172,609	127,395	45,214

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	\$ 174,868	\$ -	\$ 174,868	\$ 168,813	\$ 6,055
Cleaning Repairs and Maintenance Services	204,887		204,887	183,814	21,073
General Supplies	40,000	(11,520)	28,480	3,523	24,957
Other Objects	1,250		1,250	225	1,025
Total Undistributed Expenditures - Required Maintenance for School Facilities	421,005	(11,520)	409,485	356,375	53,110
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	370,694	(8,500)	362,194	357,636	4,558
Cleaning, Repair and Maintenance Services	22,450		22,450	14,156	8,294
Other Purchased Property Services	38,500		38,500	31,283	7,217
Insurance	32,690	1,112	33,802	33,802	-
Miscellaneous Purchased Services	55,350		55,350	36,995	18,355
General Supplies	81,050		81,050	66,562	14,488
Energy (Electricity)	375,000	(34,500)	340,500	321,607	18,893
Other Objects	1,950		1,950	847	1,103
Energy (Natural Gas)	120,000		120,000	89,331	30,669
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	1,097,684	(41,888)	1,055,796	952,219	103,577
Undistributed Expenditures - Grounds					
Salaries	4,500		4,500	3,281	1,219
Cleaning, Repairs & Maintenance Services	13,000		13,000	10,973	2,027
General Supplies	6,250		6,250	2,018	4,232
Total Undistributed Expenditures - Grounds	23,750	-	23,750	16,272	7,478
Undistributed Expenditures - Security					
Salaries	41,135	1,050	42,185	41,940	245
General Supplies	6,250	(550)	5,700	1,903	3,797
Total Undistributed Expenditures - Security	47,385	500	47,885	43,843	4,042
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other Than Between Home and School) - Vendors	13,300		13,300	12,417	883
Contracted Services - (Between Home and School) - Joint Agmts	35,000	6,000	41,000	40,075	925
Contracted Services (Special Ed Students) - Joint Agreements	62,000	(10,790)	51,210	51,101	109
Contracted Services - Aid in Lieu of Payments	18,000	(1,210)	16,790	15,028	1,762
Total Undistributed Expenditures - Student Transportation Serv.	128,300	(6,000)	122,300	118,621	3,679

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Unallocated Benefits:					
Social Security Contributions	\$ 170,000	\$ (15,000)	\$ 155,000	\$ 154,022	\$ 978
Other Retirement - Regular	140,809	2,100	142,909	142,846	63
Unemployment Compensation	22,000	6,000	28,000	27,604	396
Workmen's Compensation	85,775	(3,000)	82,775	82,684	91
Health Benefits	1,647,000	109,000	1,756,000	1,721,852	34,148
Tuition Reimbursements	130,650	(54,000)	76,650	58,273	18,377
Other Employee Benefits	95,738	3,588	99,326	70,872	28,454
Total Unallocated Benefits	2,291,972	48,688	2,340,660	2,258,153	82,507
On-behalf TPAF Pension Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	392,409	(392,409)
Total On-behalf Contributions	-	-	-	467,834	(467,834)
Total Undistributed Expenditures	6,911,653	52,255	6,963,908	7,265,183	(301,275)
Total Current Expense	12,714,942	-	12,714,942	12,793,764	(78,822)
Capital Outlay:					
Equipment:					
Grades 1-5 Instructional Equipment	22,516	(14,149)	8,367	7,088	1,279
Grades 6-8 Instructional Equipment	15,000		15,000		15,000
Undistributed Expenditures:					
Extraordinary Services	4,500		4,500		4,500
School Administration	180,001	14,149	194,150	161,247	32,903
Total Equipment	222,017	-	222,017	168,335	53,682

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Facilities Acquisition and Construction Services					
Construction Services	\$ 274,500	\$ 102,000	\$ 376,500	\$ 279,474	\$ 97,026
Interest Deposit to Capital Reserve	5,000		5,000		5,000
Interest Deposit to Maintenance Reserve					
Total Facilities Acquisition and Construction Services	279,500	102,000	381,500	279,474	102,026
Total Capital Outlay	501,517	102,000	603,517	447,809	155,708
Transfers to Charter Schools					
Total Expenditures	13,216,459	102,000	13,318,459	13,241,573	76,886
Excess (Deficiency) of Revenues Over (Under) Expenditures	(870,934)	(102,000)	(972,934)	(561,285)	411,649
Other Sources and (Uses) of Funds					
Transfer to Maintenance Reserve					
Transfer from Capital Reserve					
Fund Balances, July 1	2,359,497		2,359,497	2,359,497	
Fund Balances, June 30	1,488,563	(102,000)	1,386,563	1,798,212	411,649
Recapitulation of Fund Balance					
Reserve for Encumbrances			\$ 158,989		
Excess Surplus - Undesignated			322,967		
Capital Reserve			590,153		
Maintenance Reserve			103,311		
Excess Surplus Designated for Subsequent Year's Expenditures			250,000		
Unreserved Surplus Designated for Subsequent Year's Expenditures					
Unrestricted Fund Balance			372,792		
			1,798,212		
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized			(198,117)		
Fund Balance per Governmental Funds			\$ 1,600,095		

City of Linwood School District
 (A Component Unit of the City of Linwood)
 American Recovery and Reinvestment Act - Education Stabilization Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ -	\$ 158,810.00	\$ 158,810.00	\$ 158,810.00	\$ -
Total Revenues	-	158,810.00	158,810.00	158,810.00	-
EXPENDITURES:					
Instruction:					
Grades 1 - 5 Salaries of Teachers	-	87,345.00	87,345.00	87,345.00	-
Grades 6 - 8 Salaries of Teachers	-	71,465.00	71,465.00	71,465.00	-
Total Instruction	-	158,810.00	158,810.00	158,810.00	-
Other Financing Sources (Uses)					
None	-	-	-	-	-
Total Outflows	-	158,810.00	158,810.00	158,810.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

City of Linwood School District
(A Component Unit of the City of Linwood)
American Recovery and Reinvestment Act - Government Stabilization Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ -	\$ 6,148.00	\$ 6,148.00	\$ 6,148.00	\$ -
Total Revenues	-	6,148.00	6,148.00	6,148.00	-
EXPENDITURES:					
Regular Programs - Undistributed Instruction:					
General Supplies		6,148.00	6,148.00	6,148.00	-
Total Regular Programs Instruction	-	6,148.00	6,148.00	6,148.00	-
Other Financing Sources (Uses)					
None			-		-
Total Outflows	-	6,148.00	6,148.00	6,148.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2010

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ -	\$ 102,539	\$ 102,539	\$ 63,937	\$ (38,602)
Total - Local Sources	-	102,539	102,539	63,937	(38,602)
State Sources:					
Non Public Aids		2,277	2,277	2,277	-
Total - State Sources	-	2,277	2,277	2,277	-
Federal Sources:					
Title IV		1,536	1,536	1,536	-
Title I	10,000	4,296	14,296	14,296	-
Title II		23,824	23,824	10,582	(13,242)
Title II D		140	140	-	(140)
I.D.E.A., Part B	150,000	110,005	260,005	215,613	(44,392)
I.D.E.A., Preschool		13,645	13,645	5,896	(7,749)
I.D.E.A., Part B - ARRA		201,578	201,578	127,953	(73,625)
I.D.E.A., Preschool - ARRA		7,292	7,292	3,646	(3,646)
Total - Federal Sources	160,000	362,316	522,316	379,522	(142,794)
Total Revenues	160,000	467,132	627,132	445,736	(181,396)
EXPENDITURES:					
Instruction					
Salaries of Teachers	67,491	134,643	202,134	155,386	46,748
Tuition	32,040	(6,011)	26,029	26,029	-
Other Purchased Services (400-500 series)	13,000	(8,250)	4,750	4,750	-
General Supplies	3,500	168,818	172,318	110,635	61,683
Textbooks		1,042	1,042	1,042	-
Total instruction	116,031	290,242	406,273	297,842	108,431

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, 2010

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
Support Services					
Salaries of Other Professional Staff	\$ 8,500	\$ 46,568	\$ 55,068	\$ 28,046	\$ 27,022
Personal Services - Employee Benefits	5,625	13,256	18,881	13,549	5,332
Purchased Professional - Educational Services		18,420	18,420	18,314	106
Other Purchased Services	1,800	23,185	23,185	15,841	7,344
Supplies & Materials		10,599	12,399	5,993	6,406
Total support services	<u>15,925</u>	<u>112,028</u>	<u>127,953</u>	<u>81,743</u>	<u>46,210</u>
Contribution to Charter Schools					
Facilities acquisition and construction services:					
Equipment		25,618	25,618	14,881	10,737
Instructional Equipment	28,044	39,244	67,288	51,270	16,018
Total facilities acquisition and construction services	<u>28,044</u>	<u>64,862</u>	<u>92,906</u>	<u>66,151</u>	<u>26,755</u>
Total expenditures	<u>160,000</u>	<u>467,132</u>	<u>627,132</u>	<u>445,736</u>	<u>181,396</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 0	\$ 0	\$ -	\$ (0)

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, 2010

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	\$12,680,288	\$ 445,736
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			546
Current Year			(16,526)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		189,744	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(198,116)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	\$12,671,916	\$ 429,756
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	13,241,573	445,736
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			546
Current Year			(16,526)
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	\$ 13,241,573	\$ 429,756

Other Supplementary Information

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

City of Linwood School District
(A Component Unit of the City of Linwood)
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Linwood Education Foundation	Parent and Teacher Association	Community And Other Local Grants	Non Public Nursing	Non Public Textbook	IDEA Preschool Summer	IDEA BASIC ARRA	IDEA Basic	Subtotal State Grants	Subtotal Local Grants	Subtotal Federal Grants
REVENUES:											
State Sources			\$ 1,235	\$ 1,042	\$ 4,558	\$ 127,953	\$ 143,711	\$ 2,277	\$ 63,937	\$ 276,222	
Federal Sources	37,769	24,173	1,995								
Local Sources	37,769	24,173	1,995	1,235	1,042	4,558	127,953	143,711	2,277	63,937	276,222
Total revenues											
	6,320			280		16,190	87,122			6,320	103,592
EXPENDITURES											
Instruction:											
Salaries of teachers											
Other salaries for instruction											
Tuition	620	900	1,235						1,235	3,515	
Other purchased services	6,297	2,523		2,268		74,936	2,082			8,820	79,286
General supplies					1,042				1,042		
Textbooks					1,042						
Total instruction	13,237	3,423	1,995	2,548	1,042	91,126	115,233	2,277	18,655	208,907	
Support services:											
Salaries of Other Professional Staff				1,140		640	3,250				5,030
Personal services- employee benefits				108		1,288	6,914				8,310
Purchased professional educational service							18,314				18,314
Other Purchased Services				762		8,161					8,923
Supplies and materials		5,869								5,869	
Total support services		5,869		2,010		10,089	28,478			5,869	40,577
Facilities acquisition and const. serv.:											
Instructional equipment	24,532					26,738				24,532	26,738
Facilities equipment		14,881								14,881	
Total expenditures	37,769	24,173	1,995	4,558	1,042	127,953	143,711	2,277	63,937	276,222	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ -	\$ -	\$ -	\$ (0)

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, 2010

No Child Left Behind

	Title IV Safe and Drug Free Schools	Title IV Summer	Title IV A Summer	Title I	Teacher & Principals Training Title II - Part A	IDEA Basic Carry Over	IDEA Basic Summer	IDEA Preschool ARRA	Total Federal Projects	Total
REVENUES:										
State Sources	\$ 1,388	\$ 148	\$ 3,026	\$ 14,095	\$ 7,556	\$ 11,663	\$ 60,239	\$ 1,338	\$ 3,646	\$ 2,277
Federal Sources										\$ 379,522
Local Sources										\$ 63,937
Total revenues	1,388	148	3,026	14,095	7,556	11,663	60,239	1,338	3,646	445,736
EXPENDITURES										
Instruction:										
Salaries of teachers	1,074			4,522			39,698	180		149,066
Other salaries for instruction										-
Purchased prof. and technical services										-
Tuition										26,029
Other purchased services		148		4,275		11,663	5,313	929		4,750
General supplies										110,635
Textbooks										1,042
Total instruction	1,074	148		8,797		11,663	45,011	1,109		297,842
Support services:										
Salaries of Other Professional Staff			2,811	4,600	5,085		10,320	200		28,046
Personal services- employee benefits	82		215	698	389		3,826	29		13,549
Purchased professional educational service										18,314
Other purchased services	190				2,000		1,082	3,646		15,841
Supplies and materials	42				82				124	5,993
Total support services	314		3,026	5,298	7,556		15,228	229		75,874
Facilities acquisition and const. serv.:										
Instructional equipment										14,881
Total facilities acquisition and construction services										26,738
Total expenditures	1,388	148	3,026	14,095	7,556	11,663	60,239	1,338	3,646	445,736
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0)

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

City of Linwood School District
 (A Component Unit of the City of Linwood)
 Capital Projects Fund
 Summary Statement of Project Expenditures
 For the Fiscal Year Ended June 30, 2010

Project Title/Issue	Original Date	Appropriations	Transfers	Expenditures to Date		Unexpended Balance June 30, 2010
				Prior Years	Current Year	
Belhaven Middle School Projects	2005	\$ 2,814,375	\$ (73,651)	\$ 2,644,479	\$ 96,245	\$ 0
Seaview Elementary School Projects	2005	1,014,350	510,882	1,525,232	-	-
Administrative Costs 2005 School Projects	2005	527,275	(437,231)	90,044	-	-
		<u>\$ 4,356,000</u>	<u>\$ 0</u>	<u>\$ 4,259,755</u>	<u>\$ 96,245</u>	<u>\$ 0</u>

City of Linwood School District
(A Component Unit of the City of Linwood)
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2010

Revenues and Other Financing Sources:

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

Expenditures and Other Financing Uses:

Purchased professional & technical services		1,087
Land and Improvements		
Construction services		95,158
Equipment purchases		
 Total expenditures		96,245
 Excess (deficiency) of revenues over (under) expenditures		(96,245)
 Fund balance - beginning		96,245
 Fund balance - ending	\$	-

City of Linwood School District
(A Component Unit of the City of Linwood)
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
Various Capital Improvements to District Facilities
For the Fiscal Year Ended June 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources-EDA Grant			-	-
Bond proceeds and transfers	\$ 4,356,000	\$ -	\$ 4,356,000	\$ 4,356,000
Transfer from capital outlay			-	-
Total revenues	<u>4,356,000</u>	<u>-</u>	<u>4,356,000</u>	<u>4,356,000</u>
Expenditures and Other Financing Uses:				
Purchased professional & technical services	377,828	1,087	378,915	756,000
Land and Improvements			-	-
Construction services	3,844,467	95,158	3,939,625	3,530,213
Equipment purchases	37,460		37,460	69,787
Total expenditures	<u>4,259,755</u>	<u>96,245</u>	<u>4,356,000</u>	<u>4,356,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 96,245</u>	<u>\$ (96,245)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

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

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

**City of Linwood School District
(A Component Unit of the City of Linwood)
Fiduciary Fund
Combining Statement of Fiduciary Net Assets
For the Year Ended June 30, 2010**

	Agency		
	Student Activity	Payroll	Total
ASSETS:			
Cash and cash equivalents	\$ 35,270	\$ 156	\$ 35,426
Accounts receivable	900	1,765	2,665
Total Assets	36,170	1,921	38,091
LIABILITIES:			
Liabilities:			
Payroll deductions and withholdings		1,921	1,921
Due to student groups	36,020		36,020
Accounts Payable	150	-	150
Total Liabilities	\$ 36,170	\$ 1,921	\$ 38,091

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, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS:				
Cash and cash equivalents	\$ 32,986	\$ 175,620	\$ 173,336	\$ 35,270
Accounts Receivable	820	900	820	900
Total assets	<u>\$ 33,806</u>	<u>\$ 176,520</u>	<u>\$ 174,156</u>	<u>\$ 36,170</u>
LIABILITIES:				
Due to Student groups	\$ 33,593	\$ 176,370	\$ 173,943	\$ 36,020
Encumbrance	148		148	-
Accounts Payable	65	150	65	150
Total liabilities	<u>\$ 33,806</u>	<u>\$ 176,520</u>	<u>\$ 174,156</u>	<u>\$ 36,170</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, 2010

	Balance July 1, 2009	Cash		Accounts Receivable/(Payable) June 30, 2010	Balance June 30, 2010
		Receipts	Disbursements		
Elementary School	\$ 9,885	\$ 22,381	\$ 23,639	\$ 200	\$ 8,827
Middle School	20,678	13,170	12,988	550	21,410
Middle School - Band	394	113,836	110,696		3,534
Middle School - Renaissance	228	18,622	18,061		789
Middle School - Athletics	2,408	7,612	8,409		1,610
Total all schools	\$ 33,593	\$ 175,620	\$ 173,793	\$ 750	\$ 36,170

**City of Linwood School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010**

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS:				
Cash and cash equivalents	\$ 891	\$ 9,938,586	\$ 9,939,321	\$ 156
Accounts receivable		1,765		1,765
Total assets	\$ 891	\$ 9,940,351	\$ 9,939,321	\$ 1,921
LIABILITIES:				
Payroll deductions and withholdings	\$ 891	\$ 9,940,351	\$ 9,939,321	\$ 1,921
Total liabilities	\$ 891	\$ 9,940,351	\$ 9,939,321	\$ 1,921

Statistical Section

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

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt:							
Restricted	\$ 15,401,130	\$ 15,253,117	\$ 18,248,565	\$ 17,995,032	\$ 17,672,349	\$ 17,165,012	\$ 17,038,553
Unrestricted	1,003,110	1,457,923	1,945,454	2,026,352	2,006,192	2,205,568	1,425,420
Total governmental activities net assets	21,551	(439,659)	(549,511)	(152,264)	(162,917)	(235,109)	(135,094)
	\$ 16,425,791	\$ 16,271,381	\$ 19,644,508	\$ 19,869,120	\$ 19,515,624	\$ 19,135,471	\$ 18,328,879
Business-type activities							
Invested in capital assets, net of related debt:							
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 17,063	\$ 10,428	\$ 12,998
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 17,063	\$ 10,428	\$ 12,998
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ 34,126	\$ 20,856	\$ 25,996
District-wide							
Invested in capital assets, net of related debt:							
Restricted	\$ 15,401,130	\$ 15,253,117	\$ 18,248,565	\$ 17,995,032	\$ 17,672,349	\$ 17,165,012	\$ 17,038,553
Unrestricted	1,003,110	1,457,923	1,945,454	2,026,352	2,006,192	2,205,568	1,425,420
Total district net assets	21,551	(439,659)	(549,511)	(152,264)	(145,854)	(224,681)	(122,096)
	\$ 16,425,791	\$ 16,271,381	\$ 19,644,508	\$ 19,869,120	\$ 19,532,687	\$ 19,145,899	\$ 18,341,877

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

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
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
Special education	1,395,635	1,502,389	1,557,968	1,662,142	1,826,694	1,886,210	1,998,542
Other special education	286,246	267,087	289,876	310,645	325,825	367,224	456,919
Vocational							
Other instruction	111,047	100,934	125,970	78,022	97,537	92,712	110,236
Nonpublic school programs							
Adult/continuing education programs							
Support Services:							
Tuition	133,204	182,891	119,523	184,789	178,606	41,919	76,634
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
General administrative services	624,860	456,500	475,631	386,538	460,862	493,990	481,801
School administrative services	419,491	308,041	464,082	479,112	488,557	511,239	572,223
Business administrative and technology services		556,011	331,951	470,911	552,943	576,479	568,960
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
Pupil transportation	193,186	174,767	191,847	184,338	197,798	137,510	164,673
Special Schools							
Charter Schools	6,500	18,071	21,495	17,908	-	-	-
Interest on long-term debt							
Unallocated depreciation							
Total governmental activities expenses	<u>11,090,786</u>	<u>11,978,213</u>	<u>12,472,062</u>	<u>12,624,301</u>	<u>13,790,030</u>	<u>13,724,833</u>	<u>13,895,246</u>
Business-type activities:							
Child Care					41,224	49,463	48,658
Total business-type activities expense	-	-	-	-	<u>41,224</u>	<u>49,463</u>	<u>48,658</u>
Total district expenses	<u>\$ 11,090,786</u>	<u>\$ 11,978,213</u>	<u>\$ 12,472,062</u>	<u>\$ 12,624,301</u>	<u>\$ 13,831,254</u>	<u>\$ 13,774,296</u>	<u>\$ 13,943,904</u>
Program Revenues							
Governmental activities:							
Charges for services:							
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,896	\$ 22,500
Pupil transportation	-	-	-	-	-	-	116,798
General Administrative Services	-	-	-	-	-	-	1,289,999
Operating grants and contributions	987,666	1,049,360	1,220,624	1,597,435	1,603,331	1,148,190	-
Capital grants and contributions	244,410	387,212	-	-	-	-	-
Total governmental activities program revenues	<u>1,232,076</u>	<u>1,436,572</u>	<u>1,220,624</u>	<u>1,597,435</u>	<u>1,603,331</u>	<u>1,179,086</u>	<u>1,429,297</u>
Business-type activities:							
Charges for services							
Child care	-	-	-	-	47,900	42,541	51,021
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	47,900	42,541	51,021
Total business type activities program revenues	-	-	-	-	<u>47,900</u>	<u>42,541</u>	<u>51,021</u>
Total district program revenues	<u>\$ 1,232,076</u>	<u>\$ 1,436,572</u>	<u>\$ 1,220,624</u>	<u>\$ 1,597,435</u>	<u>\$ 1,651,231</u>	<u>\$ 1,221,627</u>	<u>\$ 1,480,318</u>
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)
Business-type activities	-	-	-	-	6,676	(6,922)	2,363
Total district-wide net expense	<u>\$ (9,858,710)</u>	<u>\$ (10,541,641)</u>	<u>\$ (11,251,438)</u>	<u>\$ (11,026,866)</u>	<u>\$ (12,180,023)</u>	<u>\$ (12,552,669)</u>	<u>\$ (12,463,586)</u>

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

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

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

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 116,085	\$ 971,759	\$ 1,380,200	\$ 1,439,995	\$ 1,541,406	\$ 1,823,623	\$ 2,109,149	\$ 1,425,419
Unreserved	439,583	201,224	111,516	133,748	167,045	184,263	60,603	174,676
Total general fund	<u>\$ 555,668</u>	<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>
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)				90,394			
Capital projects fund		53,000						
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>

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

Source: CAFR Schedule B-1

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax levy	\$ 5,884,036	\$ 6,059,927	\$ 6,615,738	\$ 8,311,687	\$ 8,305,178	\$ 8,745,049	\$ 9,157,885	\$ 9,663,553	\$ 10,151,229	\$ 10,005,884
Tuition charges	41,693	29,868	48,843	6,124	3,235	4,438			30,896	22,500
Interest earnings	94,798	37,936	16,804	20,870	51,542	87,973	124,180	86,631	52,849	43,466
Miscellaneous	185,513	225,407	47,942	78,331	67,714	126,050	77,976	112,062	114,425	240,106
State sources	2,173,242	2,192,301	2,449,075	2,641,033	2,752,024	2,864,810	3,263,577	3,388,911	2,787,982	2,245,376
Federal sources	136,609	157,779	431,062	191,611	213,531	248,376	239,730	199,576	233,208	544,340
Total revenue	8,515,891	8,703,219	9,609,464	11,249,656	11,393,224	12,076,696	12,863,348	13,450,733	13,370,589	13,101,672
Expenditures										
Instruction										
Regular instruction	3,226,880	3,385,024	3,322,847	3,633,186	3,741,249	3,989,318	3,883,216	4,065,629	4,352,544	3,950,965
Special education instruction	867,258	971,322	1,189,592	1,039,436	1,070,477	1,135,205	1,241,580	1,273,129	1,391,567	1,439,633
Other special instruction	115,983	153,175	160,486	197,962	193,028	191,284	212,273	201,195	248,242	298,514
Other instruction	45,937	51,712	53,703	81,869	69,194	73,453	78,022	85,440	92,712	110,236
Support Services:										
Tuition	126,615	97,204	140,849	133,204	130,313	119,523	133,486	132,913	31,075	55,202
Student & instruction related services	868,113	935,574	1,078,589	1,155,166	1,219,025	1,303,757	1,424,176	1,385,067	1,410,658	1,529,323
General administrative services	282,820	301,077	295,363	309,201	325,266	338,156	384,024	340,504	378,985	449,689
School Administrative services	260,782	271,744	286,729	301,130	328,996	352,283	357,849	434,748	460,123	412,196
Business Administrative & Technology Services	97,547	102,777	133,449	153,087	206,771	236,157	256,405	271,830	333,422	307,218
Plant operations and maintenance	933,903	930,359	1,030,876	1,087,805	1,121,537	1,188,708	1,302,593	1,282,756	1,363,287	1,368,709
Pupil transportation	135,640	108,367	143,275	140,672	115,756	141,180	137,682	137,855	101,937	118,621
Unallocated employee benefits	1,136,414	1,128,050	1,300,925	1,520,668	1,636,895	1,884,365	1,960,221	1,958,936	2,055,131	2,271,701
On Behalf Payments - TPAF & FICA	455,926	364,478	586,449	743,321	792,715	883,656	1,299,286	1,345,225	864,498	860,243
Charter Schools	96,640	99,929	97,076	69,134	18,071	21,495	17,908	778,447	375,867	595,324
Capital outlay										
Debt service:										
Principal										
Interest and other charges										
Total expenditures	8,670,458	8,900,792	9,820,208	10,572,341	11,074,491	15,962,455	12,824,153	13,693,674	13,460,048	13,767,574
Excess (Deficiency) of revenues over (under) expenditures	(154,567)	(197,573)	(210,745)	677,315	318,733	(3,885,759)	39,195	(242,941)	(89,459)	(665,902)
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	\$ (154,567)	\$ (197,573)	\$ (210,745)	\$ 617,315	\$ 318,733	\$ (86,091)	\$ 114,195	\$ (2,941)	\$ 75,541	\$ (665,902)
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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Building Use And Rentals	Shared Services Revenue	Misc.	Total
2001	\$ 94,798	\$ 41,693	\$ 120,000	\$ -	\$ 22,014	\$ 278,505
2002	37,936	29,868	127,150		53,918	248,872
2003	16,804	48,843	1,950		18,268	85,865
2004	20,870	6,124	3,000		27,239	57,233
2005	51,542	3,235	4,950		24,934	84,661
2006	87,973	4,438	3,950		37,509	133,870
2007	124,180	-	6,000		71,976	202,156
2008	86,631	-	10,710		101,353	198,694
2009	52,849	30,896	13,650		100,775	198,170
2010	43,466	22,500	20,091	116,798	103,217	306,072

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,	Total Assessed Value				Less: Tax- Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	
	Vacant Land	Residential	Farm Reg.	Qfarm						Commercial
2000	\$ 15,639,400	\$ 438,457,400	\$ 631,400	\$ 27,600	\$ 66,289,100	\$ 521,044,900	\$ 963,479	\$ 522,008,379	1.340	\$ 544,513,429
2001	13,604,500	450,885,700	631,400	27,600	66,584,500	531,733,700	962,518	532,696,218	1.320	580,595,333
2002	10,142,000	463,631,100	631,400	27,600	66,226,700	540,658,800	951,336	541,610,136	1.370	609,555,731
2003	14,112,300	636,787,500	978,800	38,100	92,482,900	744,399,600	1,100,617	745,500,217	1.150	662,078,345
2004	13,670,100	641,868,500	978,800	38,100	90,914,600	747,470,100	1,040,222	748,510,322	1.250	762,075,262
2005	15,595,700	645,565,600	749,400	34,600	88,700,700	750,646,000	899,247	751,545,247	1.280	863,745,830
2006	14,466,400	655,207,300	749,400	34,600	87,872,600	758,330,300	705,535	759,035,835	1.346	1,016,340,126
2007	14,714,500	666,666,400	749,400	34,600	90,209,200	772,374,100	649,680	773,023,780	1.392	1,167,730,520
2008	15,566,200	674,167,700	749,400	34,600	88,426,600	778,944,500	640,011	779,584,511	1.436	1,250,714,630
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

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100 of Assessed Valuation

^c A majority of the difference between the net valuation taxable and the estimated actual value is due to a tax abatement program within the District which is not deducted from the estimated actual value.

**City of Linwood School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	City of Linwood School District				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total District	Regional High School District	City of Linwood	Atlantic County ^c	Mainland	
2001	1.120	0.200	1.320	0.580	0.770	0.530	3.200	
2002	1.170	0.200	1.370	0.630	0.810	0.530	3.340	
2003	1.000	0.150	1.150	0.530	0.690	0.400	2.770	
2004	1.110	0.140	1.250	0.570	0.710	0.430	2.960	
2005	1.140	0.140	1.280	0.600	0.730	0.430	3.040	
2006	1.179	0.167	1.346	0.607	0.792	0.442	3.187	
2007	1.217	0.175	1.392	0.610	0.823	0.419	3.244	
2008	1.273	0.163	1.436	0.620	0.892	0.414	3.362	
2009	1.291	0.153	1.444	0.647	0.922	0.436	3.449	
2010	1.340	0.152	1.492	0.733	0.954	0.473	3.652	

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements. The District is a Type I District and does not issue debt directly.

c Includes the general County tax as well as the County Health and Open Spaces taxes.

**City of Linwood School District
Principal Property Tax Payers,
Current Year and Ten Years Ago**

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
CPL	\$ 9,208,000	1	1.18%	\$ -		
Brandall Estates, LLC	7,065,500	3	0.91%	5,130,000	4	
Central Square	7,107,100	2	0.91%	5,900,000	2	1.13%
Central Park East	5,388,200	4	0.69%	4,175,000	6	0.80%
Linwood Golf & Country Club	3,490,000	6	0.45%	5,161,400	3	0.99%
CCC Atlantic, LLC	3,748,800	5	0.48%			
Linwood Professional Plaza	2,436,600	7	0.31%	1,800,000	7	0.34%
Atlantic Broadcasting of Linwood	1,449,100	10	0.19%			
Alexon Enterprises	2,024,000	8	0.26%	1,560,000	8	0.30%
Individual Taxpayer #1	1,497,200	9	0.19%			
Linwood Nursing Home				6,300,000	1	1.21%
JMD - VJ - Linwood LLC				4,800,000	5	0.92%
Terra Group				1,056,600	9	0.20%
South Jersey Radio				1,050,000	10	0.20%
Total	\$ 43,414,500		5.57%	\$ 36,933,000		5.89%

Source: District CAFR & Municipal Tax Assessor

**City of Linwood School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 5,884,036	\$ 5,884,036	100.00%	-
2002	6,059,927	6,059,927	100.00%	-
2003	6,615,738	6,615,738	100.00%	-
2004	8,311,687	8,311,687	100.00%	-
2005	8,305,178	8,305,178	100.00%	-
2006	8,745,049	8,745,049	100.00%	-
2007	9,157,885	9,157,885	100.00%	-
2008	9,663,553	9,663,553	100.00%	-
2009	10,151,229	10,151,229	100.00%	-
2010	10,005,884	10,005,884	100.00%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2001	\$ 10,656,053	\$ -	\$ -	\$ -	\$ -	10,656,053	0.30%	\$ 31,526
2002	9,750,684	-	-	-	-	9,750,684	0.32%	31,611
2003	9,273,578	-	-	-	-	9,273,578	0.35%	32,479
2004	11,460,685	-	-	-	-	11,460,685	0.29%	33,677
2005	12,008,317	-	-	-	-	12,008,317	0.29%	34,826
2006	12,184,948	-	-	1,600,000	-	13,784,948	0.26%	36,128
2007	11,024,579	-	-	1,400,000	-	12,424,579	0.31%	38,484
2008	9,884,210	-	-	230,778	-	9,884,210	0.41%	40,052
2009	8,095,000	-	-	230,778	-	8,325,778	0.50%	41,234
2010	7,814,251	-	-	230,778	-	8,045,029	0.51%	41,234

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

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^c
	General Obligation Bonds ^b	Deductions	Net General Bonded Debt Outstanding		
2001	\$ 10,656,053	\$ -	\$ 10,656,053	2.00%	\$ 31,526
2002	9,750,684	-	9,750,684	1.80%	31,611
2003	9,273,578	-	9,273,578	1.24%	32,479
2004	11,460,685	-	11,460,685	1.53%	33,677
2005	12,008,317	-	12,008,317	1.60%	34,826
2006	12,184,948	-	12,184,948	1.61%	36,128
2007	11,024,579	-	11,024,579	1.43%	38,484
2008	9,884,210	-	9,884,210	1.27%	40,052
2009	8,095,000	-	8,095,000	1.04%	41,234
2010	7,814,251	-	7,814,251	1.00%	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, 2010
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	\$ 12,976,292	100.000%	\$ 12,976,292
Other debt			
County of Atlantic (City's Share) - as of December 31, 2009	2,951,107	100.000%	2,951,107
Subtotal, overlapping debt			<u>15,927,399</u>
Linwood School District Direct Debt			<u>7,814,251</u>
Total direct and overlapping debt			<u><u>\$ 23,741,650</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 2009

Equalized valuation basis

2009	\$ 1,257,915,632
2008	1,261,054,466
2007	1,145,860,230
[A]	<u>\$ 3,664,830,328</u>

Average equalized valuation of taxable property [A]/3 \$ 1,221,610,109

Debt Limit (3% of Avg Equal Value)	[B]	37,607,291 ^a
Net bonded school debt	[C]	7,814,251
Legal debt margin	[B-C]	<u>\$ 29,793,040</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 16,388,202	\$ 17,284,837	\$ 18,616,166	\$ 20,444,019	\$ 22,887,432	\$ 26,207,582	\$ 30,087,284	\$ 33,914,251	\$ 36,486,737	\$ 37,607,291
Total net debt applicable to limit	13,797,289	12,941,922	9,273,578	11,460,685	10,440,317	13,788,444	12,424,579	11,484,210	8,095,000	7,814,251
Legal debt margin	<u>\$ 2,590,913</u>	<u>\$ 4,342,915</u>	<u>\$ 9,342,588</u>	<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>

Total net debt applicable to the limit as a percentage of debt limit	84.19%	74.87%	49.81%	56.06%	45.62%	52.61%	41.30%	33.86%	22.19%	20.78%
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Source: Abstract of Rates and District Records CAFR Schedule J-7

^a Limit set by NISA 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
2001	7,214	\$ 228,041,754	\$ 31,611	2.8%
2002	7,269	236,089,851	32,479	3.5%
2003	7,319	246,481,963	33,677	3.7%
2004	7,338	255,553,188	34,826	3.2%
2005	7,322	264,529,216	36,128	3.3%
2006	7,293	280,663,812	38,484	3.7%
2007	7,229	289,535,908	40,052	3.7%
2008	7,213	297,420,842	41,234	4.6%
2009	7,225	297,915,650	41,234	8.3%
2010	7,225	297,915,650	41,234	unknown

Source:

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

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

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

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

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

Employer	2010			2006		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Linwood Convalescent Center	-	1	0.00%	264	1	0.00%
Mainland Regional High School	250	2	0.00%	200	2	0.00%
Central Square Shopping Center	-	3	0.00%	174	3	0.00%
Central Park East	-	4	0.00%	120	4	0.00%
City of Linwood School District	145	5	0.00%	100	5	0.00%
Brandell Estates	-	6	0.00%	100	6	0.00%
WOND Radio Station	-	7	0.00%	94	7	0.00%
Linwood Professional Plaza	-	8	0.00%	70	8	0.00%
Linwood Country Club	-	9	0.00%	50	9	0.00%
Parkshore Building Association	-	10	0.00%	30	10	0.00%
	395		0.00%	1,202		0.00%

Source:

The above information was not available.

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	55.4	55.6	63.9	60.7	56.5	61.0	61.0	59.2	60.8	64.0
Special education	21.1	23.7	24.0	27.9	27.0	25.0	44.2	44.8	37.8	45.2
Other special education	2.6	2.6	3.0	3.0	2.6	2.6	2.6	2.6	4.2	7.6
Other instruction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & instruction related services	14.1	15.1	20.5	21.2	25.6	27.3	13.9	15.6	19.5	11.2
General administrative services	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
School administrative services	5.6	5.6	5.6	5.6	5.9	5.9	5.8	5.6	6.1	6.0
Business administrative & Technology services	2.3	2.3	3.0	3.0	3.8	3.8	3.8	3.8	3.9	3.8
Plant operations and maintenance	18.1	18.6	21.2	19.6	20.4	20.4	21.3	22.0	21.8	18.0
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	1.0	1.0	0.5	0.7	0.5	0.0	0.0	0.0	0.0	0.0
Child Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.7	0.7
Total	122.4	126.7	143.9	143.9	144.5	148.2	154.8	156.5	157.0	158.7

Source: District Personnel Records

City of Linwood School District
 Operating Statistics
 Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b		Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School	Elementary	Middle School				
2001	1,013	\$ 8,573,818	\$ 8,464	8.41%	89.0	1:21	1:25	990.4	951.90	-1.17%	96.10%	
2002	1,019	8,800,863	8,637	2.04%	88.0	1:18	1:21	1,005.8	968.10	1.55%	96.30%	
2003	1,016	9,723,132	9,570	10.81%	88.0	1:18	1:21	966.9	925.30	-3.87%	95.70%	
2004	1,024	10,503,207	10,257	7.18%	90.5	1:18	1:21	1,032.1	980.60	6.74%	95.00%	
2005	1,038	10,969,293	10,568	3.03%	88.5	1:13	1:17	1,032.2	991.60	0.01%	96.10%	
2006	1,027	11,858,539	11,547	9.26%	86.5	1:13	1:14	1,019.1	966.90	-1.27%	94.90%	
2007	1,004	12,688,720	12,638	9.45%	85.0	1:11	1:13	998.9	963.80	-1.98%	96.50%	
2008	1,000	12,915,227	12,915	2.19%	84.1	1:13	1:16	992.1	957.60	-0.68%	96.20%	
2009	977	13,084,181	13,392	3.69%	88.6	1:11	1:14	977.6	940.40	-1.46%	96.00%	
2010	945	13,172,250	13,939	4.08%	86.3	1:13	1:13	941.2	903.40	-3.72%	96.00%	

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary										
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	515	511	502	499	500	512	499	494	531	504
Middle School										
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	483	503	506	521	535	512	505	501	446	441
Other										
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, 2010

 Early Learning Center = 0

 Elementary = 1

 Middle School = 1

 Other = 1

Source: District records, ASSA

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

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

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

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

**City of Linwood School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2010
Unaudited**

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Group	School Board Legal Liability	\$ 5,000,000	\$ 5,000
	- claims made form - each claim, aggregate		
School Alliance Insurance Fund	Worker's Compensation		
	- Coverage A - Statutory		
	- Coverage B - Employer's Liability	5,000,000	-
	Excess Over Worker's Compensation		
	- Accidental and Occupational Illness	52 Weeks	7 Day Wait
	Commercial Package		
	- Property - Blanket Bldg & Contents	31,695,175	1,000
	- Liability		
	- CSL Bodily Injury Each Occurance	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		
- Automobile Medical Payments	5,000		
- Uninsured Motorists Fund	15,000/30,000/5,000		
- Comprehensive		1,000	
- Collision		1,000	
Umbrella			
- Occurrence 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	400,000	1,000
	- Computer Fraud	50,000	
	- Forgery & Alteration	50,000	

Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the basic financial statements of the City of Linwood School District (“District”), in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2010 and have issued our report thereon dated October 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Linwood School District’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis.

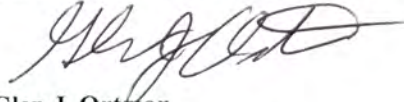
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey. However, our audit noted other matters related to compliance that we are reporting in the Auditor's Management Report dated October 28, 2010.

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

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



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

October 28, 2010



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Compliance

We have audited the compliance of the Board of Education of the City of Linwood School District, in the County of Atlantic, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2010. City of Linwood School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of City of Linwood School District's management. Our responsibility is to express an opinion on the City of Linwood School District's compliance based on our audit.

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

In our opinion, the Board of Education of the City of Linwood School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 and state program will not be prevented or detected and corrected, on a timely basis.

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

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

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



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

October 28, 2010

CITY OF LINWOOD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/09	Carryover/Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/Adjustments	Deferred Revenue 6/30/10	(Accounts Receivable) 6/30/10	Due to Grantor at 6/30/10
U.S. Department of Education												
Passed-through State Department of Education:												
General Fund:												
State Fiscal Stabilization Fund Cluster	84.394	N/A	07/01/09-06/30/10	\$ 158,810	\$ -	\$ -	\$ 158,810	\$ 158,810	\$ -	\$ -	\$ -	\$ -
ARRA - SFSF - ESF (Educ. State Grants)	84.397	N/A	07/01/09-06/30/10	6,148	-	-	6,148	6,148	-	-	-	-
ARRA - SFSF - GSF (Government Services)							164,958	164,958	-	-	-	-
Total General Fund												
							6,938	14,095	(7,157)		(1,388)	
							12,348	3,026	-		(2,469)	
							5,087	7,556	-		-	
							5,970	201	-		-	
							1,504	148	-		-	
							78,496	127,953	(49,457)		-	
							3,646	3,646	-		-	
							60,239	60,239	-		-	
							11,663	11,663	-		-	
							105,477	143,711	(38,234)		(858)	
							480	1,338	-		-	
							6,339	4,558	-		-	
Total Special Revenue Fund						0	298,187	379,522	(99,563)		-	
Total Federal Financial Assistance							463,145	544,480	(99,563)		-	

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, 2010

State Grant/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/09	Carryover/Amount	Cash If Received In Full	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments	Deferred Revenue 6/30/10	(Accounts Receivable) 6/30/10	Due to Grantor at 6/30/10	Memo		
												Budgetary Receivable 6/30/10	Cumulative Total Expenditures	
State Department of Education														
General Fund:														
State Aid Public Cluster:														
Security Aid	10-195-034-5120-084	07/01/09-06/30/10	\$ 64,410	\$ -	\$ 64,410	\$ 64,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,892	\$ 64,110	
Transportation Aid	10-195-034-5120-014	07/01/09-06/30/10	109,672		109,672	109,672						13,596	109,672	
Special Education Aid	10-195-034-5120-089	07/01/09-06/30/10	479,018		479,018	479,018						78,528	479,018	
Equalization Aid	10-195-034-5120-078	07/01/09-06/30/10	909,128		909,128	909,128						98,100	909,128	
Adjustment Aid	10-195-034-5120-078	07/01/09-06/30/10	462,954		462,954	462,954						-	462,954	
Other State Aid														
Non-Public Transportation Aid	10-195-034-5120-014	07/01/09-06/30/10	987		987	987				(987)			987	
Non-Public Transportation Aid	09-195-034-5120-014	07/01/08-06/30/09	174	(174)		174								
Extraordinary Aid	09-100-034-5120-173	07/01/08-06/30/09	37,459	(37,459)		37,459				(159,264)			159,264	
Extraordinary Aid	10-100-034-5120-173	07/01/09-06/30/10	159,264		159,264	159,264							159,264	
Reimbursed TPAF														
Social Security Contributions	09-495-034-5095-002	07/01/08-06/30/09	414,127	(21,403)		21,403							467,834	
Social Security Contributions	10-495-034-5095-002	07/01/09-06/30/10	467,834		467,834	467,834							467,834	
Total General Fund				(59,036)	0	1,757,847	1,859,062	0	0	(160,251)	0	198,116	1,859,062	
Special Revenue Fund:														
Non-Public Textbook Aid	10-100-034-5120-064	07/01/09-06/30/10	1,042		1,042	1,042							1,042	
Non-Public Nursing	10-100-034-5120-070	07/01/09-06/30/10	1,235		1,235	1,235							1,235	
Total Special Revenue Fund				-	0	2,277	2,277	0	0	0	0	0	2,277	
Total State Financial Assistance				(59,036)	-	1,760,124	1,861,339	-	-	(160,251)	-	198,116	1,861,339	

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, 2010**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the General Fund and Special Revenue Fund on the GAAP basis. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$15,980) (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, including those contributed to School Based Budgets, 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	\$ 164,958	\$ 2,243,099	\$ (392,409)	\$ 2,015,648
Special Revenue Fund	379,382	2,277		381,659
	<hr/>	<hr/>	<hr/>	<hr/>
Total Financial Award Revenues	<u>\$ 544,340</u>	<u>\$ 2,245,376</u>	<u>\$ (392,409)</u>	<u>\$ 2,397,307</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.

City of Linwood School District
Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2010
(Continued)

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, 2010. 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, 2010.

City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2010

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? 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 section .510(a) of Circular A-133? No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.394

State Fiscal Stabilization Fund Cluster

84.397

ARRA – ESF (Educational State Grants)

ARRA – GSF (Government Services Grant)

84.027

Special Education Aid Cluster (IDEA)

IDEA Part B, Basic

84.173

IDEA Preschool

84.391

IDEA – ARRA Basic

84.392

IDEA – ARRA Preschool

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2010
(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

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

City of Linwood School District
Schedule of Findings and Questioned Costs
For the Year Ending June 30, 2010
(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:

Our audit disclosed no material Findings or Questioned Costs.

State:

Our audit disclosed no material Findings or Questioned Costs.

Status of Prior Year Findings

None noted.