



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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October 11, 2011

To the Honorable President and
Members of the Board of Education
Linwood School District
County of Atlantic
Linwood, New Jersey 08221

We have audited the financial statements of governmental activities, the business type activities, and each major fund of the Board of Education of the Linwood School District, in the County of Atlantic, State of New Jersey for the fiscal year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board of Education of the Linwood School District are described in Note 1 to the financial statements. As described in Note 1 and Note 13 to the financial statements, the Board of Education for the Linwood School District changed accounting policies related to fund balance reporting by adopting Statement of Governmental Accounting Standards GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions in fiscal year 2011. There is no cumulative effect of the accounting change as of the beginning of the year since governmental fund balance remains the same. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Board's financial statements were:

Management's estimate of the Operating Budget is based on prior experience and assumptions based on future budgetary goals. In addition, the budget is prepared in accordance with New Jersey State Statutes.

Compensated Absences are based on unused vacation, sick time and administrative time.

Current year tuition expenditures charged by receiving districts are based on the actual number of pupils sent multiplied by an estimated tuition rate. Once the audited information is submitted to the New Jersey Department of Education, an actual cost per pupil is established for the current year. Future tuition expenditures may be impacted by the adjustment from the estimated rate to the actual rate and the actual number of pupils sent.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 11, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred during the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated form, content and methods of preparing the information to determine that the information complied with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements of to the financial statements themselves.

This information is intended solely for the use of the Board of Education and management of the Linwood School District and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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