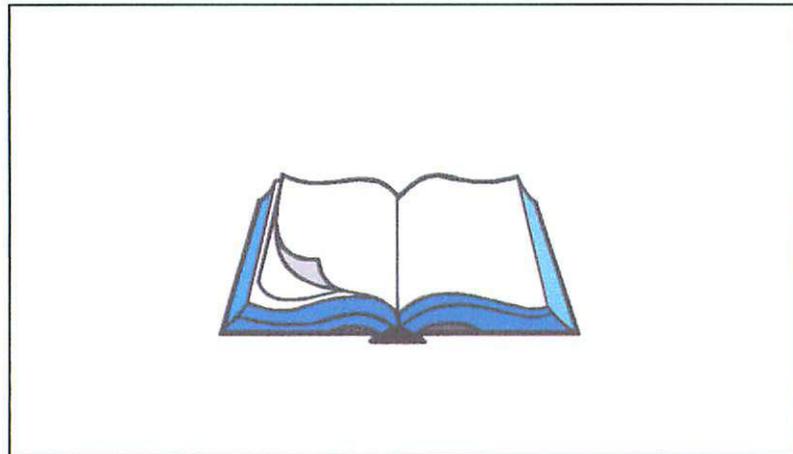


**SCHOOL DISTRICT
OF
BROOKLAWN**



**Brooklawn Board of Education
Brooklawn, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual
Financial Report**

of the

Brooklawn Board of Education

Brooklawn, New Jersey

For the Fiscal Year Ended June 30, 2011

**Prepared by
Brooklawn Board of Education
Finance Department**

BROOKLAWN SCHOOL DISTRICT

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Introductory Section

**BROOKLAWN PUBLIC SCHOOL
301 HAAKON ROAD
BROOKLAWN, NEW JERSEY 08030**

John Kellmayer
Superintendent of Schools
856-456-4039

November 1, 2011

Honorable President and Members of
The Brooklawn Board of Education
County of Camden
Borough of Brooklawn
301 Haakon Road
Brooklawn, NJ 08030

Dear Board Members:

The comprehensive annual financial report of the Brooklawn School District for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 principal officials. The financial section includes the general purpose financial statements and schedules, 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 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Not for Profit Organizations" and the state Treasury Circular Letter 98-07 OMB, "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 recommendation, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Brooklawn School district is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Brooklawn Board of Education and Alice Costello constitute the District's reporting entity.

The school district consists of one school – the Alice Costello School. The district provides a full range of educational services appropriate to grade levels K-8. These include regular, vocational and special education programs. The school district's high school students, grades 9 thru 12 attend Gloucester City High School under a sending receiving relationship with the Gloucester City Board of Education.

The district completed the 2010-2011 school year with an average daily enrollment of 303 students. As you can see from the chart below, the trend in the district had been steady enrollment growth for the years ended June 30, 2002 through June 30, 2006. Since that time, however, enrollment has dipped a bit. Going forward, with the increased emphasis on school choice and the closing of several local parochial schools, we expect enrollment to begin trending upward.

Pupil Enrollments

SCHOOL YEAR	AVERAGE DAILY ENROLLMENT
2001-2002	241.1
2002-2003	279.9
2003-2004	275.0
2004-2005	292.3
2005-2006	336.7
2006-2007	321.5
2007-2008	308.0
2008-2009	323.0
2009-2010	311.2
2010-2011	302.6

2. ECONOMIC CONDITION AND OUTLOOK:

Brooklawn, a community of just a few thousand people, lies in the southern portion of Camden County. This community of less than one square mile is comprised primarily of residential units and small retail businesses. It is a stable community with little room for additional development.

3. A SNAPSHOT OF OUR SCHOOLS

BROOKLAWN PUBLIC SCHOOL DISTRICT

Think Great Thoughts! Dream Big Dreams!

Despite its small enrollment, the Alice Costello School with just 336 students is certainly a school worthy of recognition and demonstrates that bigger is not necessarily better.

In December 2003 the Alice Costello School was one of the "Benchmark" Schools in New Jersey and honored by Governor James McGreevey and Commissioner of Education William Librera for exceptional academic achievement at a ceremony in Trenton.

The school provides an outstanding education in a family-like environment. The small class sizes as well as the community support for the district has helped fuel the rise in the district's standardized test scores. The community support also is evident in the various programs and activities in which the children of Brooklawn participate.

The Alice Costello School was Camden County's only Inter-district Public School Choice Program under a pilot program instituted in 2002. Beginning in September 2011 the School choice Program was opened up state wide and now there approximately seventy schools state wide in this program. Plans call for increasing enrollment during the next two years.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from 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 principles (GAAP). 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 District 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 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 voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

6. ACCOUNTING SYSTEM AND REPORTS:

The 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.

10. RISK MANAGEMENT:

The Board 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.

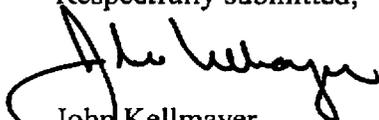
11. OTHER INFORMATION:

a) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso and Stewart, RMA/CPAs, was selected by the Board's audit committee. 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 of 1984 and the related OMB Circular A-128 and state Treasury Circular Letter 98-07 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS:

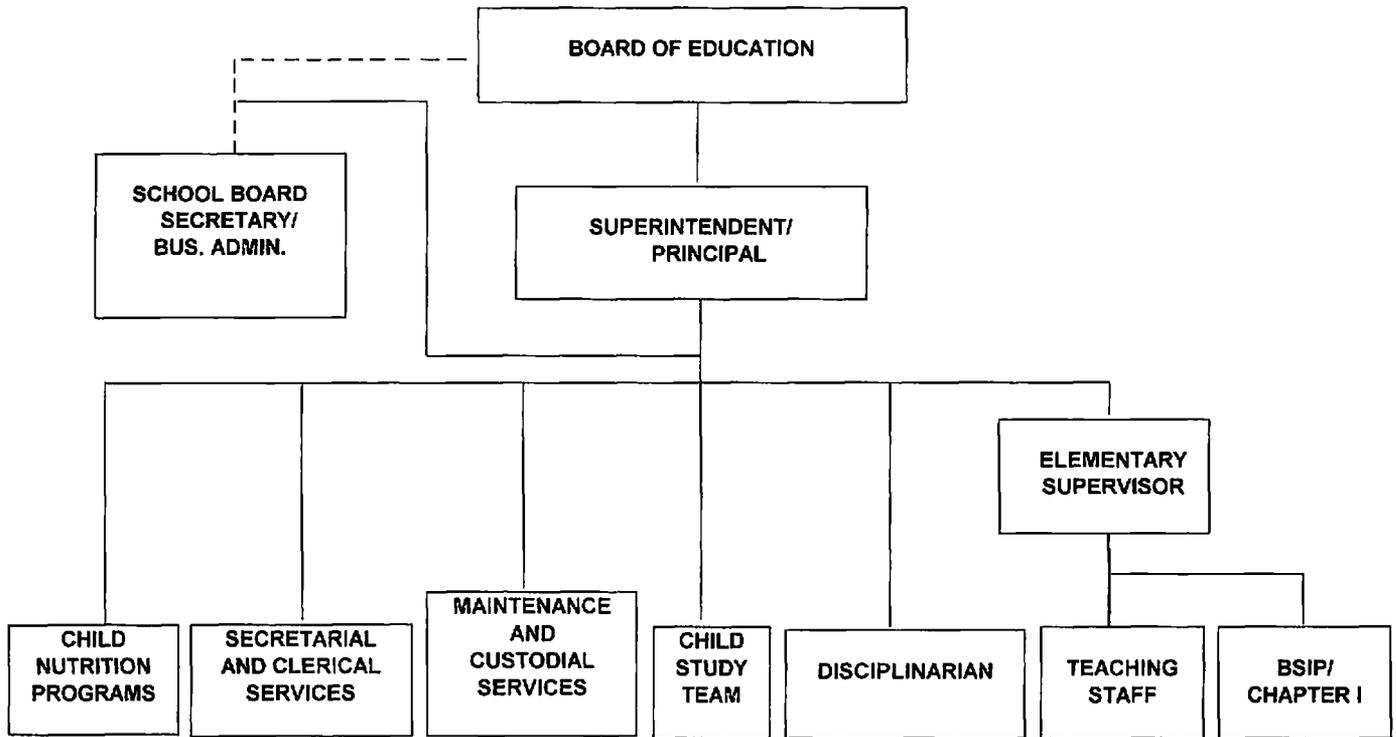
We would like to express our appreciation to the members of the Brooklawn Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,


John Kellmayer
Superintendent


Robert Delengowski
Business Administrator/Board Secretary

BROOKLAWN PUBLIC SCHOOL DISTRICT
Organizational Chart
2/95



BROOKLAWN SCHOOL DISTRICT

Roster of Officials June 30, 2011

Members of the Board of Education:

Term Expires

Bruce Darrow, President	2014
Mark Dickerman, Vice President	2013
Jane Barcklow	2014
Tracy Farrow	2013
Michael Gillen	2012
Lisa Hirst	2012
Patrick MacAdams	2012

Other Officials:

Dr. John Kellmayer, Superintendent
Robert Delengowski, Business Administrator/Board Secretary
Mary Lynam, Board Treasurer
Leonard Wood, Esq., Solicitor

**BROOKLAWN SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
12000 Lincoln Drive West, Suite 402
Marlton, NJ 08053

Attorney

Leonard Wood, Esquire
Acting for Wade, Wood, Long & Kennedy
1250 Chews Landing Road
Laurel Springs, NJ 08021

Broker of Record

Richard Hardenbergh Insurance Agency
PO Box 1000
Voorhees, NJ 08043

Official Depository

1st Colonial National Bank
1040 Haddon Ave.
Collingswood, NJ

Financial Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
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E-Mail: iscpas@concentric.net

-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Brooklawn School District
County of Camden
Brooklawn, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Brooklawn School District, in the County of Camden, State of New Jersey (School District), as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District'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 in compliance with 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, each major fund and the aggregate remaining fund information of the Brooklawn School District, in the County of Camden, State of New Jersey, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

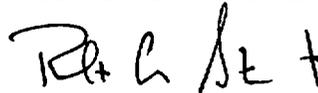
In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2011 on our consideration of the Brooklawn School District, in the County of Camden, State of New Jersey's internal control over financial reporting and our tests of its compliance with certain provisions 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 and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brooklawn School District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures 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*, and are also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
October 27, 2011

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

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

The Honorable President and Members
of the Board of Education
Brooklawn School District
County of Camden
Brooklawn, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Brooklawn School District (School District), in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 27, 2011. 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 in compliance with audit requirements as prescribed 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 Brooklawn School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School 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 School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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

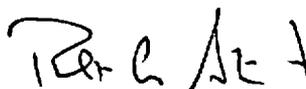
As part of obtaining reasonable assurance about whether the Brooklawn School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management of the Brooklawn School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated October 27, 2011.

This report is intended solely for the information and use of the management, the Board of Education, others within the School District, the Division of Finance, Department of Education, State of New Jersey, and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read "Robert A. Stewart".

Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
October 27, 2011

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Brooklawn School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

As management of the Board of Education of the Brooklawn, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$1,546,165 (*net assets*).
- Governmental activities have unrestricted net assets deficit of \$285,784. The accounting treatments in the governmental funds for compensated absences payable, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this minimal balance.
- The total net assets of the School District increased by \$61,138, or an 1.1% increase from the prior fiscal year-end balance. The majority of this increase is attributable to the payment of long-term debt obligations.
- Fund balance of the School District's governmental funds increased by \$162,625 resulting in an ending fund balance of \$423,497.
- Business-type activities have unrestricted net assets of \$59,948 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Services Program and After School Program).
- The School District's long-term obligations decreased by \$105,000 which is the result of current year payments on existing debt obligations.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net assets and the statement of activities.

The *statement of net assets* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the School District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities consolidate the Food Service Fund and the After School Program.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's two enterprise funds (Food Service Fund and After School Program) are listed individually and are considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued interest expense on long-term debt, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2011. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2011.

The assets of the primary government activities exceeded liabilities by \$1,476,967 with an unrestricted deficit balance of \$285,784. The net assets of the primary government do not include internal balances. As mentioned earlier, deficit unrestricted net assets are primarily due to the accounting treatment for compensated absences payable, accrued interest expense and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance. Therefore, this deficit balance alone does not indicate that the district is facing financial difficulties.

A net investment of \$1,234,363 in land, improvements, buildings and equipment which provide the services to the School District's students, represents most of the School District's net assets. Net assets of \$537,638 have been restricted as follows:

Future budget appropriation	\$ 294,250
Capital projects	1
Future tuition payments	41,980
2011/12 budget appropriation	125,000
Debt service	76,407

**Brooklawn School District
Comparative Summary of Net Assets
As of June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
Assets:						
Current assets	\$ 829,698	\$ 628,889	\$ 63,689	\$ 97,112	\$ 893,387	\$ 726,001
Capital assets	2,687,113	2,870,133	9,250	10,783	2,696,363	2,880,916
Total assets	3,516,811	3,499,022	72,939	107,895	3,589,750	3,606,917
Liabilities:						
Current Liabilities	531,313	478,119	3,741	5,738	535,054	483,857
Noncurrent Liabilities	1,508,531	1,638,033			1,508,531	1,638,033
Total liabilities	2,039,844	2,116,152	3,741	5,738	2,043,585	2,121,890
Net assets	\$ 1,476,967	\$ 1,382,870	\$ 69,198	\$ 102,157	\$ 1,546,165	\$ 1,485,027
Net assets consist of:						
Invested in capital assets, net of related debt	\$ 1,225,113	\$ 1,303,133	\$ 9,250	\$ 10,783	\$ 1,234,363	\$ 1,313,916
Restricted net assets	537,638	409,925			537,638	409,925
Unrestricted net assets (deficit)	(285,784)	(330,188)	59,948	91,374	(225,836)	(238,814)
Net assets	\$ 1,476,967	\$ 1,382,870	\$ 69,198	\$ 102,157	\$ 1,546,165	\$ 1,485,027

Governmental Activities

Governmental activities increased the net assets of the School District by \$94,097 during the current fiscal year. Key elements of the increase in net assets for governmental activities are as follows:

- Long-term debt obligations were reduced \$105,000 through the budget process.

Business-type Activities

- Business-type activities decreased the School District's net assets by \$32,959. The decrease came as a result of the district not transferring the prior year balance from the operating fund.

Brooklawn School District Comparative Schedule of Changes in Net Assets As of and for the Fiscal Year Ended June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues						
Charges for services			\$ 53,105	\$ 44,093	\$ 44,093	\$ 44,093
Operating grants and Contributions	\$ 612,967	\$ 475,724	71,186	63,997	539,721	539,721
General Revenues:						
Property Taxes	1,196,342	1,188,283			1,188,283	1,188,283
State Aid	3,712,301	3,989,023			3,989,023	3,989,023
Other Revenues	124,185	33,906			33,906	33,906
Total Revenues	5,645,795	5,686,936	124,291	108,090	5,795,026	5,795,026
Expenses:						
Governmental Activities:						
Instruction	1,948,848	2,075,733			2,075,733	2,075,733
Tuition	1,225,519	1,300,917			1,300,917	1,300,917
Related Services	410,652	414,350			414,350	414,350
Administrative Services	378,069	321,299			321,299	321,299
Operations and Maintenance	333,079	427,830			427,830	427,830
Transportation	107,724	155,486			155,486	155,486
Unallocated benefits	819,337	794,204			794,204	794,204
Interest on long-term Debt	75,672	80,400			80,400	80,400
Other	120,450	120,509			120,509	120,509

Business-Type Activities:						
Food Service Operations			107,205	113,226	113,226	113,226
After School Program			17,945	21,034	21,034	21,034
Total Expenses	5,419,350	5,690,728	125,150	134,260	5,824,988	5,824,988
Increase (Decrease) in Net						
Assets Before transfers	226,445	(3,792)	(859)	(26,170)	(29,962)	(29,962)
Transfers	(44,519)	(32,100)	(32,100)	32,100		
Prior period adjustment	(87,829)					
Changes in net assets	94,097	(35,892)	(32,959)	5,930	(29,962)	(29,962)
Net assets, July 1,	1,382,870	1,418,762	102,157	96,227	1,514,989	1,514,989
Net assets, June 30,	\$ 1,476,967	\$ 1,382,870	\$ 69,198	\$ 102,157	\$ 1,485,027	\$ 1,485,027

Financial Analysis of the Governmental Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$423,497, an increase of \$162,625 in comparison with the prior year. The majority of the increase can be attributed to only spending 93.83% of the budget compared to 96.82% in the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of an unassigned deficit fund balance for the General Fund of \$114,141 and an unassigned fund balance of \$76,407 in the Debt Service Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as follows: 1) appropriated as a revenue source in the subsequent year's budget (\$125,000), 2) reserved for future tuition adjustment payments (\$41,980), 3) reserved for future capital projects (\$1), and 4) reserve for future budget appropriation (\$294,250).

The general fund is the chief operating fund of the School District. As discussed earlier, the minimal balance in the unassigned fund balance is due, primarily, to the accounting treatment of the June state aid payments as discussed in the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

Revenue is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated in the special revenue fund.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is \$970 and represents the prior year encumbrances carried over to the current year budget.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$250,000 while total fund balance (budgetary basis) was \$711,231. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$4,867,104. Unreserved fund balance (budgetary basis) represents 5.13% of expenditures while total fund balance (budgetary basis) represents 14.61% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totaled \$2,696,363 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$184,553, or a 6.4% decrease.

Major capital assets events during the current fiscal year included the following:

- Depreciation expense for the current fiscal year was \$190,753.

Capital Asset (net of accumulated depreciation) June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
Land	\$ 38,000	\$ 38,000			\$ 38,000	\$ 38,000
Construction in Progress						
Site Improvements	65,135	72,288			65,135	72,288
Buildings and Building Improvements	2,460,313	2,568,509			2,460,313	2,568,509
Equipment	123,665	191,336	\$ 9,250	\$ 10,783	132,915	202,119
	<u>\$ 2,687,113</u>	<u>\$ 2,870,133</u>	<u>\$ 9,250</u>	<u>\$ 10,783</u>	<u>\$ 2,696,363</u>	<u>\$ 2,880,916</u>
Net assets						

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2011, the School District had total bonded debt outstanding of \$1,462,000 backed by the full faith and credit of the School District.

General obligation bonds for the School District decreased during the current fiscal year according to the normal schedule of payments.

The School District continues to maintain its AA rating from Standard & Poor's Corporation for its general obligation bond issues.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$4,495,335 and the legal debt margin was \$3,033,335.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2011-12 fiscal year.

- The reduction in state aid for the 2010-2011 budget was partially restored for the 2011-2012 fiscal year. The district received an additional \$72,146 in state aid over the 2010-2011 fiscal year. Additionally, the district received \$130,937 from Education Jobs Fund. The additional revenue, helped to keep the local tax levy at the 2010-2011 level. The district has been able to maintain this level for the past nine years.
- General Fund appropriations did increase, but the district was able to stay within budget. This was due in large part to several retirements, which helped keep salary increases well under the 2% agreed to in the teacher's contract.
- Going forward, the Board of Education will continue to monitor expenditures throughout this fiscal year. As we begin budget preparations for the 2012-2013 school year, the Board will closely monitor the district's monetary requirements in conjunction with current economic factors in an effort to prevent an additional burden on the taxpayers of the Brooklawn School District.

Requests for Information

This financial report is designed to provide a general overview of the Brooklawn School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Brooklawn School District, Robert Delengowski, Business Administrator, 301 Haakon Avenue, Brooklawn, New Jersey, 08030, telephone number (856) 456-4039.

Basic Financial Statements

District-Wide Financial Statements

BROOKLAWN SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 403,231	\$ 60,669	\$ 463,900
Receivables, net	413,617	3,020	416,637
Deferred bond issuance costs - net	12,850		12,850
Capital assets, net (Note 5)	<u>2,687,113</u>	<u>9,250</u>	<u>2,696,363</u>
Total Assets	<u>3,516,811</u>	<u>72,939</u>	<u>3,589,750</u>
LIABILITIES:			
Accounts payable	332,232	3,741	335,973
Deferred revenue	61,119		61,119
Accrued interest payable	17,962		17,962
Noncurrent Liabilities (Note 6):			
Due within one year	120,000		120,000
Due beyond one year	<u>1,508,531</u>		<u>1,508,531</u>
Total Liabilities	<u>2,039,844</u>	<u>3,741</u>	<u>2,043,585</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1,225,113	9,250	1,234,363
Restricted for:			
Capital projects	1		1
Debt service	76,407		76,407
Other purposes	461,230		461,230
Unrestricted	<u>(285,784)</u>	<u>59,948</u>	<u>(225,836)</u>
Total Net Assets	<u>\$ 1,476,967</u>	<u>\$ 69,198</u>	<u>\$ 1,546,165</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BROOKLAWN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,588,913		\$ 316,859		\$ (1,272,054)		\$ (1,272,054)
Special Education	320,713				(320,713)		(320,713)
Other instruction	39,222				(39,222)		(39,222)
Support Services:							
Tuition	1,225,519				(1,225,519)		(1,225,519)
Student & instruction related services	410,652		36,170		(374,482)		(374,482)
General administrative services	186,227				(186,227)		(186,227)
School administrative services	3,618				(3,618)		(3,618)
Central services	188,224				(188,224)		(188,224)
Plant operations and maintenance	333,079		8,288		(324,791)		(324,791)
Pupil transportation	107,724				(107,724)		(107,724)
Unallocated employee benefits	819,337		251,650		(567,687)		(567,687)
Interest on long-term debt	75,672				(75,672)		(75,672)
Unallocated depreciation and amortization	120,450				(120,450)		(120,450)
Total Governmental Activities	<u>5,419,350</u>		<u>612,967</u>		<u>(4,806,383)</u>		<u>(4,806,383)</u>
Business-Type Activities:							
Food service	107,205	\$ 12,600	71,186			\$ (23,419)	(23,419)
After school program	17,945	40,505				22,560	22,560
Total Business-Type Activities	<u>125,150</u>	<u>53,105</u>	<u>71,186</u>			<u>(859)</u>	<u>(859)</u>
Total Primary Government	<u>\$ 5,544,500</u>	<u>\$ 53,105</u>	<u>\$ 684,153</u>	<u>\$ -</u>	<u>(4,806,383)</u>	<u>(859)</u>	<u>(4,807,242)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					1,017,497		1,017,497
Taxes levied for debt service					178,845		178,845
Federal and State aid not restricted					3,712,301		3,712,301
Miscellaneous Income					124,185		124,185
Special Items:							
Prior year state aid receivable canceled					(87,829)		(87,829)
Transfers					(44,519)	(32,100)	(76,619)
Total general revenues, special items, extraordinary items and transfers					<u>4,900,480</u>	<u>(32,100)</u>	<u>4,868,380</u>
Change in Net Assets					94,097	(32,959)	61,138
Net Assets - July 1, 2010					1,382,870	102,157	1,485,027
Net Assets - June 30, 2011					<u>\$ 1,476,967</u>	<u>\$ 69,198</u>	<u>\$ 1,546,165</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Fund Financial Statements

BROOKLAWN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 612,708	\$ (225,637)	\$ (60,247)	\$ 76,407	\$ 403,231
Receivables, net					
State aid	40,560		60,247		100,807
Federal aid		312,810			312,810
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 653,268</u></u>	<u><u>\$ 87,173</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 76,407</u></u>	<u><u>\$ 816,848</u></u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 306,178	\$ 26,054			\$ 332,232
Deferred revenues		61,119			61,119
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>306,178</u>	<u>87,173</u>	<u> </u>	<u> </u>	<u>393,351</u>
Fund Balances:					
Restricted for:					
Capital reserve	1				1
Tuition reserve	41,980				41,980
Excess surplus	294,250				294,250
Assigned to:					
Subsequent year's budget	125,000				125,000
Unassigned	(114,141)			76,407	(37,734)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>347,090</u>	<u> </u>	<u> </u>	<u>76,407</u>	<u>423,497</u>
Total Liabilities and Fund Balances	<u><u>\$ 653,268</u></u>	<u><u>\$ 87,173</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 76,407</u></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. The cost of the assets is \$4,291,141 and the accumulated depreciation is \$1,604,028.	2,687,113
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.	12,850
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
General Obligation Bonds	\$ (1,462,000)
Accrued Interest Payable	(17,962)
Compensated Absences Payable	(166,531)
	<u>(1,646,493)</u>
Net assets of governmental activities	<u><u>\$ 1,476,967</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BROOKLAWN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 1,017,497			\$ 178,845	\$ 1,196,342
Miscellaneous	124,185				124,185
Total local sources	1,141,682			178,845	1,320,527
State sources	3,963,951	\$ 69,607			4,033,558
Federal sources		291,710			291,710
Total Revenues	<u>5,105,633</u>	<u>361,317</u>		<u>178,845</u>	<u>5,645,795</u>
EXPENDITURES:					
Current expense:					
Regular instruction	1,295,994	302,009			1,598,003
Special education instruction	320,713				320,713
Other instruction	39,222				39,222
Support services and undistributed costs:					
Tuition	1,225,519				1,225,519
Student & instruction related services	374,482	36,170			410,652
General administrative services	186,227				186,227
School administrative services	3,618				3,618
Central services	118,581				118,581
Plant operations and maintenance	300,462				300,462
Pupil transportation	107,724				107,724
Unallocated employee benefits	819,337				819,337
Capital outlay	30,529	8,288			38,817
Debt service:					
Principal				105,000	105,000
Interest and other charges				76,947	76,947
Total Expenditures	<u>4,822,408</u>	<u>346,467</u>		<u>181,947</u>	<u>5,350,822</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>283,225</u>	<u>14,850</u>		<u>(3,102)</u>	<u>294,973</u>
Other Financing Sources (Uses):					
State aid canceled			(87,829)		(87,829)
Transfers in				76,584	76,584
Transfers out	(44,696)		(76,407)		(121,103)
Total Other Financing Sources (Uses)	<u>(44,696)</u>		<u>(164,236)</u>	<u>76,584</u>	<u>(132,348)</u>
Net Change in Fund Balances	238,529	14,850	(164,236)	73,482	162,625
Fund Balances - July 1, 2010	<u>108,561</u>	<u>(14,850)</u>	<u>164,236</u>	<u>2,925</u>	<u>260,872</u>
Fund Balances - June 30, 2011	<u>\$ 347,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,407</u>	<u>\$ 423,497</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**BROOKLAWN SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2011**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 162,625

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Governmental Funds report capital outlays 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 capital outlays exceeded depreciation in the current period.

Depreciation expense	\$ (189,220)	
Fixed assets additions	<u>6,200</u>	(183,020)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 185,000

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences. (1,285)

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt. 1,275

In the statement of activities, certain operating expenses, (e.g. compensated absences) 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+) 9,502

Change in Net Assets of Governmental Activities \$ 94,097

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BROOKLAWN SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities Enterprise Funds		
	Food Service Fund	After School Program	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 9,697	\$ 50,972	\$ 60,669
Accounts receivable:			
State	60		60
Federal	2,960		2,960
Total Current Assets	<u>12,717</u>	<u>50,972</u>	<u>63,689</u>
Noncurrent Assets:			
Equipment	27,908		27,908
Less - accumulated depreciation	<u>(18,658)</u>		<u>(18,658)</u>
Total Noncurrent Assets	<u>9,250</u>		<u>9,250</u>
Total Assets	<u>21,967</u>	<u>50,972</u>	<u>72,939</u>
LIABILITIES:			
Accounts Payable	3,741		3,741
Total Current Liabilities	<u>3,741</u>		<u>3,741</u>
NET ASSETS:			
Invested in capital assets	9,250		9,250
Unrestricted	<u>8,976</u>	<u>50,972</u>	<u>59,948</u>
Total Net Assets	<u>\$ 18,226</u>	<u>\$ 50,972</u>	<u>\$ 69,198</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BROOKLAWN SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	After School Program	Totals
OPERATING REVENUES:			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 12,600		\$ 12,600
Daily sales non-reimbursable programs:			
Program fees		\$ 40,505	40,505
Total Operating Revenues	<u>12,600</u>	<u>40,505</u>	<u>53,105</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	37,593	17,624	55,217
Supplies and materials		321	321
Depreciation	1,533		1,533
Cost of sales	68,079		68,079
Total Operating Expenses	<u>107,205</u>	<u>17,945</u>	<u>125,150</u>
Operating Income (Loss)	<u>(94,605)</u>	<u>22,560</u>	<u>(72,045)</u>
Non-Operating Revenues:			
State sources:			
State school lunch program	1,322		1,322
Federal sources:			
National school lunch program	63,658		63,658
National school breakfast program	6,206		6,206
Total Non-Operating Revenues	<u>71,186</u>		<u>71,186</u>
Income (Loss) before Contributions and Transfers	(23,419)	22,560	(859)
Operating Transfers In	<u>19,768</u>	<u>(51,868)</u>	<u>(32,100)</u>
Changes in Net Assets	(3,651)	(29,308)	(32,959)
Net Assets - July 1, 2010	<u>21,877</u>	<u>80,280</u>	<u>102,157</u>
Net Assets - June 30, 2011	<u>\$ 18,226</u>	<u>\$ 50,972</u>	<u>\$ 69,198</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BROOKLAWN SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	After School Program	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 12,600	\$ 40,505	\$ 53,105
Cash payments to employees for services	(37,593)	(17,624)	(55,217)
Cash payments to suppliers for goods and services	(70,076)	(321)	(70,397)
Net cash provided by (used for) operating activities	<u>(95,069)</u>	<u>22,560</u>	<u>(72,509)</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	1,386		1,386
Cash received from federal sources	69,855		69,855
Operating transfer in	51,868	(51,868)	-
Net cash provided by noncapital financing activities	<u>123,109</u>	<u>(51,868)</u>	<u>71,241</u>
Cash Flows Provided by Investing Activities:			
Interest earned on cash equivalents			
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	28,040	(29,308)	(1,268)
Cash and cash equivalents - July 1, 2010	(18,343)	80,280	61,937
Cash and cash equivalents - June 30, 2011	<u>\$ 9,697</u>	<u>\$ 50,972</u>	<u>\$ 60,669</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:			
Operating income (loss)	\$ (94,605)	\$ 22,560	\$ (72,045)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	1,533		1,533
Change in assets and liabilities:			
(Increase) decrease in accounts receivables			
Increase (decrease) in accounts payable	(1,997)		(1,997)
Net cash provided by (used for) operating activities	<u>\$ (95,069)</u>	<u>\$ 22,560</u>	<u>\$ (72,509)</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BROOKLAWN SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Trust Funds			
	Unemployment Compensation Trust	Private Purpose		
		Flowers Memorial Fund	Other Trust Funds	Agency Funds
ASSETS:				
Cash and cash equivalents	\$ 102	\$ 88,170	\$ 8,561	\$ 18,911
Total Assets	<u>102</u>	<u>88,170</u>	<u>8,561</u>	<u>\$ 18,911</u>
LIABILITIES:				
Payroll deductions and withholdings				\$ 5,165
Due to student groups				<u>13,746</u>
Total Liabilities				<u>\$ 18,911</u>
NET ASSETS:				
Held in trust for unemployment claims and other purposes	<u>\$ 102</u>			
Reserved for scholarships		<u>\$ 88,170</u>	<u>\$ 8,561</u>	

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BROOKLAWN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Trust	Private Purpose	
		Flowers Memorial Fund	Other Funds
ADDITIONS:			
Contributions:			
Employee	\$ 1,651		
Board contribution	15,342		
Total Contributions	<u>16,993</u>		
Investment earnings:			
Interest		\$ 45	
Net investment earnings		<u>45</u>	
Total Additions	<u>16,993</u>	<u>45</u>	
DEDUCTIONS:			
Unemployment claims	16,993		
Scholarships awarded			\$ 20,961
Total Deductions	<u>16,993</u>		<u>20,961</u>
Change in Net Assets		45	(20,961)
Net Assets - July 1, 2010	<u>102</u>	<u>88,125</u>	<u>29,522</u>
Net Assets - June 30, 2011	<u>\$ 102</u>	<u>\$ 88,170</u>	<u>\$ 8,561</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Borough of Brooklawn School District ("School District") is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 8. Students in grades 9 through 12 attend, on a tuition basis, the Gloucester City High School District. The Brooklawn School District has an approximate enrollment at June 30, 2011 of 303 students.

Criteria for determining if other entities are potential component units which should be reported within the School District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provides for identification of any entities for which the School District is financially accountable and other organizations that the nature and significance of their relationship with the School District are such that exclusion would cause the School District's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there were no organizations that are considered to be component units

Basis of Presentation

The basic financial statements of the Brooklawn School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental and business-type activities and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

The School District's basic financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenues from the state and federal governments, other than major capital projects, debt service, or the enterprise funds, and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general-long-term debt principal, interest and related costs.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise funds are:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Extended Day Program Fund - This fund accounts for the financial resources of the School District's extended day program. This program provides before and after school care to students.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary Funds (Continued) - All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has four fiduciary funds; an unemployment compensation trust fund, a private purpose scholarship fund, a student activity fund, and a payroll fund.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within thirty days of fiscal year end.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenues - Exchange and Non-exchange Transactions (Continued) - Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, 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 School 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. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year, if any, is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. 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. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

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 assigned 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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Encumbrances (Continued) - Open encumbrances in the special revenue fund, for which the School 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.

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, 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.

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

N.J.S.A. 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 Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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.

Tuition Receivable - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2011 and 2010 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Inventories - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Expenditures - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure/expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring cost of operations.

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and/or interfunds payable.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and the proprietary fund statement of net assets. .

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business -Type Activities Estimated Lives</u>
Land Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

Accrued Salaries and Wages - Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2011, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Equity – In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance – This classification reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balances – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School District – the government's highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the School District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Education and the Chief School Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted fund balances are available for use, it is the School District's policy to use externally restricted fund balances first, then unrestricted fund balance – committed, assigned, and unassigned – in order as needed.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program and tuition for the before and after school program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses

Interfund Activity - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, state statutes requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling \$1,035,085 at June 30, 2011. All deposits are insured by federal depository insurance and/or collateralized with securities held in New Jersey's multiple financial institution collateral pool as required by N.J.S.A. 17.9-41 et seq.

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District 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 School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school 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 fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Balance – July 1, 2010		\$ 1
Increased by:		
Interest earned		
Board resolution		
		1
Decreased by:		
Budget withdrawal		
Balance – June 30, 2011		\$ 1

The June 30, 2011 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2011 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2011 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Intergovernmental					
State	\$ 40,560		\$ 60,247	60	\$ 100,867
Federal		<u>\$ 312,810</u>		<u>2,960</u>	<u>315,770</u>
Total Accounts Receivable	<u>\$ 40,560</u>	<u>\$ 312,810</u>	<u>\$ 60,247</u>	<u>\$ 3,020</u>	<u>\$ 416,637</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 38,000			\$ 38,000
Construction in progress				
Total capital assets, not being				
Depreciated	<u>38,000</u>			<u>38,000</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements	129,833			129,833
Building and Building Improvements	3,382,561			3,382,561
Equipment	734,547	\$ 6,200		740,747
Totals at historical cost	<u>4,246,941</u>	<u>6,200</u>		<u>4,253,141</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(57,545)	(7,153)		(64,698)
Building and Building Improvements	(814,052)	(108,196)		(922,248)
Equipment	(543,211)	(73,871)		(617,082)
Totals accumulated depreciation	<u>(1,414,808)</u>	<u>(189,220)</u>		<u>(1,604,028)</u>
Total Capital Assets, being depreciated, net	<u>2,832,133</u>	<u>(183,020)</u>		<u>2,649,113</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,870,133</u>	<u>\$ (183,020)</u>	<u>\$ 0</u>	<u>\$ 2,687,113</u>
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 27,908			\$ 27,908
Less accumulated depreciation	(17,125)	\$ (1,533)		(18,658)
Business-Type Activities Capital Assets, Net	<u>\$ 10,783</u>	<u>\$ (1,533)</u>	<u>\$ 0</u>	<u>\$ 9,250</u>

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$189,220 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 412
Central Administration	69,643
Unallocated	119,165
Total depreciation expense	\$ 189,220

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2011, the following changes occurred in long-term obligations:

	Principal Outstanding July 1, 2010	Additions	Reductions	Principal Outstanding June 30, 2011	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 176,033		\$ 9,502	\$ 166,531	
General Obligation Bonds	1,567,000		105,000	1,462,000	\$ 120,000
	\$ 1,743,033	\$ 0	\$ 114,502	\$ 1,628,531	\$ 120,000

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are as follows:

2001 General Obligation Bonds dated March 1, 2001 in the amount of \$1,254,000 due in annual installments through March 1, 2021, bearing interest rate of 4.95%.

2003 General Obligation Bonds dated March 15, 2003 in the amount of \$208,000 due in annual installments through March 15, 2015, bearing interest rate of 4.70 %.

Principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 120,000	\$ 71,849	\$ 191,849
2013	135,000	66,021	201,021
2014	150,000	59,464	209,464
2015	168,000	52,176	220,176
2016	115,000	44,005	159,005
2017-2021	774,000	119,790	893,790
	\$ 1,462,000	\$ 413,305	\$ 1,875,305

As of June 30, 2011 the School District had no authorizations to issue additional bonded debt.

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

7. OPERATING LEASES

The School District has various non-cancelable operating lease agreements for copiers. Total costs for such leases were approximately \$34,949 for the fiscal year ended June 30, 2011. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 1,346
Total future minimum lease payments	<u>\$ 1,346</u>

8. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). The TPAF and PERS are defined benefit pension plans while the DCRP is a defined contribution pension plan. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The School District is billed annually for its normal contribution plus any accrued liability.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

8. PENSION PLANS (Continued)

The School District's contributions to the PERS, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2011	\$ 15,806	\$ 25,186	\$ 3,113	\$ 44,105
2010	17,992	23,117	5,701	46,810
2009	12,922	14,946	3,464	31,332

* In accordance with P.L.2011, C.19 (S-21) school districts had the option to defer 50% of their regular PERS contribution due on April 1, 2011. The Brooklawn School District chose to defer \$13,934 and will repay this amount plus interest over a 15 year period beginning April 1, 2012. The amount to be repaid will fluctuate each year based on the pension system investment earnings on the unfunded liability. Since the School District is permitted to pay off the deferred amount at any time, the deferred amount has not been recorded as a long-term liability and will be funded on a pay-as-you-go basis.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists. In addition, to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no School District employees enrolled in the DCRP for the fiscal years ended June 30, 2011, 2010 and 2009.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the School District.

9. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees receiving 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.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

9. POST-RETIREMENT BENEFITS (Continued)

The State's contribution rate is based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2009.

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 Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2011, the School District has recognized as revenues and expenditures on-behalf payments made by the State of New Jersey for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement were \$5,234 and \$111,177, respectively. In addition, the State of New Jersey reimbursed the School District \$135,239 during the fiscal year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has also been included as a revenue and expenditure in the basic financial statements, and the combining and individual fund statements and schedules in accordance with GASB 24.

11. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

Property and Liability Insurance - The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Joint Insurance Pool - The School District is a member of the School Alliance Insurance Fund. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained by writing to: School Alliance Insurance Fund, c/o PEGAS, 51 Everett Drive, Lawrenceville, New Jersey, 08648.

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

11. RISK MANAGEMENT (Continued)

The following is a summary of School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two fiscal years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 15,342	\$ 1,651	\$ 16,993	\$ 102
2009-2010	14	15,109	19,962	102
2008-2009	32	0	0	4,941

12. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, available to all permanent School District employees, permit them to defer a portion of their current salary to all future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and therefore are not reflected on the financial statements of the School District..

13. COMPENSATED ABSENCES

The School 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.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2011, the liability for compensated absences in the governmental activities fund type was \$166,531.

14. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2011, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

15. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$114,141 in the General Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District can not recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-41.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$114,141 is equal to or less than the June state aid payment.

16. DEFICIT UNRESTRICTED NET ASSETS

The governmental activities has a deficit in unrestricted net assets of \$285,784 as of June 30, 2011. This deficit is attributable to the allocation of compensated absences balances payable and accrued interest payable to unrestricted net assets.

17. FUND BALANCES

The School District has classified its fund balances with the following hierarchy:

Nonspendable – The School District does not have any nonspendable funds.

Spendable – The School District has classified the spendable fund balances as *Restricted, Assigned and Unassigned* and considered each to have been spent when expenditures are incurred. The School District currently has no funds classified as *Committed*.

Restricted Items:

Capital Reserve – As of June 30, 2011, the balance in the capital reserve account is \$1. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Tuition Reserve – In accordance with N.J.A.C. 6A:23-3.1(f)(8), the School District has restricted fund balance at June 30, 2011 in the amount of \$41,980 for tuition reserve. The entire amount has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2012.

Assigned:

Designated for Subsequent Year's Expenditures – The School District has assigned a total of \$125,000 for appropriation of existing unassigned General Fund balance at year-end to eliminate a deficit in the upcoming 2011-2012 budget.

Unassigned items - Represents the remainder of the School District's equity in governmental fund type balances. The balance at June 30, 2011 is \$250,000.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local Tax Levy	\$ 1,017,497		\$ 1,017,497	\$ 1,017,497	
Unrestricted misc. revenues	8,000		8,000	124,185	\$ 116,185
Total local sources	1,025,497		1,025,497	1,141,682	116,185
State sources:					
School Choice aid	305,175		305,175	305,175	
Categorical special education aid	58,191		58,191	58,191	
Equalization aid	3,328,873		3,328,873	3,328,873	
On-behalf TPAF pension contrib. (non-budgeted)				116,411	116,411
Reimbursed TPAF social security contribution (non-budgeted)				135,239	135,239
Total state sources	3,692,239		3,692,239	3,943,889	251,650
TOTAL REVENUES	4,717,736		4,717,736	5,085,571	367,835
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	17,500		17,500	15,792	1,708
Kindergarten	49,000		49,000	36,545	12,455
Grades 1-5	616,323	26,443	642,766	642,766	
Grades 6-8	500,854	(80,623)	420,231	420,231	
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	9,000	79,031	88,031	88,031	
Regular Programs - Home Instruction:					
Purchased technical services	3,000	244	3,244	3,244	
Other purchased services	30,000	(3,498)	26,502	6,539	19,963
General supplies	72,000		72,000	53,473	18,527
Textbooks	72,000	(28,340)	43,660	27,648	16,012
Other objects	4,000		4,000	1,725	2,275
Total instruction	1,373,677	(6,743)	1,366,934	1,295,994	70,940
Special Education Instruction:					
Behavioral Disabilities:					
Salaries of teachers	42,000	2,079	44,079	44,079	
Other salaries for instruction	20,170	1,710	21,880	21,880	
General supplies	300		300		300
Total behavioral disabilities	62,470	3,789	66,259	65,959	300

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource room/resource center:					
Salaries of teachers	\$ 224,000	\$ (3,545)	\$ 220,455	\$ 216,426	\$ 4,029
Other salaries for instruction	109,000	(24,550)	84,450	38,253	46,197
General supplies	1,500		1,500	75	1,425
Total resource room/resource center	<u>334,500</u>	<u>(28,095)</u>	<u>306,405</u>	<u>254,754</u>	<u>51,651</u>
Total Special Education - Instruction	<u>396,970</u>	<u>(24,306)</u>	<u>372,664</u>	<u>320,713</u>	<u>51,951</u>
School-Sponsored Cocurricular Act - Instruction:					
Salaries	15,000	5,221	20,221	20,221	
Purchased services	1,500	1,024	2,524	2,524	
Supplies and materials	6,000	(4,788)	1,212	1,212	
Other objects	3,000	(1,457)	1,543		1,543
Total school-sponsored cocurr. act. - instruct.	<u>25,500</u>		<u>25,500</u>	<u>23,957</u>	<u>1,543</u>
School-Sponsored Athletics - Instruction:					
Salaries	10,500		10,500	8,400	2,100
Purchased services	5,000		5,000	4,439	561
Supplies and materials	3,000		3,000	2,126	874
Other objects	5,500		5,500	300	5,200
Total school-sponsored athletics - instruct.	<u>24,000</u>		<u>24,000</u>	<u>15,265</u>	<u>8,735</u>
Total Instruction	<u>1,820,147</u>	<u>(31,049)</u>	<u>1,789,098</u>	<u>1,655,929</u>	<u>133,169</u>
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	1,025,798	55,136	1,080,934	1,080,934	
Tuition to other LEAs within the state - spec	77,207	13,545	90,752	90,752	
Tuition to CCSD & Regional Day Schools	48,422	(14,102)	34,320	34,320	
Tuition to priv. sch. for the disabled in state	43,043	(23,530)	19,513	19,513	
Total undistributed expenditures - instruction	<u>1,194,470</u>	<u>31,049</u>	<u>1,225,519</u>	<u>1,225,519</u>	
Attendance and Social Work Services:					
Purchased professional and technical services	500		500	500	
Total attendance and social work services	<u>500</u>		<u>500</u>	<u>500</u>	
Health Services:					
Salaries	64,000		64,000	63,590	410
Purchased professional and technical services	1,500		1,500	1,249	251
Supplies and materials	4,000		4,000	2,713	1,287
Total health services	<u>69,500</u>		<u>69,500</u>	<u>67,552</u>	<u>1,948</u>
Speech, OT, PT & Related Services:					
Purchased professional and educational services	140,000	24,000	164,000	163,069	931
Total speech, ot, pt, & related services	<u>140,000</u>	<u>24,000</u>	<u>164,000</u>	<u>163,069</u>	<u>931</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child Study Teams:					
Salaries of other professional staff	\$ 72,000	\$ 505	\$ 72,505	\$ 63,513	\$ 8,992
Salaries of secretarial and clerical assistants	12,000	947	12,947	12,947	
Miscellaneous purchased services	10,000	(10,000)			
Supplies and materials	<u>3,000</u>	<u>(1,452)</u>	<u>1,548</u>	<u>1,275</u>	<u>273</u>
Total other support services student - special	<u>97,000</u>	<u>(10,000)</u>	<u>87,000</u>	<u>77,735</u>	<u>9,265</u>
Improvement of Instructional Services:					
Salaries of other professional staff	<u>45,000</u>		<u>45,000</u>	<u>43,569</u>	<u>1,431</u>
Total improvement of instructional services	<u>45,000</u>		<u>45,000</u>	<u>43,569</u>	<u>1,431</u>
Educational Media Services/School Library:					
Salaries	25,000		25,000	17,097	7,903
Purchased professional and technical services	3,500		3,500	1,069	2,431
Supplies and materials	<u>10,000</u>		<u>10,000</u>	<u>2,436</u>	<u>7,564</u>
Total educational media services/school library	<u>38,500</u>		<u>38,500</u>	<u>20,602</u>	<u>17,898</u>
Improvement of Instructional Staff Training Services:					
Other purchased services	<u>10,500</u>		<u>10,500</u>	<u>1,455</u>	<u>9,045</u>
Total improvement of instructional staff train. serv.	<u>10,500</u>		<u>10,500</u>	<u>1,455</u>	<u>9,045</u>
General Administration:					
Salaries	117,413		117,413	117,413	
Legal services	15,000	553	15,553	15,553	
Audit fees	22,500	(2,659)	19,841	18,500	1,341
Communications / telephone	16,000		16,000	15,492	508
Board of Education other purchased services	2,700	821	3,521	3,521	
Other purchased services	2,500	1,430	3,930	3,930	
Supplies and materials	1,000		1,000	463	537
Board of Education in-house training/meeting supplies	2,000	(1,401)	599	599	
Miscellaneous expenditures	2,500	5,337	7,837	7,837	
Board of Education dues and fees	<u>7,000</u>	<u>(4,081)</u>	<u>2,919</u>	<u>2,919</u>	
Total general administration	<u>188,613</u>		<u>188,613</u>	<u>186,227</u>	<u>2,386</u>
School Administration:					
Other purchased services	1,000	(354)	646		646
Supplies and materials	1,500	(678)	822	586	236
Other objects	<u>2,000</u>	<u>1,032</u>	<u>3,032</u>	<u>3,032</u>	
Total school administration	<u>4,500</u>		<u>4,500</u>	<u>3,618</u>	<u>882</u>
Central services					
Salaries	87,000		87,000	85,619	1,381
Purchased technical services	11,000		11,000	9,565	1,435
Supplies and materials	1,000		1,000	402	598
Miscellaneous expenditures	<u>1,000</u>		<u>1,000</u>	<u>789</u>	<u>211</u>
Total central services	<u>100,000</u>		<u>100,000</u>	<u>96,375</u>	<u>3,625</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative Information Technology					
Salaries		\$ 10,094	\$ 10,094	\$ 10,094	
Purchased professional services	\$ 30,000	(10,094)	19,906	6,318	\$ 13,588
Purchased technical services	3,000		3,000	2,115	885
Supplies and materials	3,000		3,000	2,825	175
Miscellaneous expenditures	1,000		1,000	854	146
Total administrative information technology	37,000		37,000	22,206	14,794
Required Maintenance School Facilities:					
Cleaning, repair and maintenance services	20,000	(6,200)	13,800	5,795	8,005
Total required maintenance school facilities	20,000	(6,200)	13,800	5,795	8,005
Custodial Services:					
Salaries	90,200		90,200	88,538	1,662
Purchased professional & technical services	20,500		20,500	11,878	8,622
Cleaning, repair and maintenance services	20,000	19,441	39,441	39,441	
Other purchased property services	15,000	29,257	44,257	39,452	4,805
Insurance	16,000	1,713	17,713	17,713	
General Supplies	40,000	1,055	41,055	37,716	3,339
Energy (Electricity)	110,000	(50,683)	59,317	58,534	783
Other objects	1,500		1,500	1,395	105
Total custodial services	313,200	783	313,983	294,667	19,316
Total operation & maint. of plant services	333,200	(5,417)	327,783	300,462	27,321
Student Transportation Services:					
Management fee - ESC & CTSA Trans program	2,000		2,000	1,479	521
Contr. serv. (between home & sch) - vendor	23,000		23,000	20,388	2,612
Contr. serv. (not between home & sch) - vendor	12,000		12,000	6,986	5,014
Contr. serv. (between home & sch) - joint agree.	17,000		17,000	9,585	7,415
Contr. serv. (special ed students) - ESCs & CTSA	92,000		92,000	69,286	22,714
Total student transportation services	146,000		146,000	107,724	38,276
Unallocated Benefits - Employee Benefits:					
Social security contributions	56,000	(3,228)	52,772	40,427	12,345
Other retirement contributions - PERS	26,000	18,105	44,105	44,105	
Unemployment compensation		27,772	27,772	27,772	
Workmen's compensation	25,000		25,000	23,326	1,674
Health benefits	456,704	(59,677)	397,027	383,568	13,459
Tuition reimbursement	12,000		12,000	10,350	1,650
Other employee benefits	58,000	(6,719)	51,281	38,139	13,142
Total unallocated benefits - employee benefits	633,704	(23,747)	609,957	567,687	42,270
On-behalf TPAF pension contr. (non-budgeted)				116,411	(116,411)
Reimbursed TPAF social security contr. (non-budgeted)				135,239	(135,239)
Total Undistributed Expenditures	3,038,487	15,885	3,054,372	3,135,950	(81,578)
Total General Current Expense	4,858,634	(15,164)	4,843,470	4,791,879	51,591

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Grades 6-8		\$ 3,228	\$ 3,228	\$ 3,228	
Undistributed expenditures - custodial		6,200	6,200	6,200	
Total equipment		9,428	9,428	9,428	
Facilities Acquisition & Construction:					
Other objects	\$ 21,102		21,102	21,101	\$ 1
Total Capital Outlay	21,102	9,428	30,530	30,529	1
TOTAL EXPENDITURES	4,879,736	\$ (5,736)	4,874,000	4,822,408	51,592
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(162,000)	5,736	(156,264)	263,163	316,243
Other Financing Sources:					
Operating transfers out - debt service fund		(177)	(177)	(177)	
Operating transfers out - enterprise fund	(38,000)	(6,529)	(44,529)	(44,519)	10
Total Other Financing Sources	(38,000)	(6,706)	(44,706)	(44,696)	10
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(200,000)	(970)	(200,970)	218,467	316,253
Fund Balance - July 1, 2010	492,764		492,764	492,764	
Fund Balance - June 30, 2011	<u>\$ 292,764</u>	<u>\$ (970)</u>	<u>\$ 291,794</u>	<u>\$ 711,231</u>	<u>\$ 316,253</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 1	
Tuition reserve designated to 2011/2012 budget				41,980	
Excess surplus				294,250	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				125,000	
Unassigned Fund Balance				250,000	
				711,231	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(364,141)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 347,090</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State sources	\$ 77,768		\$ 77,768	\$ 54,757	\$ (23,011)
Federal sources	<u>345,930</u>		<u>345,930</u>	<u>291,710</u>	<u>(54,220)</u>
Total Revenues	<u>423,698</u>		<u>423,698</u>	<u>346,467</u>	<u>(77,231)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	151,996		151,996	132,811	19,185
Other salaries for instruction	15,000		15,000	11,088	3,912
Purchased prof. - technical services	14,402		14,402	14,402	
Other purchased services	63,259		63,259	46,649	16,610
Tuition	96,559		96,559	96,559	
Supplies	<u>16,958</u>		<u>16,958</u>	<u>500</u>	<u>16,458</u>
Total instruction	<u>358,174</u>		<u>358,174</u>	<u>302,009</u>	<u>56,165</u>
Support Services:					
Salaries	8,991		8,991	8,991	
Personal services - employee benefits	14,914		14,914	14,762	152
Purchased prof. - technical services	14,060		14,060	4,405	9,655
Purchased services	3,912		3,912	3,912	
Other purchased services	<u>5,450</u>		<u>5,450</u>	<u>4,100</u>	<u>1,350</u>
Total support services	<u>47,327</u>		<u>47,327</u>	<u>36,170</u>	<u>11,157</u>
Facilities Acq. and Const. Services - instructional equipment					
Instructional equipment	7,570		7,570	6,246	1,324
Non-instructional equipment	<u>10,627</u>		<u>10,627</u>	<u>2,042</u>	<u>8,585</u>
	<u>18,197</u>		<u>18,197</u>	<u>8,288</u>	<u>9,909</u>
Total Expenditures	<u>423,698</u>		<u>423,698</u>	<u>346,467</u>	<u>77,231</u>
Total Outflows	<u>423,698</u>		<u>423,698</u>	<u>346,467</u>	<u>77,231</u>
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BROOKLAWN SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2011

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP
Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 5,085,571	\$ 346,467
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	384,203	14,850
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(364,141)</u>	<u> </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 5,105,633</u>	<u>\$ 361,317</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,822,408	\$ 346,467
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,822,408</u>	<u>\$ 346,467</u>

Other Supplementary Information

Special Revenue Fund

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year ended June 30, 2011

	IDEA Basic	IDEA Preschool	IDEA Basic ARRA	Carryforward from E-1A	Total
REVENUES:					
State sources				\$ 54,757	\$ 54,757
Federal sources	\$ 93,178	\$ 3,381	\$ 85,085	110,066	291,710
Total Revenues	93,178	3,381	85,085	164,823	346,467
EXPENDITURES:					
Instruction:					
Salaries of teachers				132,811	132,811
Other salaries for instruction				11,088	11,088
Purchased services			14,402		14,402
Other purchased services			46,649		46,649
Tuition	93,178	3,381			96,559
General supplies				500	500
Total Instruction	93,178	3,381	61,051	144,399	302,009
Support Services:					
Salaries of supervisor of instruction			8,991		8,991
Personal services-employee benefits			1,316	13,446	14,762
Purchased prof tech services				4,405	4,405
Purchased services			3,912		3,912
Other purchased services			4,100		4,100
Total support Services	-	-	18,319	17,851	36,170
Facilities acq. and constr. services:					
Instructional equipment			3,673	2,573	6,246
Non-Instructional equipment			2,042		2,042
Total facilities acq and const services	-	-	5,715	2,573	8,288
Total Expenditures	93,178	3,381	85,085	164,823	346,467
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year ended June 30, 2011

	<u>Preschool Education Program</u>	<u>Title I</u>	<u>Title II A</u>	<u>Title II D</u>	<u>Title I ARRA</u>	<u>Total</u>
REVENUES:						
State sources	\$ 54,757					\$ 54,757
Federal sources		\$ 96,179	\$ 11,064	\$ 250	\$ 2,573	110,066
Total Revenues	<u>54,757</u>	<u>96,179</u>	<u>11,064</u>	<u>250</u>	<u>2,573</u>	<u>164,823</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	43,669	79,922	9,220			132,811
Other salaries for instruction	11,088					11,088
Supplies		500				500
Total Instruction	<u>54,757</u>	<u>80,422</u>	<u>9,220</u>			<u>144,399</u>
Support Services:						
Personal services-employee benefits		11,602	1,844			13,446
Purchased professional & technical svcs		4,155		250		4,405
Total Support Services		<u>15,757</u>	<u>1,844</u>	<u>250</u>		<u>17,851</u>
Facilities acq. and constr. services:						
Instructional equipment					2,573	2,573
Total Program Administration					<u>2,573</u>	<u>2,573</u>
Total Expenditures	<u>54,757</u>	<u>96,179</u>	<u>11,064</u>	<u>250</u>	<u>2,573</u>	<u>164,823</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

**BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Statement of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2011**

DISTRICT WIDE TOTAL

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 62,768	\$ 43,669	\$ 19,099
Other salaries for instruction	15,000	11,088	3,912
Other objects			
	<hr/>	<hr/>	<hr/>
Total instruction	<u>77,768</u>	<u>54,757</u>	<u>23,011</u>
Support Services:			
Personal services - Employee benefits			
	<hr/>	<hr/>	<hr/>
Total support services			
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 77,768</u>	<u>\$ 54,757</u>	<u>\$ 23,011</u>

SUMMARY OF LOCATION TOTALS

Total 2010-11 Preschool Education Aid allocation	\$ 77,768
Add: Actual Preschool Education Aid Carryover (June 30, 2010)	45,885
Add: Budgeted transfer from the General Fund 2010-11	
Total Preschool Education Aid Funds available for 2010-11 budget	<hr/> 123,653
Less: 2010-11 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<hr/> (77,768)
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2011	45,885
	<hr/>
Add: June 30, 2011 Unexpended Preschool Education Aid	<u>23,011</u>
	<hr/>
2010-11 Actual Carryover - Preschool Education Aid	<u>\$ 68,896</u>
	<hr/>
2010-11 Preschool Education Aid Carryover Budgeted in 2011-12	<u>\$ 45,885</u>

Capital Projects Fund

BROOKLAWN SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
High School Roof Replacement
From Inception and for the Fiscal Year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 668,682	\$ (359,722)	\$ 308,960	\$ 308,960
Bond proceeds	403,913	(76,408)	327,505	327,505
	<u>1,072,595</u>	<u>(436,130)</u>	<u>636,465</u>	<u>636,465</u>
Expenditures and Other Financing Uses:				
Purchased professional services	121,677		121,677	121,677
Construction services	514,788		514,788	514,788
	<u>636,465</u>	<u></u>	<u>636,465</u>	<u>636,465</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 436,130</u>	<u>\$ (436,130)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	05880-010-05-1000			
Grant Date	01/19/05			
Bond Authorization Date	04/15/05			
Bonds Authorized	\$ 403,000			
Bonds Issued	\$ 403,000			
Original Authorized Cost	\$ 1,072,595			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 1,072,595			
Percentage Increase over Original Authorized Cost				
Percentage Completion	100.00%			
Original target completion date	09/01/05			
Revised target completion date	09/01/06			

Proprietary Funds

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Assets
June 30, 2011

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 9,697	\$ 50,972	\$ 60,669
Accounts receivable:			
State	60		60
Federal	2,960		2,960
Interfund			-
Total Current Assets	<u>12,717</u>	<u>50,972</u>	<u>63,689</u>
Noncurrent Assets:			
Equipment	27,908		27,908
Less - accumulated depreciation	<u>(18,658)</u>		<u>(18,658)</u>
Total Noncurrent Assets	<u>9,250</u>		<u>9,250</u>
Total Assets	<u>21,967</u>	<u>50,972</u>	<u>72,939</u>
LIABILITIES:			
Accounts Payable	3,741		3,741
Total Current Liabilities	<u>3,741</u>		<u>3,741</u>
NET ASSETS:			
Invested in capital assets	9,250		9,250
Unrestricted	<u>8,976</u>	<u>50,972</u>	<u>59,948</u>
Total Net Assets	<u>\$ 18,226</u>	<u>\$ 50,972</u>	<u>\$ 69,198</u>

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Totals</u>
OPERATING REVENUES:			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 12,600		\$ 12,600
Daily sales non-reimbursable programs:			
Program fees		\$ 40,505	40,505
Total Operating Revenues	<u>12,600</u>	<u>40,505</u>	<u>53,105</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	37,593	17,624	55,217
Supplies and materials		321	321
Depreciation	1,533		1,533
Cost of sales	<u>68,079</u>		<u>68,079</u>
Total Operating Expenses	<u>107,205</u>	<u>17,945</u>	<u>125,150</u>
Operating Income (Loss)	<u>(94,605)</u>	<u>22,560</u>	<u>(72,045)</u>
Non-Operating Revenues:			
State sources:			
State school lunch program	1,322		1,322
Federal sources:			
National school lunch program	63,658		63,658
National school breakfast program	6,206		6,206
Total Non-Operating Revenues	<u>71,186</u>		<u>71,186</u>
Income (Loss) before Contributions and Transfers	(23,419)	22,560	(859)
Operating Transfers In	<u>19,768</u>	<u>(51,868)</u>	<u>(32,100)</u>
Changes in Net Assets	(3,651)	(29,308)	(32,959)
Net Assets - July 1, 2010	<u>21,877</u>	<u>80,280</u>	<u>102,157</u>
Net Assets - June 30, 2011	<u>\$ 18,226</u>	<u>\$ 50,972</u>	<u>\$ 69,198</u>

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

	Food Service Fund	After School Program	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 12,600	\$ 40,505	\$ 53,105
Cash payments to employees for services	(37,593)	(17,624)	(55,217)
Cash payments to suppliers for goods and services	(70,076)	(321)	(70,397)
Net cash provided by (used for) operating activities	(95,069)	22,560	(72,509)
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	1,386		1,386
Cash received from federal sources	69,855		69,855
Operating transfer in	51,868	(51,868)	
Net cash provided by noncapital financing activities	123,109	(51,868)	71,241
Cash Flows Provided by Investing Activities:			
Interest earned on cash equivalents	_____	_____	_____
Net cash provided by investing activities	_____	_____	_____
Net increase (decrease) in cash and cash equivalents	28,040	(29,308)	(1,268)
Cash and cash equivalents - July 1, 2010	(18,343)	80,280	61,937
Cash and cash equivalents - June 30, 2011	\$ 9,697	\$ 50,972	\$ 60,669
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)			
Operating Activities:			
Operating income (loss)	\$ (94,605)	\$ 22,560	\$ (72,045)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	1,533		1,533
Change in assets and liabilities:			
(Increase) decrease in accounts receivables		32,100	32,100
Increase (decrease) in accounts payable	(1,997)		(1,997)
Net cash provided by (used for) operating activities	\$ (95,069)	\$ 54,660	\$ (40,409)

Fiduciary Funds

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2011

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation</u>	<u>Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and cash equivalents	\$ 102	\$ 96,731	\$ 13,746	\$ 5,165	\$ 115,744
Total Assets	<u>102</u>	<u>96,731</u>	<u>\$ 13,746</u>	<u>\$ 5,165</u>	<u>115,744</u>
LIABILITIES:					
Liabilities:					
Payroll deductions payable				\$ 5,165	5,165
Due to student groups			<u>\$ 13,746</u>		<u>13,746</u>
Total Liabilities			<u>\$ 13,746</u>	<u>\$ 5,165</u>	<u>18,911</u>
NET ASSETS:					
Held in trust for unemployment claims	102				102
Held in trust for scholarships		<u>96,731</u>			<u>96,731</u>
Total Net Assets	<u>\$ 102</u>	<u>\$ 96,731</u>			<u>\$ 96,833</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	<u>Scholarship Trust</u>			
	<u>Flowers Memorial Funds</u>	<u>Other Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Totals</u>
Additions:				
Employee withholdings			\$ 1,651	\$ 1,651
Board contribution			15,342	15,342
Interest earnings	\$ 45			45
Total Additions	<u>45</u>		<u>16,993</u>	<u>17,038</u>
Deductions:				
Unemployment compensation insurance claims			16,993	16,993
Other expenses		\$ 20,961		20,961
Total Deductions		<u>20,961</u>	<u>16,993</u>	<u>37,954</u>
Change in Net Assets	45	(20,961)		(20,916)
Net Assets - July 1, 2010	<u>88,125</u>	<u>29,522</u>	<u>102</u>	<u>117,749</u>
Net Assets - June 30, 2011	<u>\$ 88,170</u>	<u>\$ 8,561</u>	<u>\$ 102</u>	<u>\$ 96,833</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2011</u>
Alice Costello School	\$ 13,809	\$ 4,559	\$ 4,622		\$ 13,746
Total all schools	<u>\$ 13,809</u>	<u>\$ 4,559</u>	<u>\$ 4,622</u>	<u>\$ -</u>	<u>\$ 13,746</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
ASSETS:				
Cash and cash equivalents	\$ 6,244	\$ 2,532,644	\$ 2,533,723	\$ 5,165
Total Assets	<u>\$ 6,244</u>	<u>\$ 2,532,644</u>	<u>\$ 2,533,723</u>	<u>\$ 5,165</u>
 LIABILITIES:				
Net payroll	\$ 271	\$ 1,449,144	\$ 1,449,376	\$ 39
Payroll deductions and withholdings	<u>5,973</u>	<u>1,083,500</u>	<u>1,084,347</u>	<u>5,126</u>
Total Liabilities	<u>\$ 6,244</u>	<u>\$ 2,532,644</u>	<u>\$ 2,533,723</u>	<u>\$ 5,165</u>

Long-Term Debt Schedules

BROOKLAWN SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>					
Renovations and Improvements to school building	3/01/01	\$ 1,559,000	3/01/12	\$ 75,000	4.950%	\$ 1,319,000		\$ 65,000	\$ 1,254,000
			3/01/13	85,000					
			3/01/14	95,000					
			3/01/15	110,000					
			3/01/16	115,000					
			3/01/17	135,000					
			3/01/18	145,000					
			3/01/19	155,000					
			3/01/20	165,000					
			3/01/21	174,000					
Renovations and Improvements to school building	4/01/04	403,000	3/01/12	45,000	4.700%	248,000		40,000	208,000
			3/01/13	50,000					
			3/01/14	55,000					
			3/01/15	58,000					
						<u>\$ 1,567,000</u>	<u>\$ -</u>	<u>\$ 105,000</u>	<u>\$ 1,462,000</u>

BROOKLAWN SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 178,845		\$ 178,845	\$ 178,845	
Total Revenues	<u>178,845</u>		<u>178,845</u>	<u>178,845</u>	
EXPENDITURES:					
Regular debt service:					
Interest	76,947		76,947	76,947	
Redemption of principal	105,000		105,000	105,000	
Total regular debt service	<u>181,947</u>		<u>181,947</u>	<u>181,947</u>	-
Excess (Deficiency) of revenues over (under) expenditures	(3,102)		(3,102)	(3,102)	
Other Financing Sources:					
Operating transfers in				76,584	\$ 76,584
Total Other Financing Sources				<u>76,584</u>	<u>76,584</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(3,102)		(3,102)	73,482	76,584
Fund Balance - July 1, 2010	<u>2,925</u>		<u>2,925</u>	<u>2,925</u>	
Fund Balance - June 30, 2011	<u>\$ (3,279)</u>	<u>\$ -</u>	<u>\$ (3,279)</u>	<u>\$ 76,407</u>	<u>\$ 76,584</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ (3,102)</u>	<u>\$ -</u>	<u>\$ (3,102)</u>	<u>\$ 73,482</u>	<u>\$ 76,584</u>

Statistical Section

**Brooklawn School District
Net Assets by Component,
Last Eight Fiscal Years
(accrual basis of accounting)**

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	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:								
Invested in capital assets, net of related debt	\$ 1,053,509	\$ 551,291	\$ 1,286,036	\$ 1,403,354	\$ 1,180,807	\$ 1,153,304	\$ 1,303,133	\$ 1,225,113
Restricted for:								
Capital projects		403,914	215,493	173,981	164,237	164,237	164,237	1
Debt service				10,479	528	3,630	2,925	76,407
Other purposes	1	198,012	298,544	358,128	260,804	223,600	242,763	461,230
Unrestricted	(159,078)	(71,309)	(107,991)	(69,153)	3,867	(263,398)	(330,188)	(285,784)
Total governmental activities net assets	<u>\$ 894,432</u>	<u>\$ 1,081,908</u>	<u>\$ 1,692,082</u>	<u>\$ 1,876,789</u>	<u>\$ 1,610,263</u>	<u>\$ 1,281,373</u>	<u>\$ 1,382,870</u>	<u>\$ 1,476,987</u>
Business-type activities:								
Invested in capital assets, net of related debt	\$ 1,095	\$ 18,082	\$ 16,073	\$ 14,064	\$ 13,771	\$ 12,316	\$ 10,783	\$ 9,250
Unrestricted	7,664	6,865	24,851	35,518	56,807	83,911	91,374	59,948
Total business-type activities net assets	<u>\$ 8,759</u>	<u>\$ 24,947</u>	<u>\$ 40,924</u>	<u>\$ 49,582</u>	<u>\$ 70,578</u>	<u>\$ 96,227</u>	<u>\$ 102,157</u>	<u>\$ 69,198</u>
District-wide:								
Invested in capital assets, net of related debt	\$ 1,054,604	\$ 569,373	\$ 1,302,109	\$ 1,417,418	\$ 1,194,578	\$ 1,165,620	\$ 1,313,916	\$ 1,234,363
Restricted:								
Capital projects	-	403,914	215,493	173,981	164,237	164,237	164,237	1
Debt service				10,479	528	3,630	2,925	76,407
Other purposes	1	198,012	298,544	358,128	260,804	223,600	242,763	461,230
Unrestricted	(151,414)	(64,444)	(83,140)	(33,635)	60,694	(179,487)	(238,814)	(225,836)
Total district net assets	<u>\$ 903,191</u>	<u>\$ 1,106,855</u>	<u>\$ 1,733,006</u>	<u>\$ 1,926,371</u>	<u>\$ 1,680,841</u>	<u>\$ 1,377,600</u>	<u>\$ 1,485,027</u>	<u>\$ 1,546,165</u>

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District was not required to follow GASB 34 reporting format until fiscal year 2004.

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

	Fiscal Year Ending June 30,							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses:								
Governmental activities:								
Instruction:								
Regular	\$ 1,493,889	\$ 1,507,146	\$ 1,317,625	\$ 1,718,911	\$ 1,562,898	\$ 1,739,096	\$ 1,695,120	\$ 1,588,913
Special education	538,864	607,063	417,728	272,996	226,780	222,489	334,411	320,713
Other instruction	34,007	21,494	39,781	24,245	29,527	35,216	46,202	39,222
Support Services:								
Tuition	846,980	897,979	670,927	635,315	805,380	1,028,648	1,300,917	1,225,519
Student & instruction related services	533,368	540,759	448,193	333,682	371,913	442,906	414,350	410,652
School administrative services	8,053	19,167	12,409	12,633	12,869	14,601	5,568	3,618
Central Services		143,168	142,333	152,004	151,262	162,372	133,995	188,224
General administrative services	257,382	244,654	199,641	194,919	166,962	134,571	181,736	186,227
Plant operations and maintenance	195,520	247,335	224,108	226,990	256,021	521,663	427,830	333,079
Pupil transportation	79,865	51,099	72,496	44,244	77,269	134,703	155,486	107,724
Business and other support services	124,365							
Unallocated employee benefits			771,564	990,191	1,101,140	1,030,181	794,204	819,337
Interest on long-term debt	76,428	75,686	93,900	113,369	87,309	84,082	80,400	75,672
Unallocated depreciation	31,089	31,089	31,089	31,514	32,496	26,911	120,509	120,450
Total governmental activities expenses	<u>4,219,810</u>	<u>4,186,639</u>	<u>4,441,794</u>	<u>4,751,013</u>	<u>4,881,826</u>	<u>5,577,439</u>	<u>5,690,728</u>	<u>5,419,350</u>
Business-type activities:								
Food service	74,279	92,192	103,233	87,655	96,626	97,576	113,226	107,205
After school program		13,510	11,343	12,819	25,020	21,319	21,034	17,945
Total business-type activities expense	<u>74,279</u>	<u>105,702</u>	<u>114,576</u>	<u>100,474</u>	<u>121,646</u>	<u>118,895</u>	<u>134,260</u>	<u>125,150</u>
Total district expenses	<u>\$ 4,294,089</u>	<u>\$ 4,292,341</u>	<u>\$ 4,556,370</u>	<u>\$ 4,851,487</u>	<u>\$ 5,003,472</u>	<u>\$ 5,696,334</u>	<u>\$ 5,824,988</u>	<u>\$ 5,544,500</u>
Program Revenues:								
Governmental activities:								
Operating grants and contributions	\$ 723,511	\$ 810,725	\$ 700,173	\$ 904,422	\$ 885,248	\$ 513,351	\$ 475,724	\$ 612,967
Capital grants and contributions								
Total governmental activities program revenues	<u>723,511</u>	<u>810,725</u>	<u>700,173</u>	<u>904,422</u>	<u>885,248</u>	<u>513,351</u>	<u>475,724</u>	<u>612,967</u>

(Continued)

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

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:								
Charges for services:								
Food service	\$ 17,883	\$ 18,783	\$ 18,674	\$ 23,956	\$ 16,309	\$ 27,007	\$ 13,751	\$ 12,600
After school program		19,557	28,282	23,685	45,245	36,518	30,342	40,505
Operating grants and contributions	33,039	38,341	50,453	43,969	47,069	49,435	63,997	71,186
Total business-type activities program revenues	<u>50,922</u>	<u>76,681</u>	<u>97,409</u>	<u>91,610</u>	<u>108,623</u>	<u>112,960</u>	<u>108,090</u>	<u>124,291</u>
Total district program revenues	<u>\$ 774,433</u>	<u>\$ 887,406</u>	<u>\$ 797,582</u>	<u>\$ 996,032</u>	<u>\$ 993,871</u>	<u>\$ 626,311</u>	<u>\$ 583,814</u>	<u>\$ 737,258</u>
Net (Expense)/Revenue:								
Governmental activities	\$ (3,496,299)	\$ (3,375,914)	\$ (3,741,621)	\$ (3,846,591)	\$ (3,996,578)	\$ (5,064,088)	\$ (5,215,004)	\$ (4,806,383)
Business-type activities	(23,357)	(29,021)	(17,167)	(8,864)	(13,023)	(5,935)	(26,170)	(859)
Total district-wide net expense	<u>\$ (3,519,656)</u>	<u>\$ (3,404,935)</u>	<u>\$ (3,758,788)</u>	<u>\$ (3,855,455)</u>	<u>\$ (4,009,601)</u>	<u>\$ (5,070,023)</u>	<u>\$ (5,241,174)</u>	<u>\$ (4,807,242)</u>
General Revenues and Other Changes in Net Assets:								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 990,643	\$ 1,075,663	\$ 1,025,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497
Taxes levied for debt service	65,346	95,686	155,686	152,399	141,308	163,094	170,786	178,845
Unrestricted grants and contributions	2,271,399	2,424,717	2,805,023	2,635,188	2,747,301	3,579,183	3,989,023	3,712,301
State aid restricted for capital purposes			315,276	68,724	17,966			
Investment earnings	1,416	14,129	31,535	2,640				
Miscellaneous income	23,005	74,853	51,922	172,149	54,577	8,760	33,906	124,185
Prior year state aid receivable canceled								(87,829)
Transfers	(25,039)	(26,214)	(33,144)	(17,299)	(32,794)	(31,336)	(32,100)	(44,519)
Total governmental activities	<u>3,326,770</u>	<u>3,658,834</u>	<u>4,351,795</u>	<u>4,031,298</u>	<u>3,945,855</u>	<u>4,735,198</u>	<u>5,179,112</u>	<u>4,900,480</u>
Business-type activities:								
Investment earnings				223	1,225	248		
Transfers	25,039	26,214	33,144	17,299	32,794	31,336	32,100	(32,100)
Total business-type activities	<u>25,039</u>	<u>26,214</u>	<u>33,144</u>	<u>17,522</u>	<u>84,019</u>	<u>31,584</u>	<u>32,100</u>	<u>(32,100)</u>
Total district-wide	<u>\$ 3,351,809</u>	<u>\$ 3,685,048</u>	<u>\$ 4,384,939</u>	<u>\$ 4,048,820</u>	<u>\$ 3,979,874</u>	<u>\$ 4,766,782</u>	<u>\$ 5,211,212</u>	<u>\$ 4,868,380</u>
Change in Net Assets:								
Governmental activities	\$ (169,529)	\$ 282,920	\$ 610,174	\$ 184,707	\$ (50,723)	\$ (328,890)	\$ (35,892)	\$ 94,097
Business-type activities	1,682	(2,807)	15,977	8,658	20,996	25,649	5,930	(32,959)
Total district-wide	<u>\$ (167,847)</u>	<u>\$ 280,113</u>	<u>\$ 626,151</u>	<u>\$ 193,365</u>	<u>\$ (29,727)</u>	<u>\$ (303,241)</u>	<u>\$ (29,962)</u>	<u>\$ 61,138</u>

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District was not required to follow GASB 34 reporting format until fiscal year 2004.

Brooklawn School District
Fund Balances, Governmental Funds,
Last Eight Fiscal Years
(modified accrual basis of accounting)

		Fiscal Year Ending June 30,							
		2004	2005	2006	2007	2008	2009	2010	2011
General Fund:									
Restricted for:									
Capital reserve	\$	1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Future tuition payments			75,000	75,000	150,000	150,000	150,000	116,980	41,980
Excess surplus			72,846	110,698	87,264	23,540			294,250
Assigned to:									
Year-end Encumbrances					10,166		60	783	
Designated for subsequent year's budget			50,166	112,846	110,698	87,264	73,540	125,000	125,000
Unassigned		(10,982)	(16,073)	(34,616)	124,877	122,072	(139,926)	(134,203)	(114,141)
Total general fund	\$	<u>(10,981)</u>	<u>\$ 181,940</u>	<u>\$ 263,929</u>	<u>\$ 483,006</u>	<u>\$ 382,877</u>	<u>\$ 83,675</u>	<u>\$ 108,561</u>	<u>\$ 347,090</u>
All Other Governmental Funds									
Reserved:									
Capital projects fund	\$	(43,234)	\$ 403,913	\$ 215,492	\$ 173,980	\$ 164,236	\$ 164,236	\$ 164,236	
Unreserved, reported in:									
Special revenue fund		(8,713)				(9,969)	(7,362)	(14,850)	
Debt service fund		(26,082)		6,786	10,479	528	3,630	2,925	\$ 76,407
Total all other governmental funds	\$	<u>(78,029)</u>	<u>\$ 403,913</u>	<u>\$ 222,278</u>	<u>\$ 184,459</u>	<u>\$ 154,795</u>	<u>\$ 160,504</u>	<u>\$ 152,311</u>	<u>\$ 76,407</u>

District was not required to follow GASB 34 reporting format until fiscal year 2004.

Brooklawn School District
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax levy	\$ 1,054,655	\$ 1,055,989	\$ 1,055,989	\$ 1,171,349	\$ 1,181,183	\$ 1,169,896	\$ 1,158,805	\$ 1,180,591	\$ 1,188,283	\$ 1,196,342
Tuition charges									33,906	
Interest earnings	10,823	8,063	1,416	16,136	31,535	37,174				
Miscellaneous	10,862	10,954	23,005	71,933	51,922	138,115	54,577	6,760		124,185
State sources	1,921,749	2,214,285	2,682,721	2,870,226	3,613,881	3,352,440	3,463,198	3,879,179	3,648,761	4,033,558
Federal sources	168,534	289,447	312,189	365,216	206,591	255,394	181,732	213,355	815,986	291,710
Total revenue	3,166,623	3,578,738	4,075,320	4,494,860	5,085,112	4,953,019	4,858,312	5,279,885	5,686,936	5,645,795
Expenditures										
Instruction										
Regular Instruction	759,181	866,565	1,019,101	1,030,778	1,240,133	1,549,753	1,582,585	1,664,950	1,601,421	1,598,003
Special education instruction	164,505	445,184	724,006	544,539	417,728	272,996	226,780	222,489	334,411	320,713
Other instruction	14,116	23,340	28,145	18,882	39,781	24,245	29,527	35,216	46,202	39,222
Support Services:										
Tuition	738,376	678,565	846,980	697,979	670,927	635,315	805,380	1,028,648	1,300,917	1,225,519
Student & instruction related services	226,848	441,139	610,004	444,287	448,193	333,682	371,913	442,906	414,350	410,652
School administrative services	14,776	12,164	8,053	17,438	12,409	12,633	12,869	14,601	5,568	3,618
General and business admin. services	162,494	176,400	198,874	191,060	187,719	194,919	166,962	134,571	181,071	186,227
Central Services				124,446	142,333	139,912	141,012	152,122	133,995	118,581
Plant operations and maintenance	129,018	171,045	175,489	214,548	224,108	226,990	254,186	384,044	427,830	300,462
Pupil transportation	56,986	82,608	79,865	51,099	72,496	44,244	77,269	134,703	155,486	107,724
Other support services	445,252	642,844	748,024	664,496						
Unallocated employee benefits					747,924	990,191	1,101,140	1,030,181	794,204	819,337
Capital outlay		318,707	32,388	7,016	798,963	178,236	32,594	137,619	71,197	38,817
Debt service:										
Principal		10,000	15,000	20,000	55,000	60,000	65,000	75,000	90,000	105,000
Interest and other charges		76,923	76,428	75,686	93,900	91,346	88,094	84,992	81,491	76,947
Total expenditures	2,711,552	3,945,464	4,562,357	4,102,252	5,151,614	4,754,462	4,955,311	5,542,042	5,638,143	5,350,822
Excess (Deficiency) of revenues over (under) expenditures	455,071	(366,746)	(487,037)	392,608	(66,502)	198,557	(96,999)	(262,157)	48,793	294,973
Other Financing sources (uses)										
Proceeds from borrowing				403,913						
Prior year state aid receivable canceled										(87,829)
Transfers in		5,272		71,323	5,813	2,640	1,835	195		76,584
Transfers out		(55,594)	(25,039)	(97,537)	(38,957)	(19,939)	(34,629)	(31,531)	(32,100)	(121,103)
Total other financing sources (uses)	-	(50,322)	(25,039)	377,699	(33,144)	(17,299)	(32,794)	(31,336)	(32,100)	(132,348)
Net change in fund balances	\$ 455,071	\$ (417,068)	\$ (512,076)	\$ 770,307	\$ (99,646)	\$ 181,258	\$ (129,793)	\$ (293,493)	\$ 16,693	\$ 162,625
Debt service as a percentage of noncapital expenditures	0.00%	2.40%	2.02%	2.34%	3.42%	3.31%	3.11%	2.96%	3.08%	3.43%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Brooklawn School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Lost</u> <u>Books</u>	<u>Miscellaneous</u> <u>Sales</u>	<u>Refunds of</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Prior Year</u> <u>Orders</u> <u>Adjustment</u>	<u>Insurance</u> <u>Rebates</u>	<u>Medical</u> <u>Reimbursements</u>	<u>Miscellaneous</u>	<u>Total</u>
	2002	\$ 10,823	\$ 5,461			\$ 2,460				\$ 50,983	\$ 69,727
	2003	4,830			\$ 550	3,242				7,162	15,784
	2004	1,416				21,637				1,368	24,421
	2005	14,129				187		2,799	\$ 1,330	4,487	22,932
	2006	31,535				38,205			2,876	10,841	83,457
	2007	37,174	750	\$ 381	1,253	2,209	132,439			1,083	175,289
	2008	19,286		529	518	9,952	20,397			3,895	54,577
98	2009	6,760									6,760
	2010	3,477	1,600			1,074	16,339			11,416	33,906
	2011	1,737	2,550	\$ 595	5,000	100,578				13,725	124,185
		<u>\$ 131,167</u>	<u>\$ 10,361</u>	<u>\$ 1,505</u>	<u>\$ 7,321</u>	<u>\$ 179,544</u>	<u>\$ 169,175</u>	<u>\$ 2,799</u>	<u>\$ 4,208</u>	<u>\$ 104,960</u>	<u>\$ 611,038</u>

Source: District records

**Brooklawn School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

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Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2002	\$ 787,600	\$ 51,945,295	\$ 22,544,200	\$ 1,169,800	\$ 1,030,700	\$ 77,477,595	\$ 341,974	\$ 77,819,569	\$ 9,583,600	\$ 1.357	\$ 80,566,900
2003	787,600	51,945,295	22,544,200	1,169,800	1,030,700	77,477,595	340,625	77,818,220	9,583,600	1.357	85,084,430
2004	787,600	51,909,295	22,544,200	1,169,800	1,030,700	77,441,595	301,573	77,743,168	9,583,600	1.507	88,717,526
2005	775,500	52,260,900	22,897,000	819,700	1,030,700	77,783,800	259,792	78,043,592	10,003,300	1.513	89,853,274
2006	773,100	52,498,900	22,918,600	819,700	1,030,700	78,041,000	265,412	78,306,412	10,006,600	1.496	100,418,362
2007	458,300	52,298,600	24,059,500	819,700	1,030,700	78,666,800	175,399	78,842,199	10,340,800	1.470	122,248,411
2008	466,300	52,830,000	23,754,500	819,700	1,030,700	78,901,200	161,442	79,062,642	10,374,900	1.493	140,135,925
2009	481,400	52,923,400	23,999,100	819,700	1,030,700	79,254,300	156,241	79,410,541	10,594,400	1.496	153,233,434
2010	473,900	53,165,000	24,068,700	819,700	1,030,700	79,558,000	154,513	79,712,513	10,601,700	1.501	150,715,128
2011	R 875,800	94,588,400	41,407,400	1,460,500	2,247,600	140,579,700	244,335	140,824,035	17,529,400	0.857	Not available

Source:
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, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100 of assessed valuation.

R Revaluation

Brooklawn School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

J-7

Fiscal Year Ended June 30,	Brooklawn School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Brooklawn	Camden County	
2002	\$ 1.291	\$ 0.066	\$ 1.357	\$ 1.206	\$ 0.972	\$ 3.535
2003	1.282	0.075	1.357	1.213	1.009	3.579
2004	1.422	0.084	1.506	1.278	0.976	3.760
2005	1.391	0.122	1.513	1.324	0.956	3.793
2006	1.298	0.198	1.496	1.428	1.041	3.965
2007	1.277	0.193	1.470	1.477	1.090	4.037
2008	1.315	0.178	1.493	1.597	1.127	4.217
2009	1.281	0.215	1.496	1.716	1.197	4.409
2010	1.277	0.224	1.501	1.954	1.234	4.689
2011	0.747	0.110	0.857	1.177	0.741	2.775

Source: Municipal Tax Collector

Brooklawn School District
Principal Property Tax Payers,
Current Year and Nine Years Ago

J-8

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Taxpayer	2010-2011		Taxpayer	2001-2002	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Brookwrap II, LLC	\$ 2,885,300	2.05%	Brooklawn Shopping Center I	\$ 2,746,000	3.53%
Brooklawn Shopping Center	2,746,000	1.95%	Brooklawn Shopping Center II	2,421,300	3.11%
Jay Sai Corporation	2,178,000	1.55%	Days Inn	2,178,000	2.80%
Brooklawn Realty Associates	1,610,300	1.14%	Ponzio Diner	1,500,000	1.93%
Cohab Realty, LLC	1,165,800	0.83%	Eckerd's	1,165,800	1.50%
Westbrook Lane	1,100,000	0.78%	Westbrook Lane	1,100,000	1.41%
Levin Real Estate, LLC	798,600	0.57%	Superior Aluminum	798,600	1.03%
Materials Handling Supply Co.	681,800	0.48%	Materials Handling Supply Co.	681,800	0.88%
Ming Kui Lau Restaurant	674,700	0.48%	Ming Kui Lau Restaurant	674,700	0.87%
Brooklawn Diner	625,300	0.44%	Brooklawn Diner	625,300	0.80%
Total	\$ 14,465,800	10.27%		\$ 13,891,500	17.85%

Source: Municipal Tax Assessor

**Brooklawn School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 1,054,655	\$ 1,054,655	100.00%	-
2003	1,055,989	1,055,989	100.00%	-
2004	1,055,989	1,055,989	100.00%	-
2005	1,171,349	1,171,349	100.00%	-
2006	1,181,183	1,181,183	100.00%	-
2007	1,169,896	1,169,896	100.00%	-
2008	1,158,805	1,158,805	100.00%	-
2009	1,180,591	1,180,591	100.00%	-
2010	1,188,283	1,188,283	100.00%	-
2011	1,196,342	1,196,342	100.00%	-

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

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

Brooklawn School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

J-10

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Capital Leases	Capital Leases	Total District		
2002	\$ 2,564,129	\$ -	\$ -	\$ 2,564,129	3.48%	\$ 1,099
2003	1,544,000	-	-	1,544,000	2.04%	662
2004	1,529,000	-	-	1,529,000	1.96%	659
2005	1,912,000	-	-	1,912,000	2.38%	829
2006	1,857,000	-	-	1,857,000	2.24%	808
2007	1,797,000	-	-	1,797,000	2.04%	786
2008	1,732,000	-	-	1,732,000	1.90%	761
2009	1,657,000	-	-	1,657,000	1.77%	732
2010	1,567,000	-	-	1,567,000	1.68%	695
2011	1,462,000	-	-	1,462,000	Unavailable	648

Sources:

- a District Records
- b Personal Income has been estimated based upon the municipal population and per capita personal income.
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.

Brooklawn School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2002	\$ 2,564,129	\$ -	\$ 2,564,129	3.29%	\$ 1,099
2003	1,544,000	-	1,544,000	1.98%	662
2004	1,529,000	-	1,529,000	1.97%	659
2005	1,912,000	-	1,912,000	2.45%	829
2006	1,857,000	-	1,857,000	2.37%	808
2007	1,797,000	-	1,797,000	2.28%	786
2008	1,732,000	-	1,732,000	2.19%	761
2009	1,657,000	-	1,657,000	2.09%	732
2010	1,567,000	-	1,567,000	1.97%	695
2011	1,462,000	-	1,462,000	1.04%	648

Sources:

- a District Records
- b Net Assessed Valuation provided by Anstract of Ratables, County Board of Taxation
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.

**Brooklawn School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2010**

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Brooklawn	\$ 830,353 (1)	100.000%	\$ 830,353
Camden County General Obligation Debt	156,835,508 (1)	0.274% (2)	429,729
Subtotal, overlapping debt			<u>1,260,082</u>
Brooklawn School District Direct Debt			<u>1,462,000</u>
Total direct and overlapping debt			<u>\$ 2,722,082</u>

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2010 Equalized Valuation. The source for this computation was the 2010 County Abstract of Ratables, provided by the County Board of Taxation.

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis (1)	
2010	\$ 149,573,228
2009	148,750,563
2008	151,209,659
	<u>\$ 449,533,450</u>
Average equalized valuation of taxable property	<u>\$ 149,844,483</u>
Debt limit (3% of average equalized valuation) (2)	4,495,335
Net bonded school debt (3)	1,462,000
Legal debt margin	<u>\$ 3,033,335</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
\$ Debt limit	\$ 2,219,270	\$ 2,310,355	\$ 2,415,757	\$ 2,532,982	\$ 2,721,604	\$ 3,075,793	\$ 3,576,794	\$ 4,098,141	\$ 4,384,337	\$ 4,495,335
Total net debt applicable to limit (3)	<u>2,564,129</u>	<u>1,544,000</u>	<u>1,529,000</u>	<u>1,912,000</u>	<u>1,857,000</u>	<u>1,797,000</u>	<u>1,732,000</u>	<u>1,657,000</u>	<u>1,462,000</u>	<u>1,462,000</u>
Legal debt margin	<u>\$ (344,859)</u>	<u>\$ 766,355</u>	<u>\$ 886,757</u>	<u>\$ 620,982</u>	<u>\$ 864,604</u>	<u>\$ 1,278,793</u>	<u>\$ 1,844,794</u>	<u>\$ 2,441,141</u>	<u>\$ 2,922,337</u>	<u>\$ 3,033,335</u>
Total net debt applicable to the limit as a percentage of debt limit	115.54%	66.83%	63.29%	75.48%	68.23%	58.42%	48.42%	40.43%	33.35%	32.52%

Sources:

- (1) Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

**Brooklawn School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2001	2,333	\$ 73,748,463	\$ 31,611	4.0%
2002	2,332	75,741,028	32,479	5.6%
2003	2,320	78,130,640	33,677	5.9%
2004	2,306	80,308,756	34,826	5.5%
2005	2,299	83,058,272	36,128	3.1%
2006	2,287	88,012,908	38,484	3.4%
2007	2,276	91,158,352	40,052	3.1%
2008	2,263	93,543,368	41,336	4.1%
2009	2,256	93,132,192	41,282	6.6%
2010	2,256	e	e	6.9%

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been established based upon the municipal population and per capita personal income presented.
- ^c Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development
- ^e Information not available

**Brooklawn School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	17	17	17	17	17	17	17	17	17	17
Special education	5	5	5	5	5	5	5	5	5	5
Other special education	2	2	2	2	2	2	2	2	2	2
Other instruction	4	4	4	4	4	4	4	4	4	4
Support Services:										
School administrative services	1	1	1	1	1	1	1	1	1	1
General and business administrative services	1	1	1	1	1	2	2	2	2	2
Plant operations and maintenance	2	2	2	2	2	2.5	2.5	2.5	2.5	2.5
Business and other support services	2	2	1.5	1.5	1.5	2	2	2	2	2
Administrative Information Technology					0.5	1	1	1	1	1
Food Service	1.5	1.5	1.5	1.5	1.5	2	2	2	2	2
Child Care	-	-	-	1	1	1	1	1	1	1
Total	36	36	35	36	37	40	40	40	40	40

Source:
District Personnel Records

**Brooklawn School District
Operating Statistics,
Last Ten Fiscal Years**

J-17

Fiscal Year	Resident Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio - Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2001	241	\$ 3,028,510	\$ 12,566.43	0.24%	32	1:20	241.1	229.7	6.93%	95.27%
2003	279	3,539,854	12,687.65	0.96%	34	1:20	279.9	264.9	16.09%	94.64%
2004	273	4,017,017	14,714.35	15.97%	34	1:20	273.7	261.9	-2.21%	95.69%
2005	292	3,999,550	13,697.09	-6.91%	34	1:20	292.3	280.8	6.79%	96.07%
2006	336	4,203,751	12,511.16	-8.66%	34	1:20	336.7	319.5	15.18%	94.89%
2007	316	4,424,880	14,002.78	11.92%	34	1:20	331.5	306.3	1.54%	92.40%
2008	308	4,769,623	15,485.79	10.59%	34	1:20	308.0	292.6	-7.09%	95.00%
2009	323	5,244,431	16,236.63	4.85%	34	1:20	323.0	305.9	4.55%	94.71%
2010	311	5,395,455	17,348.73	6.85%	34	1:20	311.0	279.3	-8.70%	89.81%
2011	303	5,130,058	16,930.88	-2.41%	34	1:20	302.6	288.4	3.26%	95.31%

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Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- 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).

**Brooklawn School District
School Building Information
Last Ten Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>District Building</u>										
<u>Elementary</u>										
Alice Costello Elementary School - (1924)										
Square Feet	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900
Capacity (students)	400	400	400	400	400	400	400	400	400	400
Enrollment	241	279	273	292	336	316	308	323	311	303

Number of Schools at June 30, 2011
 Elementary = 1
 Middle School = 1
 Senior High School = 0
 Other = 0

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Source: District Facilities Office

Brooklawn School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

J-19

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
* <u>School Facilities</u>											
Alice Costello School	\$ 7,466	\$ 12,738	\$ 12,031	\$ 3,578	\$ 20,173	\$ 15,405	\$ 14,466	\$ 17,545	\$ 20,668	\$ 5,795	\$ 129,865
Total School Facilities	<u>\$ 7,466</u>	<u>\$ 12,738</u>	<u>\$ 12,031</u>	<u>\$ 3,578</u>	<u>\$ 20,173</u>	<u>\$ 15,405</u>	<u>\$ 14,466</u>	<u>\$ 17,545</u>	<u>\$ 20,668</u>	<u>\$ 5,795</u>	<u>\$ 129,865</u>

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* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**Brooklawn School District
Insurance Schedule
June 30, 2011**

J-20

	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of liability per occurrence	\$ 250,000,000		\$ 100,000
Boiler and Machinery	100,000,000	\$ 100,000	
General and Automobile Liability	5,000,000		1,000
Workers' Compensation	Statutory		
Educators Legal Liability	5,000,000		
Crime Coverage	100,000		500
Pollution Liability	1,000,000		10,000
Surety Bonds (2)			
Treasurer	161,000		
Board Secretary	35,000		

(1) School Alliance Insurance Fund

(2) Western Surety

Source: District records

Single Audit Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

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

The Honorable President and Members
of the Board of Education
Brooklawn School District
County of Camden
Brooklawn, New Jersey

Compliance

We have audited Brooklawn School District (School District), in the County of Camden, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2011. The School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 on the School District's compliance with those requirements.

In our opinion, the Brooklawn School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of the Brooklawn School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

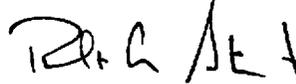
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, the Board of Education, others within the School District, the Division of Finance, Department of Education, State of New Jersey, and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
October 27, 2011

BROOKLAWN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2010			Adjustment	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2011		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I															
Fiscal Year 2011	84.010A	NCLB-0580-11	\$ 104,072	9/1/10 - 8/31/11							\$ (92,024)		\$ (104,072)	\$ 12,048	
Fiscal Year 2010	84.010A	NCLB-0580-10	103,463	9/1/09 - 8/31/10	\$ (26,220)	\$ 12,446	\$ (8,291)		\$ 5,078	(4,156)			(21,142)		
Fiscal Year 2009	84.010A	NCLB-0580-09	102,879	9/1/08 - 8/31/10	(102,579)				102,679						
ARRA	84.389	N/A	38,959	9/1/09 - 8/31/11	(38,959)	38,959				(2,573)			(38,959)	38,386	
Title II A															
Fiscal Year 2011	84.367A	NCLB-0580-11	11,064	9/1/10 - 8/31/11						(11,064)			(11,612)	548	
Fiscal Year 2010	84.367A	NCLB-0580-10	12,203	9/1/09 - 8/31/10	(2,034)	548							(1,486)		
Title II D															
Fiscal Year 2011	84.367A	NCLB-0580-11	250	9/1/10 - 8/31/11						(250)			(250)		
Fiscal Year 2010	84.367A	NCLB-0580-10	1,021	9/1/09 - 8/31/10	(1,021)	589	(589)						(1,021)		
Title IV															
Fiscal Year 2010	84.186A	NCLB-0580-10	1,606	9/1/09 - 8/31/10	(1,606)	1,606	(1,606)						(1,606)		
Fiscal Year 2009	84.186A	NCLB-0580-09	1,697	9/1/08 - 8/31/09	(1,697)				1,697						
Individuals With Disabilities Act (I.D.E.A.)															
Part B - Basic															
Fiscal Year 2011	84.027	FT-0580-11	94,910	9/1/10 - 8/31/11						(93,178)			(94,910)	1,732	
ARRA	84.391	N/A	93,298	9/1/09 - 8/31/11	(93,298)	93,298				(65,085)			(93,298)	8,213	
Part B - Preschool															
Fiscal Year 2011	84.173	PS-0580-11	3,381	9/1/10 - 8/31/11						(3,381)			(3,381)		
Fiscal Year 2010	84.173	PS-0580-10	3,226	9/1/09 - 8/31/10	(3,226)				3,226				(3,362)	3,362	
ARRA	84.392	N/A	3,362	9/1/09 - 8/31/10	(3,362)	3,362							(3,362)	3,362	
Total U.S. Department of Education					(274,102)	150,808	(10,486)		112,680	(291,710)			(375,099)	62,289	
U.S. Department of Agriculture															
Enterprise Fund:															
School Breakfast Program:															
Fiscal Year 2011	10.553	N/A	6,206	7/1/10 - 6/30/11					5,934	(6,206)			(272)		
Fiscal Year 2010	10.553	N/A	5,514	7/1/09 - 6/30/10	(334)				334						
National School Lunch Program															
Fiscal Year 2011	10.555	N/A	63,658	7/1/10 - 6/30/11					60,970	(63,658)			(2,688)		
Fiscal Year 2010	10.555	N/A	55,904	7/1/09 - 6/30/10	(2,617)				2,617						
Total U.S. Department of Agriculture					(2,951)				69,855	(69,864)			(2,960)		
Total Federal Awards					\$ (277,053)	\$ 150,808	\$ -	\$ (10,486)	\$ -	\$ 182,535	\$ (361,574)	\$ -	\$ (378,059)	\$ 62,289	\$ -

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

BROOKLAWN SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2011

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State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2010			Adjustment	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2011		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education														
General Fund:														
Equalization Aid	11-495-034-5120-078	\$3,328,873	7/1/10- 6/30/11					\$ 2,964,732		\$ (3,328,873)		\$ (364,141)		
Equalization Aid	10-495-034-5120-078	3,398,957	7/1/09- 6/30/10	\$ (384,203)				384,203						
Special Education Categorical Aid	11-495-034-5120-089	58,191	7/1/10- 6/30/11					58,191		(58,191)				
School Choice Aid	11-495-034-5120-068	305,175	7/1/10- 6/30/11					305,175		(305,175)				
On-behalf TPAF Pension Contributions	11-495-034-5095-001	116,411	7/1/10- 6/30/11					116,411		(116,411)				
Reimbursed TPAF Social Security Contr.	10-495-034-5095-002	133,694	7/1/09- 6/30/10	(13,749)				13,749						
Reimbursed TPAF Social Security Contr.	11-495-034-5095-002	135,239	7/1/10- 6/30/11					94,679		(135,239)		(40,560)		
Total General Fund				(397,952)				3,937,140		(3,943,889)		(404,701)		
Special Revenue Fund:														
Preschool Education Aid	09-495-034-5120-088	73,825	7/1/08- 6/30/09		\$ 22,274		\$ (22,274)							
Preschool Education Aid	10-495-034-5120-086	74,970	7/1/09- 6/30/10	(14,850)	23,611		(23,611)	14,850						
Preschool Education Aid	11-495-034-5120-086	77,768	7/1/10- 6/30/11				45,885	69,991		(54,757)		(7,777)	\$ 68,896	
Early Launch to Learning Initiative	08-485-034-5120-053	33,000	7/1/07- 6/30/08	(13,950)				13,950						
Total Special Revenue Fund				(28,800)	45,885			98,791		(54,757)		(7,777)	68,896	
Total State Department of Education				(426,752)	45,885			4,035,931		(3,998,646)		(412,478)	68,896	
NJ Economic Development Authority:														
Capital Projects Fund:														
EDA Educational Facilities Construction and Financing Act - Section 15:														
Alice Costello School Renovations	0580-010-05-1000	668,882	7/1/07- 6/30/11	(419,970)	270,059		\$ 88,664					(80,247)		
Total NJ Economic Development Authority				(419,970)	270,059		88,664					(80,247)		
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)														
Fiscal Year 2010	10-100-010-3350-023	2,223	7/1/09- 6/30/10	(103)				103						
Fiscal Year 2011	11-100-010-3350-023	1,322	7/1/10- 6/30/11					1,262		(1,322)		(60)		
School Breakfast Program (State Share)														
Fiscal Year 2010	10-100-010-3350-021	356	7/1/09- 6/30/10	(21)				21						
Total State Department of Agriculture				(124)				1,386		(1,322)		(60)		
Total State Financial Assistance				\$ (848,846)	\$ 315,944	\$ -	\$ 88,664	\$ -	\$ 4,037,317	\$ (3,999,968)	\$ -	\$ (472,785)	\$ 68,896	\$ -

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

**Brooklawn School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2011**

I. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Brooklawn School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when the expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. 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 special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$20,062 for the general fund and \$14,850 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,963,951	\$ 3,963,951
Special Revenue Fund	\$ 291,710	69,607	361,317
Food Service Fund	<u>69,864</u>	<u>1,322</u>	<u>71,186</u>
Total Awards & Financial Assistance	<u>\$ 361,574</u>	<u>\$ 4,034,880</u>	<u>\$ 4,396,454</u>

**Brooklawn School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2011
(Continued)**

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.

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

6. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

7. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	<u>Federal</u>	<u>State</u>
Prior Year Receivables Canceled		\$ 89,664
Expenditures reported for reimbursement however not documented	<u>\$ 10,486</u>	<u> </u>
	<u>\$ 10,486</u>	<u>\$ 89,664</u>

**BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraph 5.18 through 5.20 of *Government Auditing Standards* and with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

No findings identified.

**BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

***Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs***

This section identifies the audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular 04-04.

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

No findings and/or questioned costs identified.

**BROOKLAWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENED JUNE 30, 2011**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 and State of NJOMB Circular 04-04.

FINANCIAL STATEMENT FINDINGS

Finding #2010-1

Condition:

The Board Secretary's Report and the Treasurer's Report were not always presented to the Board of Education on a timely basis for their approval.

Current Status:

This condition has been corrected.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

Finding #2010-2

Condition:

A transfer to Capital Outlay – Facilities Acquisition and Construction Services was made without approval of the Executive County Superintendent. The transfer was disallowed by the audit creating an over-expenditure in the amount of \$6,422. In addition, Debt Service – Interest expense was over-expended by \$177 at year-end.

Current Status:

This condition has been corrected.