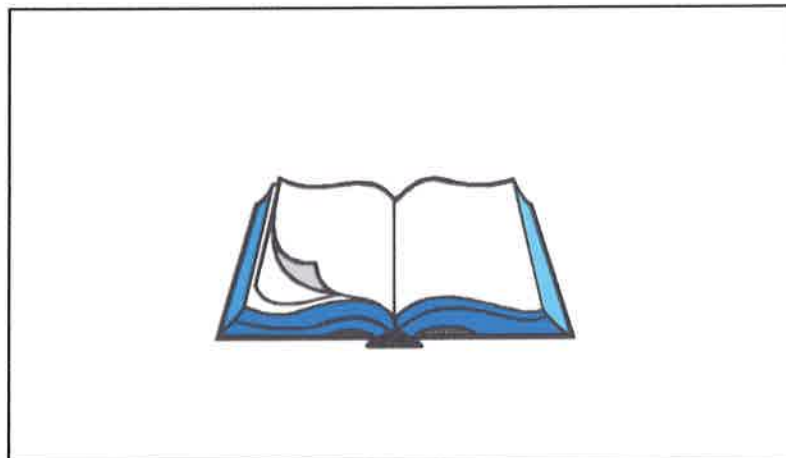


**SCHOOL DISTRICT
OF
BROOKLAWN**



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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

BROOKLAWN SCHOOL DISTRICT

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**Comprehensive Annual
Financial Report**

of the

Brooklawn Board of Education

Brooklawn, New Jersey

For the Fiscal Year Ended June 30, 2016

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

Introductory Section

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

John Kellmayer
Superintendent of Schools
856-456-4039

November 11, 2016

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

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Brooklawn School District for the fiscal year ended June 30, 2016 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 presented 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 Title 2 U.S. Code of federal regulations, cost principles, and audit requirements for federal awards (uniform guidance); and State of New Jersey Circular OMB15-08. Information related to this single audit, including the auditor's report on compliance and internal control with applicable laws and regulations and findings and recommendations 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 2012-2013 school year with an average daily enrollment of 366 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. This is evident in the year ended June 30, 2013, as enrollment increased by thirty-eight students. Enrollment has, once again begun to trend downward, most notably due to a cap on School Choice enrollment. This is evident by the average daily enrollment for the 2015-2016 school year has dropped by twenty-four students, to 320.

Pupil Enrollments

SCHOOL YEAR	AVERAGE DAILY ENROLLMENT
2006-2007	321.5
2007-2008	308.0
2008-2009	323.0
2009-2010	311.2
2010-2011	302.6
2011-2012	340.9
2012-2013	340.9
2013-2014	338.0
2014-2015	344.5
2015-2016	320.3

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:

Despite its small enrollment, the Alice Costello School with just 320 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 District continues to increase.

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 are approximately seventy schools state wide in this program. Plans call for increasing enrollment during the next two years.

In January 2014 the voters approved a \$1,985,000 Bond Referendum for the purchase and renovation of the former St. Maurice Church and Rectory. The Rectory will be used for administrative offices and the Church will be converted into five classrooms and a meeting area. The project is expected to be completed by September 2017.

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 recognized 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.

4. INTERNAL ACCOUNTING CONTROLS (CONTINUED):

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 project fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are canceled or are included as reappropriations of fund balance in the subsequent year. Amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

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.

7. CASH MANAGEMENT:

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

7. CASH MANAGEMENT (CONTINUED):

The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

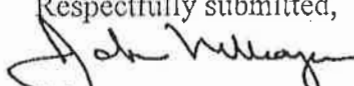
The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. 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 & Stewart, LLC, 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 Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance); and State of New Jersey Circular OMB15-08. This 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 sections of this report.

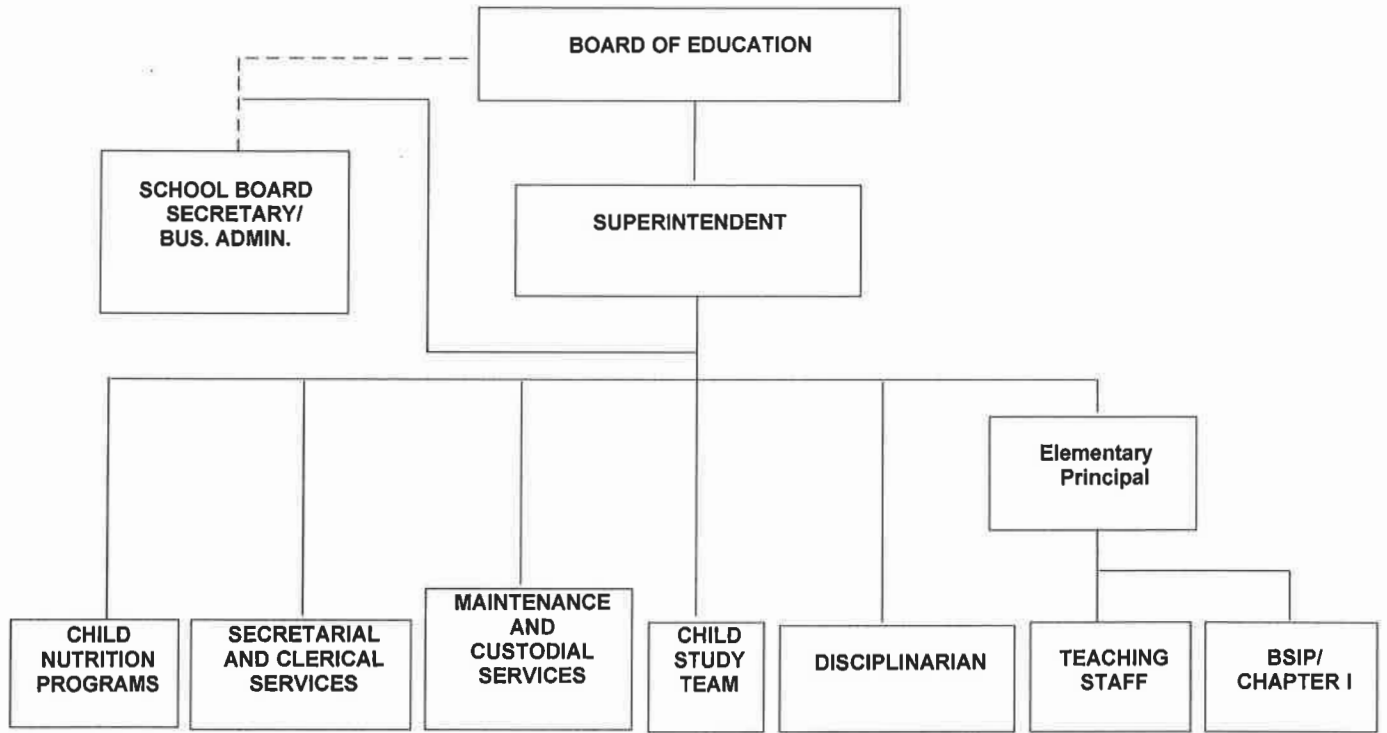
10. ACKNOWLEDGEMENTS:

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, 2016

Members of the Board of Education:

Term Expires

Tracy Farrow, President	2016
Colin MacAdams, Vice President	2016
John Clotworthy	2018
Jeffery Haller	2017
Christian McGrory	2018
Christina Shaw	2017
Rachael Pignataro	2017

Other Officials:

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

**BROOKLAWN SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
651 Route 73 North, Suite 402
Marlton, NJ 08053

Attorney

Christopher Long, 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 08108

Financial Section

INVERSO & STEWART, LLC

Certified Public Accountants

651 Route 73 North, 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

Report on the Financial Statements

I 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, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Brooklawn School District, in the County of Camden, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension 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 the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brooklawn School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Treasury Circular OMB 15-08, as applicable, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 11, 2016 on my consideration of the Brooklawn School District's internal control over financial reporting and my 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 my 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* in considering the Brooklawn School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
November 11, 2016

INVERSO & STEWART, LLC
Certified Public Accountants

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 Marlton, New Jersey 08053
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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**

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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, in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated November 11, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Brooklawn School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no: 2016-001.

The Brooklawn School District's Response to Findings

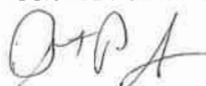
The Brooklawn School District's response to the findings identified in my audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
November 11, 2016

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, 2016**

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, 2016. 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 \$612,213 (*net position*).
- Governmental activities have unrestricted net position deficit of \$1,462,752. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, 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 position of the School District decreased by \$74,384, or a 10.83% decrease from the prior fiscal year-end balance. The majority of this decrease is attributable to the increase in net pension liability, decrease in fixed assets and results of operations in the governmental funds.
- Fund balance of the School District's governmental funds decreased by \$75,342 resulting in an ending fund balance of \$1,710,864.
- Business-type activities have unrestricted net position of \$85,779 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 increased by \$44,595 which is the result of payments on existing debt obligations, increase in the net pension liability and the decrease in compensated absences.

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 position and the statement of activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position 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 position of the School District changed during the current fiscal year. Changes in net position 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 2017. 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 2016.

The assets of the primary government activities exceeded liabilities by \$519,574 with an unrestricted deficit balance of \$1,462,752. The net position of the primary government does not include internal balances. As mentioned earlier, deficit unrestricted net position is primarily due to the accounting treatment for compensated absences payable, net pension liability, 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 \$111,445 in land, improvements, buildings and equipment which provide the services to the School District's students, represents most of the School District's net position. Net position of \$1,870,881 has been restricted as follows:

Restricted for Future Budget Appropriations	\$ 184,287
Restricted for Future Maintenance Costs	125,000
Restricted for Future Capital Projects	1,428,206
Restricted for Subsequent Year's Budget	<u>133,388</u>
Total	<u>\$ 1,870,881</u>

**Brooklawn School District
Comparative Summary of Net Position
As of June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current assets	\$ 1,924,978	\$ 1,911,855	\$ 87,350	\$ 85,784	\$ 2,012,328	\$ 1,997,639
Capital assets	2,870,445	2,976,369	6,860	8,876	2,877,305	2,985,245
Total assets	<u>4,795,423</u>	<u>4,888,224</u>	<u>94,210</u>	<u>94,660</u>	<u>4,889,633</u>	<u>4,982,884</u>
Deferred Outflows of Resources	<u>279,047</u>	<u>162,054</u>			<u>279,047</u>	<u>162,054</u>
LIABILITIES						
Current liabilities	459,783	291,482	1,571	1,571	461,354	293,053
Noncurrent liabilities	4,031,258	4,097,508			4,031,258	4,097,508
Total liabilities	<u>4,491,041</u>	<u>4,388,990</u>	<u>1,571</u>	<u>1,571</u>	<u>4,492,612</u>	<u>4,390,561</u>
Deferred Inflows of Resources	<u>63,855</u>	<u>67,780</u>			<u>63,855</u>	<u>67,780</u>
Net Position	<u>\$ 519,574</u>	<u>\$ 593,508</u>	<u>\$ 92,639</u>	<u>\$ 93,089</u>	<u>\$ 612,213</u>	<u>\$ 686,597</u>
Net Position Consists of:						
Net investment in Capital Assets	\$ 111,445	\$ 102,369	\$ 6,860	\$ 8,876	\$ 118,305	\$ 111,245
Restricted Assets	1,870,881	1,957,142			1,870,881	1,957,142
Unrestricted Assets	<u>(1,462,752)</u>	<u>(1,466,003)</u>	<u>85,779</u>	<u>84,213</u>	<u>(1,376,973)</u>	<u>(1,381,790)</u>
Net Position	<u>\$ 519,574</u>	<u>\$ 593,508</u>	<u>\$ 92,639</u>	<u>\$ 93,089</u>	<u>\$ 612,213</u>	<u>\$ 686,597</u>

Governmental Activities

Governmental activities decreased the net position of the School District by \$73,934 during the current fiscal year. Key elements of the decrease in net position for governmental activities are as follows:

- Long-term debt obligations increased by \$44,595.
- A net decrease in capital assets of \$105,924
- Results of operations in the Governmental Funds decreased the net position by \$75,342.

Business-type Activities

- Business-type activities decreased the School District's net position by \$450. The decrease came as a result of operations in the Food Service Fund (\$5,871) and the After School Program \$5,421 resulting in a loss of \$450.

**Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Revenues:						
Charges for services	\$ -	\$ -	\$ 50,347	\$ 40,018	\$ 50,347	\$ 40,018
Operating grants and contributions	1,015,680	785,610	119,846	95,843	1,135,526	881,453
Property taxes	1,250,995	1,233,323			1,250,995	1,233,323
State aid - unrestricted	4,382,661	4,334,437			4,382,661	4,334,437
Other revenues	39,999	31,105			39,999	31,105
Total Revenues	6,689,335	6,384,475	170,193	135,861	6,859,528	6,520,336
Expenses:						
Governmental Activities:						
Instruction	2,359,941	2,368,628			2,359,941	2,368,628
Tuition	1,181,317	1,062,733			1,181,317	1,062,733
Related services	610,295	631,893			610,295	631,893
Administrative services	333,301	343,447			333,301	343,447
Operations and Maintenance	490,665	441,042			490,665	441,042
Transportation	151,571	155,558			151,571	155,558
Employee benefits	1,358,038	1,261,888			1,358,038	1,261,888
Interest on debt	95,062	89,270			95,062	89,270
Other	158,079	149,207			158,079	149,207
Business-Type Activities:						
Food Service			161,289	146,829	161,289	146,829
After School Program			34,354	28,410	34,354	28,410
Total Expenses	6,738,269	6,503,666	195,643	175,239	6,933,912	6,678,905
Increase (Decrease) in Net Position before transfers	(48,934)	(119,191)	(25,450)	(39,378)	(74,384)	(158,569)
Transfers	(25,000)	(33,474)	25,000	33,474	-	-
Change in Net Position	(73,934)	(152,665)	(450)	(5,904)	(74,384)	(158,569)
Net Position, July 1, restated	593,508	746,173	93,089	98,993	686,597	845,166
Net Position, June 30	\$ 519,574	\$ 593,508	\$ 92,639	\$ 93,089	\$ 612,213	\$ 686,597

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 \$1,710,864, a decrease of \$75,342 in comparison with the prior year. The majority of the decrease can be attributed to results of operations in the general fund and capital projects fund.

The unassigned 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 \$160,017 and an unassigned fund balance for the Capital Projects Fund of \$1,266,228. 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 (\$133,388), 2) reserved for future maintenance projects (\$125,000), 3) reserved for future capital projects (\$161,978), and 4) reserve for future budget appropriation (\$184,287).

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

There is no difference between the original budget and the final amended budget.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$267,667 while total fund balance (budgetary basis) was \$872,320. 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 \$6,113,973. Unreserved fund balance (budgetary basis) represents 4.38% of expenditures while total fund balance (budgetary basis) represents 14.27% 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, 2016, totaled \$2,877,305 (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 \$107,940, or a 3.62% decrease.

Capital Asset (net of accumulated depreciation) June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Land	\$ 110,000	\$ 110,000	\$ -	\$ -	\$ 110,000	\$ 110,000
Const. in Progress						
Site Improvements	43,018	51,404			43,018	51,404
Building and Building Improvements	2,562,608	2,694,554			2,562,608	2,694,554
Equipment	154,819	120,411	6,860	8,876	161,679	129,287
Total	\$ 2,870,445	\$ 2,976,369	\$ 6,860	\$ 8,876	\$ 2,877,305	\$ 2,985,245

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, 2016, the School District had total bonded debt outstanding of \$2,759,000 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.

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 \$3,597,417 and the legal debt margin was \$838,417.

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 2016-17 fiscal year.

- The district received a slight increase in state aid for the 2016-2017 fiscal year. The district has been a part of the school choice program since its inception as a pilot program in 2002. Currently school choice students make up approximately one-third of the school's enrollment.
- The Board of Education will continue to monitor expenditures throughout this fiscal year. As we begin budget preparations for the 2017-2018 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 Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,404,388	\$ 80,224	\$ 1,484,612
Receivables, Net	358,612	7,126	365,738
Restricted Cash and Cash Equivalents	161,978		161,978
Capital Assets, Net (Note 5)	2,870,445	6,860	2,877,305
Total Assets	4,795,423	94,210	4,889,633
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	279,047		279,047
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	5,074,470	94,210	5,168,680
LIABILITIES:			
Accounts Payable	207,512		207,512
Due to Grantor		1,571	1,571
Unearned Revenue	6,602		6,602
Accrued Interest Payable	19,824		19,824
Noncurrent Liabilities:			
Due Within One Year	225,845		225,845
Due Beyond One Year	4,031,258		4,031,258
Total Liabilities	4,491,041	1,571	4,492,612
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	63,855		63,855
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,554,896	1,571	4,556,467
NET POSITION:			
Net Investment in Capital Assets	111,445	6,860	118,305
Restricted for:			
Capital Projects	1,428,206		1,428,206
Other Purposes	442,675		442,675
Unrestricted	(1,462,752)	85,779	(1,376,973)
Total Net Position	\$ 519,574	\$ 92,639	\$ 612,213

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,717,392	\$ -	\$ 227,791	\$ -	\$ (1,489,601)	\$ -	\$ (1,489,601)
Special Education	580,451		95,058		(485,393)		(485,393)
Other instruction	62,098				(62,098)		(62,098)
Support Services:							
Tuition	1,181,317				(1,181,317)		(1,181,317)
Student & instruction related services	610,295		36,485		(573,810)		(573,810)
General administrative services	211,244				(211,244)		(211,244)
School administrative services	2,443				(2,443)		(2,443)
Central services	119,614				(119,614)		(119,614)
Plant operations and maintenance	490,665		137,860		(352,805)		(352,805)
Pupil transportation	151,571				(151,571)		(151,571)
Unallocated employee benefits	1,358,038		495,138		(862,900)		(862,900)
Interest on long-term debt	95,062		23,348		(71,714)		(71,714)
Unallocated depreciation and amortization	158,079				(158,079)		(158,079)
Total Governmental Activities	<u>6,738,269</u>	<u>-</u>	<u>1,015,680</u>	<u>-</u>	<u>(5,722,589)</u>	<u>-</u>	<u>(5,722,589)</u>
Business-Type Activities:							
Food service	161,289	10,572	119,846			(30,871)	(30,871)
After school program	34,354	39,775				5,421	5,421
Total Business-Type Activities	<u>195,643</u>	<u>50,347</u>	<u>119,846</u>	<u>-</u>	<u>-</u>	<u>(25,450)</u>	<u>(25,450)</u>
Total Primary Government	<u>\$ 6,933,912</u>	<u>\$ 50,347</u>	<u>\$ 1,135,526</u>	<u>\$ -</u>	<u>(5,722,589)</u>	<u>(25,450)</u>	<u>(5,748,039)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					1,037,846		1,037,846
Taxes levied for debt service					213,149		213,149
Federal and State aid not restricted					4,382,661		4,382,661
Miscellaneous Income					39,999		39,999
Transfers					(25,000)	25,000	
Total general revenues, special items, extraordinary items and transfers					<u>5,648,655</u>	<u>25,000</u>	<u>5,673,655</u>
Change in Net Position					(73,934)	(450)	(74,384)
Net Position - July 1, 2015					593,508	93,089	686,597
Net Position - June 30, 2016					<u>\$ 519,574</u>	<u>\$ 92,639</u>	<u>\$ 612,213</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, 2016

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 337,186	\$ 43,087	\$ 1,024,115	\$ -	\$ 1,404,388
Receivables, Net					
District Tax				83,149	83,149
State Aid	33,350		242,113		275,463
Interfund	83,149				83,149
Restricted Cash and Cash Equivalents	161,978				161,978
Total Assets	\$ 615,663	\$ 43,087	\$ 1,266,228	\$ 83,149	\$ 2,008,127
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	171,027	36,485			207,512
Interfund Payable				83,149	83,149
Unearned Revenues		6,602			6,602
Total Liabilities	171,027	43,087		83,149	297,263
Fund Balances:					
Restricted for:					
Capital Reserve	161,978				161,978
Maintenance Reserve	125,000				125,000
Excess Surplus	184,287				184,287
Excess Surplus - Designated for Subsequent Year's Budget	63,388				63,388
Assigned to:					
Subsequent Year's Budget	70,000				70,000
Unassigned	(160,017)		1,266,228		1,106,211
Total Fund Balances	444,636		1,266,228		1,710,864
Total Liabilities and Fund Balances	\$ 615,663	\$ 43,087	\$ 1,266,228	\$ 83,149	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,994,309 and the accumulated depreciation is \$2,123,864. 2,870,445

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of resources from Pensions	279,047	
Net Pension Liability	(1,303,017)	
Deferred Inflows of resources from Pensions	(63,855)	(1,087,825)

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	\$ (2,759,000)	
Accrued Interest Payable	(19,824)	
Compensated Absences Payable	(195,086)	(2,973,910)

Net position of governmental activities \$ 519,574

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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 1,037,846	\$ -	\$ -	\$ 213,149	\$ 1,250,995
Interest earned on capital reserve	812				812
Miscellaneous	39,187				39,187
Total local sources	1,077,845			213,149	1,290,994
State sources	4,877,799	78,290	137,860	23,348	5,117,297
Federal sources		281,044			281,044
Total Revenues	5,955,644	359,334	137,860	236,497	6,689,335
EXPENDITURES:					
Current expense:					
Regular instruction	1,485,245	227,791			1,713,036
Special education instruction	485,393	95,058			580,451
Other instruction	62,098				62,098
Support services and undistributed costs:					
Tuition	1,181,317				1,181,317
Student & instruction related services	573,810	36,485			610,295
General administrative services	209,239				209,239
School administrative services	2,443				2,443
Central services	119,614				119,614
Plant operations and maintenance	313,175				313,175
Pupil transportation	151,571				151,571
Unallocated employee benefits	1,319,361				1,319,361
Capital outlay	122,067		113,939		236,006
Debt service:					
Principal				115,000	115,000
Interest and other charges				126,071	126,071
Total Expenditures	6,025,333	359,334	113,939	241,071	6,739,677
Excess (Deficiency) of Revenues over (under) Expenditures	(69,689)		23,921	(4,574)	(50,342)
Other Financing Sources (Uses):					
Transfers in			63,640		63,640
Transfers out	(88,640)				(88,640)
Total Other Financing Sources (Uses)	(88,640)		63,640		(25,000)
Net Change in Fund Balances	(158,329)		87,561	(4,574)	(75,342)
Fund Balances - July 1, 2015	602,965		1,178,667	4,574	1,786,206
Fund Balances - June 30, 2016	\$ 444,636	\$ -	\$ 1,266,228	\$ -	\$ 1,710,864

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, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (75,342)

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	\$ (164,440)	
Fixed assets additions	<u>58,516</u>	(105,924)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 115,000

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. (44,748)

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. 31,009

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 (+) 6,071

Change in Net Position of Governmental Activities \$ (73,934)

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

BROOKLAWN SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	After School Program	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ -	\$ 83,547	\$ 83,547
Accounts receivable:			
State	83		83
Federal	7,043		7,043
Total Current Assets	7,126	83,547	90,673
Noncurrent Assets:			
Equipment	35,153		35,153
Less - accumulated depreciation	(28,293)		(28,293)
Total Noncurrent Assets	6,860		6,860
Total Assets	13,986	83,547	97,533
LIABILITIES:			
Cash overdraft	3,323		3,323
Due to State	1,571		1,571
Total Current Liabilities	4,894		4,894
NET POSITION:			
Net investment in capital assets	6,860		6,860
Unrestricted	2,232	83,547	85,779
Total Net Position	\$ 9,092	\$ 83,547	\$ 92,639

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 Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities		Totals
	Enterprise Funds		
	Food Service Fund	After School Program	
OPERATING REVENUES:			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 10,572	\$ -	\$ 10,572
Daily sales non-reimbursable programs:			
Program fees		39,775	39,775
Total Operating Revenues	<u>10,572</u>	<u>39,775</u>	<u>50,347</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	41,326	30,619	71,945
Supplies and materials	390	3,735	4,125
Depreciation	2,016		2,016
Cost of sales - reimbursable programs	<u>117,557</u>		<u>117,557</u>
Total Operating Expenses	<u>161,289</u>	<u>34,354</u>	<u>195,643</u>
Operating Income (Loss)	<u>(150,717)</u>	<u>5,421</u>	<u>(145,296)</u>
Non-Operating Revenues:			
State sources:			
State school lunch program	1,580		1,580
Federal sources:			
National school lunch program	84,223		84,223
National school breakfast program	<u>34,043</u>		<u>34,043</u>
Total Non-Operating Revenues	<u>119,846</u>		<u>119,846</u>
Income (Loss) before Contributions and Transfers	(30,871)	5,421	(25,450)
Operating transfer In	<u>25,000</u>		<u>25,000</u>
Changes in Net Position	(5,871)	5,421	(450)
Net Position - July 1, 2015	<u>14,963</u>	<u>78,126</u>	<u>93,089</u>
Net Position - June 30, 2016	<u>\$ 9,092</u>	<u>\$ 83,547</u>	<u>\$ 92,639</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, 2016

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	After School Program	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 10,572	\$ 39,775	\$ 50,347
Cash payments to employees for services	(41,326)	(30,619)	(71,945)
Cash payments to suppliers for goods and services	(117,947)	(3,735)	(121,682)
Net cash provided by (used for) operating activities	(148,701)	5,421	(143,280)
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	1,564		1,564
Cash received from federal sources	115,103		115,103
Operating transfer in	25,000		25,000
Net cash provided by noncapital financing activities	141,667		141,667
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	(7,034)	5,421	(1,613)
Cash and cash equivalents - July 1, 2015	3,711	78,126	81,837
Cash and cash equivalents - June 30, 2016	\$ (3,323)	\$ 83,547	\$ 80,224
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:			
Operating income (loss)	\$ (150,717)	\$ 5,421	\$ (145,296)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	2,016		2,016
Change in assets and liabilities:			
Increase (decrease) in accounts payable			-
Net cash provided by (used for) operating activities	\$ (148,701)	\$ 5,421	\$ (143,280)

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

BROOKLAWN SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Trust Funds			Agency Funds
	Unemployment Compensation Trust	Private Purpose		
		Flowers Memorial Fund	Other Trust Funds	
ASSETS:				
Cash and cash equivalents	\$ 8,929	\$ 64,332	\$ 8,561	\$ 14,179
Total Assets	<u>\$ 8,929</u>	<u>\$ 64,332</u>	<u>\$ 8,561</u>	<u>\$ 14,179</u>
LIABILITIES:				
Payroll deductions payable	\$ -	\$ -	\$ -	\$ 521
Accounts payable	248			
Due to student groups				13,658
Total Liabilities	<u>248</u>			<u>\$ 14,179</u>
NET ASSETS:				
Held in trust for unemployment claims	<u>\$ 8,681</u>			
Held in trust for other purposes		<u>\$ 64,332</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 Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Trust	Private Purpose	
		Flowers Memorial Fund	Other Funds
ADDITIONS:			
Contributions:			
Employee	\$ 7,310	\$ -	\$ -
Board contribution			
Total Contributions	<u>7,310</u>		
Investment earnings:			
Interest	10		
Net investment earnings	<u>10</u>		
Total Additions	<u>7,320</u>		
DEDUCTIONS:			
Unemployment claims	2,603		
Other expenses			
Scholarships awarded			
Total Deductions	<u>2,603</u>		
Change in Net Position	4,717		
Net Position - July 1, 2015	<u>3,964</u>	<u>64,332</u>	<u>8,561</u>
Net Position- June 30, 2016	<u>\$ 8,681</u>	<u>\$ 64,332</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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The 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, 2016 of 320 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

Component Units – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The basic financial statements of the 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 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 position 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 position 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 position 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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, 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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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.

After School Program Fund - This fund accounts for the financial resources of the School District's after school program.

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 position) is segregated into investment in capital assets, net of related debt, and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued) - 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: 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 three fiduciary funds; a flexible spending account, 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 position.

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 position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position. 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 unearned 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 sixty days after fiscal year end.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is reported in the operating statement as an expense. Unused donated commodities are reported as unearned 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 for their approval. 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. 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. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances (Continued) - Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected in the balance sheet as unearned 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. 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, 2016 and 2015 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, 2016.

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 (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Outflows/Inflows of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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 position 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 position and the proprietary fund statement of net position.

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 maintenance and repairs that do not add to the value of the asset or materially extend an 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 and 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

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.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position - Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is 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 law or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Fund Balance - The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2016.

Restricted - This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

Assigned - This fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District's policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

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 fees 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

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfunds – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

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.

Recently Issued Accounting Pronouncements In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. This Statement is effective for financial statements for periods beginning after June 15, 2016 and will not have any effect on the District's financial reporting.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. This Statement is effective for financial statements for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In December 2015, the GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) - In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$1,869,454 as of June 30, 2016, \$250,000 was insured under FDIC and the remaining balance of \$1,619,454 was collateralized under GUDPA.

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, 2015 to June 30, 2016 fiscal year is as follows:

Balance July 1, 2015		\$	317,601
Increased by:			
Interest earned	\$	812	
Unspent Appropriations	<u>147,775</u>		<u>148,587</u>
			466,188
Decreased by:			
Appropriated in budget			<u>304,210</u>
Balance June 30, 2016		\$	<u>161,978</u>

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

3. CAPITAL RESERVE ACCOUNT (Continued)

The June 30, 2016 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2016 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, 2016 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Proprietary Fund	Total
Intergovernmental						
Federal	\$ -	\$ -	\$ -	\$ -	\$ 7,043	\$ 7,043
State	33,350		242,113		83	275,546
Other				83,149		83,149
Total	\$ 33,350	\$ -	\$ 242,113	\$ 83,149	\$ 7,126	\$ 365,738

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities:				
Land	\$ 110,000	\$ -	\$ -	\$ 110,000
Construction in Progress				-
Total Capital Assets not being Depreciated	110,000	-	-	110,000
Land Improvements	147,364			147,364
Building and Improvements	4,066,299			4,066,299
Equipment	612,130	58,516		670,646
Total Historical Cost	4,935,793	58,516	-	4,994,309
Less Accumulated Depreciation:				
Land Improvements	(95,960)	(8,386)		(104,346)
Building and Improvements	(1,371,745)	(131,946)		(1,503,691)
Equipment	(491,719)	(24,108)		(515,827)
Total Accumulated Depreciation	(1,959,424)	(164,440)	-	(2,123,864)
Governmental Activities Capital Assets, Net	<u>\$ 2,976,369</u>	<u>\$ (105,924)</u>	<u>\$ -</u>	<u>\$ 2,870,445</u>
Business-Type Activities:				
Equipment	\$ 35,153	\$ -	\$ -	\$ 35,153
Less - Accumulated Depreciation	(26,277)	(2,016)		(28,293)
Business-Type Activities Capital Assets, Net	<u>8,876</u>	<u>(2,016)</u>	<u>-</u>	<u>6,860</u>

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$164,440 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 4,356
General Administration	2,005
Unallocated	158,079
Total depreciation expense	<u>\$ 164,440</u>

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

Governmental Activities:	Principal Outstanding June 30, 2015	Additions	Reductions	Principal Outstanding June 30, 2016	Due Within One Year
Compensated Absences	\$ 201,157	\$ 16,439	\$ 22,510	\$ 195,086	\$ 5,845
General Obligation Bonds	2,874,000		115,000	2,759,000	220,000
Net Pension Liability	1,137,351	165,666		1,303,017	
	<u>\$ 4,212,508</u>	<u>\$ 182,105</u>	<u>\$ 137,510</u>	<u>\$ 4,257,103</u>	<u>\$ 225,845</u>

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 \$774,000 due in annual installments through March 1, 2021, bearing interest rate of 4.95%.

2014 General Obligation Bonds dated September 10, 2014 in the amount of \$1,985,000 due in annual installments through September 1, 2034, bearing interest rates of 2.00% to 3.25%.

As of June 30, 2016, principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	220,000	93,100	313,100
2018	220,000	84,818	304,818
2019	230,000	76,141	306,141
2020	240,000	66,968	306,968
2021	249,000	57,300	306,300
2022-2026	520,000	206,688	726,688
2027-2031	585,000	123,262	708,262
2032-2035	495,000	32,269	527,269
	<u>\$ 2,759,000</u>	<u>\$ 740,546</u>	<u>\$ 3,499,546</u>

As of June 30, 2016 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, 2016**

7. OPERATING LEASES

At June 30, 2016, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$16,660 for the fiscal year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2017	\$ <u>15,778</u>
Total future minimum lease payments	\$ <u>15,778</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). 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. 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 Chapters 113, 114, 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92 P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under current law to make temporary reductions in member 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 exist.

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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2016, the District recognized pension expense of \$720,576 and revenue of \$720,576 for support provided by the State. Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	06/30/15	06/30/14
Collective deferred outflows of resources	\$ 7,521,378,257	\$ 2,306,623,861
Collective deferred inflows of resources	554,399,005	1,763,205,593
Collective net pension liability (Non-Employer – State of New Jersey)	63,577,864,440	53,446,745,367
State's portion of the net pension liability that was associated with the district	11,801,307	10,297,958
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	.0186716918%	.0192676900%

Actuarial assumptions – The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation: 2.5%
- Salary Increases: Varies based on experience
- Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

8. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	0.53%
Government Bonds	01.75%	1.39%
Credit Bonds	13.50%	2.72%
Mortgages	02.10%	2.54%
Inflation-Indexed Bonds	01.50%	1.47%
High Yield Bonds	02.00%	4.57%
Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	06.40%	8.46%
Private Real Estate Property	04.25%	3.97%
Timber	01.00%	4.09%
Farmland	01.00%	4.61%
Private Equity	09.25%	9.15%
Commodities	01.00%	3.58%
Hedge Funds – MultiStrategy	04.00%	4.59%
Hedge Funds – Equity Hedge	04.00%	5.68%
Hedge Funds - Distressed	04.00%	4.30%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District has no proportionate share of the net pension liability, because of the special funding situation, the district would not be sensitive to any changes in the discount rate.

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

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 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, 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. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1. 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 exist.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Chapter 19 P.L. 2009	Total Liability Paid by District
2016	\$ 8,449	\$ 38,919	\$ 2,536	\$ 2,139	\$ 52,043
2015	8,337	38,565	3,177	2,126	52,205
2014	7,710	33,896	708	2,078	44,392

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2016, the District recognized pension expense of \$90,007. At June 30, 2016, the District reported a liability of \$1,303,017 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,085	\$ -
Changes of assumptions	139,934	
Net Difference between projected and actual earnings on pension plan investments		20,950
Changes in proportion	60,468	42,905
District contributions subsequent to the measurement date	47,560	
Total	\$ 279,047	\$ 63,855

\$47,560 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows of Resources
2016	\$ 30,042
2017	30,042
2018	30,042
2019	46,987
2020	30,519
Total	\$ 167,632

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	6/30/2015	6/30/2014
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	\$ 993,410,455	\$ 1,479,224,662
Collective net pension liability	\$ 22,447,996,119	\$ 18,722,735,003
District's Proportion	.0058046009%	.0060747060%

Actuarial assumptions – The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 3.04%
- Salary Increases:
 - 2012-2021: 2.15-4.40% based on age
 - Thereafter: 3.15-5.40% based on age
- Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	01.04%
U.S. Treasuries	01.75%	01.64%
Investment Grade Credit	10.00%	01.79%
Mortgages	02.10%	01.62%
High Yield Bonds	02.00%	04.03%
Inflation Indexed Bonds	01.50%	03.25%
Broad US Equities	27.25%	08.52%
Developed Foreign Equities	12.00%	06.88%
Emerging Market Equities	06.40%	10.00%
Private Equity	09.25%	12.41%
Hedge Funds/Absolute Ret	12.00%	04.72%
Real Estate (Property)	02.00%	06.83%
Commodities	01.00%	05.32%
Global Debt ex US	03.50%	-0.40%
REIT	04.25%	5.12%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.8% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%) than the current rate:

	<u>1% Decrease (3.90%)</u>	<u>Current Discount Rate (4.90%)</u>	<u>1% Increase (5.90%)</u>
District's proportionate share of the net pension liability	\$ 1,619,491	\$ 1,303,017	\$ 1,037,688

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

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.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP) (Continued)

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. 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.

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

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>School District</u>
2016	\$ 4,925	\$ 4,925
2015	5,429	5,429
2014	2,479	2,479

9. POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the 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's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2016 was \$184,105, which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. POST-RETIREMENT BENEFITS (Continued)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website.

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures \$154,617 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$156,416 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

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 at: School Alliance Insurance Fund, c/o PEGAS, 51 Everett Drive, Suite B-40 West Windsor, New Jersey, 08550.

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.

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</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ -	\$ 10	\$ 7,310	\$ 2,603	\$ 8,681
2015	6,000	13	3,995	17,808	3,964
2014	-	29	1,842	2,736	11,764

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 participants to defer a portion of their current salary to 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 are administered by a third party therefore they are not reflected on the financial statements of the School District.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, 2016, the liability for compensated absences in the governmental activities was \$195,086.

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, 2016, 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.

15. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$160,017 in the General Fund as of June 30, 2016 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 cannot 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:22-44.2 any negative unassigned 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 \$160,017 is equal to or less than the June state aid payment.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

16. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2017. The following interfund balances were recorded on the various balance sheets as of June 30, 2016:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 83,149	\$ -
Special Revenue		
Capital Projects		
Debt Service		83,149
	<u>\$ 83,149</u>	<u>\$ 83,149</u>

17. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2016, a deficit of \$1,462,752 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances, June 30, 2016:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ (160,017)
Liabilities:	
Accrued Interest Payable	(19,824)
Net Pension Differences	(1,087,825)
Compensated Absences	(195,086)
	<u>(1,292,725)</u>
Unrestricted Net Position (Deficit)	<u>\$ (1,462,752)</u>

18. FUND BALANCES

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$184,287 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$63,388 of excess fund balance generated during the 2014-2015 fiscal year has been restricted and designated for utilization in the 2016-2017 budget.

Capital Reserve – As of June 30, 2016, the balance in the capital reserve account is \$161,978. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2016, the balance in the maintenance reserve account is \$125,000. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

18. FUND BALANCES (Continued)

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2016, \$70,000 of general fund balance.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund – As of June 30, 2016, the fund balance of the general fund was a deficit of \$160,017, thus resulting in the fund balance classification of unassigned. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 15).

Capital Projects Fund – As of June 30, 2016, the unassigned fund balance amount was \$1,266,228.

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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 1,037,846	\$ -	\$ 1,037,846	\$ 1,037,846	\$ -
Interest earned on capital reserve				812	812
Unrestricted misc. revenues	5,000	-	5,000	39,187	34,187
Total local sources	<u>1,042,846</u>	<u>-</u>	<u>1,042,846</u>	<u>1,077,845</u>	<u>34,999</u>
State sources:					
School Choice aid	442,827		442,827	442,827	
Categorical special education aid	227,900		227,900	227,900	
Equalization aid	3,428,151		3,428,151	3,428,151	
Security aid	18,488		18,488	18,488	
Transportation aid	5,747		5,747	5,747	
Under Adequacy Aid	98,367		98,367	98,367	
Additional Adjustment Aid	142,142		142,142	142,142	
PARCC Readiness Aid	4,060		4,060	4,060	
Per Pupil Growth Aid	4,060		4,060	4,060	
Extraordinary Aid				17,667	17,667
On-behalf TPAF pension contrib. (non-budgeted)				154,617	154,617
On-behalf post retirement med (non-budgeted)				184,105	184,105
Reimbursed TPAF social security contribution (non-budgeted)				156,416	156,416
Total state sources	<u>4,371,742</u>	<u>-</u>	<u>4,371,742</u>	<u>4,884,547</u>	<u>512,805</u>
TOTAL REVENUES	<u>5,414,588</u>	<u>-</u>	<u>5,414,588</u>	<u>5,962,392</u>	<u>547,804</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool		7,973	7,973	7,973	
Kindergarten	111,026	1,945	112,971	112,971	
Grades 1-5	676,224	25,606	701,830	701,830	
Grades 6-8	524,573	(4,235)	520,338	518,276	2,062
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	58,750	(23,203)	35,547	32,237	3,310
Purchased technical services	9,000	(2,187)	6,813	3,463	3,350
Other purchased services	30,000	(1,075)	28,925	23,760	5,165
General supplies	75,000	(2,017)	72,983	72,983	
Textbooks	30,000	(21,663)	8,337	8,293	44
Other objects	3,000	459	3,459	3,459	
Total instruction	<u>1,517,573</u>	<u>(18,397)</u>	<u>1,499,176</u>	<u>1,485,245</u>	<u>13,931</u>
Special Education Instruction:					
Behavioral Disabilities:					
Salaries of teachers	47,200	(47,150)	50	50	
Other salaries for instruction	14,430	(14,430)			
General supplies	3,000	(3,000)			
Total behavioral disabilities	<u>64,630</u>	<u>(64,580)</u>	<u>50</u>	<u>50</u>	
Resource room/resource center:					
Salaries of teachers	213,186	94,956	308,142	308,142	
Other salaries for instruction	88,820	89,097	177,917	174,712	3,205
General supplies	3,000	(1,956)	1,044	1,044	
Total resource room/resource center	<u>305,006</u>	<u>182,097</u>	<u>487,103</u>	<u>483,898</u>	<u>3,205</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, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Part-Time:					
Salaries of teachers	\$ 52,465	\$ (51,020)	\$ 1,445	\$ 1,445	\$ -
Other salaries for instruction	48,100	(48,100)			
General supplies	2,000		2,000		2,000
Total preschool disabilities - part-time	102,565	(99,120)	3,445	1,445	2,000
Total Special Education - Instruction	472,201	18,397	490,598	485,393	5,205
Basic Skills/Remedial - Instruction:					
Salaries of teachers	23,600	(6,599)	17,001		17,001
General supplies	1,500		1,500		1,500
Total preschool disabilities - part-time	25,100	(6,599)	18,501		18,501
School-Sponsored Cocurricular Act - Instruction:					
Salaries	31,000	8,313	39,313	39,313	
Purchased services	4,000	(2,900)	1,100	1,100	
Supplies and materials	4,000	(2,844)	1,156	976	180
Other objects	1,000	(1,000)			
Total school-sponsored cocurr. act. - instruct.	40,000	1,569	41,569	41,389	180
School-Sponsored Athletics - Instruction:					
Salaries	14,000	(69)	13,931	13,705	226
Purchased services	6,000		6,000	4,306	1,694
Supplies and materials	4,000		4,000	2,698	1,302
Other objects	1,500		1,500		1,500
Total school-sponsored athletics - instruct.	25,500	(69)	25,431	20,709	4,722
Total Instruction	2,080,374	(5,099)	2,075,275	2,032,736	42,539
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	781,786	42,988	824,774	824,774	
Tuition to other LEAs within the state - spec	196,672	221	196,893	196,893	
Tuition to County Voc School District - reg.	18,456		18,456	18,456	
Tuition to CCSD & Regional Day Schools	126,000	10,617	136,617	136,617	
Tuition to priv. sch. for the disabled in state	58,226	(53,649)	4,577	4,577	
Total undistributed expenditures - instruction	1,181,140	177	1,181,317	1,181,317	
Attendance and Social Work Services:					
Purchased professional and technical services		500	500	500	
Total attendance and social work services		500	500	500	
Health Services:					
Salaries	72,805	550	73,355	73,355	
Purchased professional and technical services	1,500	1,045	2,545	2,545	
Supplies and materials		5,342	5,342	5,342	
Other Objects	4,000	(4,000)			
Total health services	78,305	2,937	81,242	81,242	
Speech, OT, PT & Related Services:					
Purchased professional and educational services	226,800	37,448	264,248	264,248	
Total speech, ot, pt, & related services	226,800	37,448	264,248	264,248	

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

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BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child Study Teams:					
Salaries of other professional staff	\$ 87,246	\$ (5,866)	\$ 81,380	\$ 81,380	\$ -
Salaries of secretarial and clerical assistants	13,525	2,177	15,702	15,702	
Other purchased prof. and tech. services	3,000	(3,000)			
Miscellaneous purchased services	13,000	(5,762)	7,238	7,238	
Supplies and materials	4,000	(8)	3,992	3,992	
Other objects	1,000	(927)	73	73	
Total other support services student - special	121,771	(13,386)	108,385	108,385	
Improvement of Instructional Services:					
Salaries of supervisor of instruction	26,513	987	27,500	27,500	
Salaries of secretarial and clerical assistants	58,695	(987)	57,708	49,100	8,608
Other purchased services	8,000		8,000	1,620	6,380
Supplies and materials	3,000		3,000		3,000
Total improvement of instructional services	96,208		96,208	78,220	17,988
Educational Media Services/School Library:					
Salaries	13,850		13,850	7,154	6,696
Purchased professional and technical services	3,000		3,000		3,000
Supplies and materials	8,000		8,000	1,570	6,430
Total educational media services/school library	24,850		24,850	8,724	16,126
Improvement of Instructional Staff Training Services:					
Salaries of supervisor of instruction	26,513	987	27,500	27,500	
Other purchased services	15,000	(987)	14,013	4,991	9,022
Supplies and materials	4,000		4,000		4,000
Total improvement of instructional staff train. serv.	45,513		45,513	32,491	13,022
General Administration:					
Salaries	147,000	(6,658)	140,342	132,750	7,592
Legal services	18,000		18,000	17,802	198
Audit fees	27,000		27,000	26,500	500
Communications / telephone	16,000	2,946	18,946	18,946	
Board of Education other purchased services	1,500		1,500	1,186	314
Other purchased services	3,000		3,000	2,099	901
Supplies and materials	1,200		1,200	326	874
BOE in-house training/meeting supplies	1,000		1,000		1,000
Miscellaneous expenditures	3,000	3,712	6,712	6,711	1
Board of Education dues and fees	3,500		3,500	2,919	581
Total general administration	221,200		221,200	209,239	11,961
School Administration:					
Other purchased services	5,000		5,000		5,000
Supplies and materials	500		500		500
Other objects	3,000		3,000	2,443	557
Total school administration	8,500		8,500	2,443	6,057
Central services					
Salaries	68,000	8,273	76,273	76,273	
Purchased technical services	15,000	(1,125)	13,875	13,875	
Misc. Purchased Services		443	443	443	
Supplies and materials	300	527	827	827	
Miscellaneous Expenditures	200	713	913	913	
Total central services	83,500	8,831	92,331	92,331	

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, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative Information Technology					
Salaries	\$ 15,000	\$ 5,740	\$ 20,740	\$ 20,740	\$ -
Purchased professional services	5,000	(5,000)			
Purchased technical services	3,500	748	4,248	4,248	
Supplies and materials	1,500	795	2,295	2,295	
Other objects	500	(500)			
Total administrative information technology	25,500	1,783	27,283	27,283	
Required Maintenance School Facilities:					
Salaries	14,000		14,000	14,000	
Cleaning, repair and maintenance services	23,000		23,000	23,000	
Total required maintenance school facilities	37,000		37,000	37,000	
Custodial Services:					
Salaries	108,000	10,656	118,656	118,656	
Purchased professional & technical services	12,000	(5,000)	7,000	3,966	3,034
Cleaning, repair and maintenance services	25,000	(13,618)	11,382	5,123	6,259
Other purchased property services	20,000	(4,796)	15,204	14,606	598
Insurance	25,000	1,037	26,037	26,037	
Miscellaneous purchased services	8,000	9,059	17,059	17,059	
General Supplies	45,000	(4,156)	40,844	34,131	6,713
Energy (Electricity)	72,000	(13,479)	58,521	54,440	4,081
Other objects	4,000	(500)	3,500	2,157	1,343
Total custodial services	319,000	(20,797)	298,203	276,175	22,028
Total operation & maint. of plant services	356,000	(20,797)	335,203	313,175	22,028
Student Transportation Services:					
Management fee - ESC & CTSA Trans program	3,000	755	3,755	3,755	
Contr. serv. - Aid in Lieu Payments - NonPublic	14,000	(6,928)	7,072	7,072	
Contr. serv. (between home & sch) - vendor	27,000	(8,544)	18,456	18,456	
Contr. serv. (not between home & sch) - vendor	25,000	39,761	64,761	64,761	
Contr. serv. (between home & sch) - joint agree.	14,000	(14,000)			
Contr. serv. (special ed students) - vendor	68,000	(17,220)	50,780	50,780	
Contr. serv. (special ed students) - ESC's		6,747	6,747	6,747	
Total student transportation services	151,000	571	151,571	151,571	
Unallocated Benefits - Employee Benefits:					
Social security contributions	60,000		60,000	58,130	1,870
Other retirement contributions - PERS	58,000		58,000	56,848	1,152
Unemployment compensation	10,000		10,000		10,000
Workmen's compensation	28,000		28,000	27,920	80
Health benefits	702,067	(25,965)	676,102	658,732	17,370
Tuition reimbursement	12,000		12,000		12,000
Other employee benefits	10,000	(7,910)	2,090	1,683	407
Unused sick payment to terminated/retired staff		20,910	20,910	20,910	
Total unallocated benefits - employee benefits	880,067	(12,965)	867,102	824,223	42,879
On-behalf TPAF pension contr. (non-budgeted)				154,617	(154,617)
On-behalf TPAF post retirement med. (non-budgeted)				184,105	(184,105)
Reimbursed TPAF social security contr. (non-budgeted)				156,416	(156,416)
Total Undistributed Expenditures	3,500,354	5,099	3,505,453	3,870,530	(365,077)
Total General Current Expense	5,580,728		5,580,728	5,903,266	(322,538)

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, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 10,000
Grades 6-8	10,000	(2,500)	7,500		7,500
Undistributed expenditures - instruction		2,500	2,500	2,500	
Undistributed expenditures - custodial	<u>15,000</u>		<u>15,000</u>		<u>15,000</u>
Total equipment	<u>35,000</u>		<u>35,000</u>	<u>2,500</u>	<u>32,500</u>
Facilities Acquisition & Construction:					
Construction services	304,210	(63,640)	240,570	92,795	147,775
Assessment for Debt Service on SDA Funding	<u>26,772</u>		<u>26,772</u>	<u>26,772</u>	
Total facilities, acquisition & construction	<u>330,982</u>	<u>(63,640)</u>	<u>267,342</u>	<u>119,567</u>	<u>147,775</u>
Total Capital Outlay	<u>365,982</u>	<u>(63,640)</u>	<u>302,342</u>	<u>122,067</u>	<u>180,275</u>
TOTAL EXPENDITURES	<u>5,946,710</u>	<u>(63,640)</u>	<u>5,883,070</u>	<u>6,025,333</u>	<u>(142,263)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(532,122)</u>	<u>63,640</u>	<u>(468,482)</u>	<u>(62,941)</u>	<u>405,541</u>
Other Financing Sources:					
Operating transfers out - Capital Projects		(63,640)	(63,640)	(63,640)	
Operating transfers out - Enterprise Fund	<u>(40,000)</u>		<u>(40,000)</u>	<u>(25,000)</u>	<u>15,000</u>
Total Other Financing Sources	<u>(40,000)</u>	<u>(63,640)</u>	<u>(103,640)</u>	<u>(88,640)</u>	<u>15,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(572,122)</u>		<u>(572,122)</u>	<u>(151,581)</u>	<u>420,541</u>
Fund Balance - July 1, 2015	<u>1,023,901</u>		<u>1,023,901</u>	<u>1,023,901</u>	
Fund Balance - June 30, 2016	<u>\$ 451,779</u>	<u>\$ -</u>	<u>\$ 451,779</u>	<u>\$ 872,320</u>	<u>\$ 420,541</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 161,978	
Maintenance reserve				125,000	
Excess surplus				184,287	
Excess surplus - designated for subsequent year's budget				63,388	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				70,000	
Unassigned Fund Balance				<u>267,667</u>	
				<u>872,320</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(427,684)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 444,636</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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 92,874	\$ -	\$ 92,874	\$ 78,290	\$ (14,584)
Federal sources	281,044		281,044	281,044	
Total Revenues	373,918		373,918	359,334	(14,584)
EXPENDITURES:					
Instruction:					
Salaries of teachers	215,064	1,232	216,296	213,851	2,445
Other salaries for instruction	18,021		18,021	13,940	4,081
Purchased professional technical services	3,000		3,000		3,000
General supplies	5,058		5,058		5,058
Tuition	95,058		95,058	95,058	
Total instruction	336,201	1,232	337,433	322,849	14,584
Support Services:					
Personal services - employee benefits	37,717	(1,232)	36,485	36,485	
General supplies					
Total support services	37,717	(1,232)	36,485	36,485	
Facilities Acq. and Const. Services - instructional equipment					
Instructional equipment					
Non-instructional equipment					
Total Expenditures	373,918		373,918	359,334	14,584
Total Outflows	373,918		373,918	359,334	14,584
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2016

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 5,962,392	\$ 359,334
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.	420,936	7,982
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(427,684)	(7,982)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 5,955,644	\$ 359,334
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 6,025,333	\$ 359,334
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	\$ 6,025,333	\$ 359,334

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions (GASB 68)

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0058046009%	0.0060747060%	0.0056158125%
District's proportionate share of the net pension liability (asset)	\$ 1,303,017	\$ 1,137,351	\$ 1,073,293
District's covered-employee payroll	292,851	317,927	303,481
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	444.94%	357.74%	353.66%
Plan fiduciary net position as a percentage of the total pension liability	38.21%	42.74%	40.71%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 47,560	\$ 52,043	\$ 52,205
Contributions in relation to the contractually required contributions	<u>(47,560)</u>	<u>(52,043)</u>	<u>(52,205)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	292,851	317,927	303,481
Contributions as a percentage of covered-employee payroll	16.24%	16.37%	17.20%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0186716918%	0.0192676900%	0.0185112797%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 11,801,307</u>	<u>\$ 10,297,958</u>	<u>\$ 9,355,455</u>
Total	<u>\$ 11,801,307</u>	<u>\$ 10,297,958</u>	<u>\$ 9,355,455</u>
District's covered-employee payroll	2,122,290	1,992,277	1,901,754
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

Brooklawn School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2016

1. Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit term: The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions: Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

1. Public Employees' Retirement System (PERS)

Changes of benefit term: The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions: Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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, 2016

	Preschool Education Program	Title I	Title II A	IDEA Basic	IDEA Preschool	Total
REVENUES:						
State sources	\$ 78,290	\$ -	\$ -	\$ -	\$ -	\$ 78,290
Federal sources		176,016	6,765	95,058	3,205	281,044
Total Revenues	78,290	176,016	6,765	95,058	3,205	359,334
EXPENDITURES:						
Instruction:						
Salaries of teachers	67,555	140,881	5,415			213,851
Other salaries for instruction	10,735				3,205	13,940
Tuition				95,058		95,058
Total Instruction	78,290	140,881	5,415	95,058	3,205	322,849
Support Services:						
Personal services-employee benefits		35,135	1,350			36,485
Supplies						-
Total Support Services	-	35,135	1,350	-	-	36,485
Facilities acq. and constr. services:						
Non-Instructional equipment						-
Total facilities acq and const services	-	-	-	-	-	-
Total Expenditures	78,290	176,016	6,765	95,058	3,205	359,334
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Statement of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2016

DISTRICT WIDE TOTAL

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 70,000	\$ 67,555	\$ 2,445
Other salaries for instruction	14,816	10,735	4,081
Purchased professional - technical services	3,000		3,000
General supplies	5,058		5,058
	<u>92,874</u>	<u>78,290</u>	<u>14,584</u>
Total instruction			
Support Services:			
Personal services - Employee benefits			
Total support services			
Total Expenditures	<u>\$ 92,874</u>	<u>\$ 78,290</u>	<u>\$ 14,584</u>

SUMMARY OF LOCATION TOTALS

Total 2015-16 Preschool Education Aid allocation	\$ 79,816
Add: Actual Preschool Education Aid Carryover (June 30, 2015)	13,058
Add: Budgeted transfer from the General Fund 2015-16	
Total Preschool Education Aid Funds available for 2015-16 budget	<u>92,874</u>
Less: 2015-16 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<u>(92,874)</u>
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2016	
Add: June 30, 2016 Unexpended Preschool Education Aid	<u>14,584</u>
2015-16 Actual Carryover - Preschool Education Aid	<u>\$ 14,584</u>
2015-16 Preschool Education Aid Carryover Budgeted in 2016-17	<u>\$ -</u>

Capital Projects Fund

BROOKLAWN SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2016

Revenues and Other Financing Sources:

Transfer from Capital Outlay	\$ 63,640
SDA Grant	137,860
Total revenues and other financing sources	<u>201,500</u>

Expenditures and Other Financing (Uses):

Purchase of building	
Purchased professional and technical services	113,939
Equipment	
Total expenditures and other financing (uses)	<u>113,939</u>

Excess (deficiency) or revenues over (under) expenditures

87,561

Fund Balance - July 1, 2015

1,178,667

Fund Balance - June 30, 2016

\$ 1,266,228

BROOKLAWN SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Install Security System - Costello Elementary School
From Inception and for the Fiscal Year ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 104,253	\$ -	\$ 104,253	\$ 104,253
Transfer from capital outlay	48,127		48,127	48,127
Total revenues	<u>152,380</u>	<u></u>	<u>152,380</u>	<u>152,380</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services				
Equipment	98,817		98,817	98,817
Total expenditures	<u>98,817</u>	<u></u>	<u>98,817</u>	<u>98,817</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 53,563</u>	<u>\$ -</u>	<u>\$ 53,563</u>	<u>\$ 53,563</u>
Additional project information:				
Project Number	0580-010-14-1009-GO4			
Grant Date	01/06/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 152,380			
Additional Authorized Cost				
Revised Authorized Cost	\$ 152,380			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	0.00%			
Original target completion date	01/31/14			
Revised target completion date	N/A			

BROOKLAWN SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Acquisition of Property and Renovations
From Inception and for the Fiscal Year ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Proceeds of Bonds	\$ 1,985,000	\$ -	\$ 1,985,000	\$ 1,985,000
Total revenues	<u>1,985,000</u>	<u>-</u>	<u>1,985,000</u>	<u>1,985,000</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	136,489	92,888	229,377	229,377
Purchase of building	723,407	-	723,407	723,407
Total expenditures	<u>859,896</u>	<u>92,888</u>	<u>952,784</u>	<u>952,784</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ (859,896)</u>	<u>\$ (92,888)</u>	<u>\$ 1,032,216</u>	<u>\$ 1,032,216</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	01/28/14			
Bonds Authorized	\$ 1,985,000			
Bonds Issued	09/01/14			
Original Authorized Cost	\$ 1,985,000			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,985,000			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	0.00%			
Original target completion date	09/01/15			
Revised target completion date	Unknown			

BROOKLAWN SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Emergency Generator and Lighting
From Inception and for the Fiscal Year ended June 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Costs
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ -	\$ 137,860	\$ 137,860	\$ 137,860
Transfer from capital outlay		63,640	63,640	63,640
Total revenues	-	201,500	201,500	201,500
Expenditures and Other Financing Uses:				
Purchased professional and technical services		21,051	21,051	21,051
Purchase of building				
Total expenditures	-	21,051	21,051	21,051
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ 180,449	\$ 180,449	\$ 180,449
Additional project information:				
Project Number	0580-010-14-1004-G04			
Grant Date	N/A			
Bond Authorization Date	01/06/14			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost				
Additional Authorized Cost				
Revised Authorized Cost				
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	0.00%			
Original target completion date	12/31/16			
Revised target completion date	12/31/16			

Proprietary Funds

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Position
June 30, 2016

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ -	\$ 83,547	\$ 83,547
Accounts receivable:			
State	83		83
Federal	<u>7,043</u>		<u>7,043</u>
Total Current Assets	<u>7,126</u>	<u>83,547</u>	<u>90,673</u>
Noncurrent Assets:			
Equipment	35,153		35,153
Less - accumulated depreciation	<u>(28,293)</u>		<u>(28,293)</u>
Total Noncurrent Assets	<u>6,860</u>		<u>6,860</u>
Total Assets	<u>13,986</u>	<u>83,547</u>	<u>97,533</u>
LIABILITIES:			
Cash overdraft	3,323		3,323
Due to State	<u>1,571</u>		<u>1,571</u>
Total Current Liabilities	<u>4,894</u>		<u>4,894</u>
NET POSITION:			
Net investment in capital assets	6,860		6,860
Unrestricted	<u>2,232</u>	<u>83,547</u>	<u>85,779</u>
Total Net Position	<u>\$ 9,092</u>	<u>\$ 83,547</u>	<u>\$ 92,639</u>

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Totals</u>
OPERATING REVENUES:			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 10,572	\$ -	\$ 10,572
Daily sales non-reimbursable programs:			
Program fees		39,775	39,775
Total Operating Revenues	<u>10,572</u>	<u>39,775</u>	<u>50,347</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	41,326	30,619	71,945
Supplies and materials	390	3,735	4,125
Depreciation	2,016		2,016
Cost of sales - reimbursable programs	<u>117,557</u>		<u>117,557</u>
Total Operating Expenses	<u>161,289</u>	<u>34,354</u>	<u>195,643</u>
Operating Income (Loss)	<u>(150,717)</u>	<u>5,421</u>	<u>(145,296)</u>
Non-Operating Revenues:			
State sources:			
State school lunch program	1,580		1,580
Federal sources:			
National school lunch program	84,223		84,223
National school breakfast program	<u>34,043</u>		<u>34,043</u>
Total Non-Operating Revenues	<u>119,846</u>		<u>119,846</u>
Income (Loss) before Contributions and Transfers	(30,871)	5,421	(25,450)
Operating Transfers In/(out)	<u>25,000</u>		<u>25,000</u>
Changes in Net Position	(5,871)	5,421	(450)
Net Position - July 1, 2015	<u>14,963</u>	<u>78,126</u>	<u>93,089</u>
Net Position - June 30, 2016	<u>\$ 9,092</u>	<u>\$ 83,547</u>	<u>\$ 92,639</u>

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 10,572	\$ 39,775	\$ 50,347
Cash payments to employees for services	(41,326)	(30,619)	(71,945)
Cash payments to suppliers for goods and services	<u>(117,947)</u>	<u>(3,735)</u>	<u>(121,682)</u>
Net cash provided by (used for) operating activities	<u>(148,701)</u>	<u>5,421</u>	<u>(143,280)</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	1,564		1,564
Cash received from federal sources	115,103		115,103
Operating transfer in	<u>25,000</u>		<u>25,000</u>
Net cash provided by noncapital financing activities	<u>141,667</u>		<u>141,667</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	(7,034)	5,421	(1,613)
Cash and cash equivalents - July 1, 2015	<u>3,711</u>	<u>78,126</u>	<u>81,837</u>
Cash and cash equivalents - June 30, 2016	<u>\$ (3,323)</u>	<u>\$ 83,547</u>	<u>\$ 80,224</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)			
Operating Activities:			
Operating income (loss)	\$ (150,717)	\$ 5,421	\$ (145,296)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	2,016		2,016
Change in assets and liabilities:			
Increase (decrease) in accounts payable			-
Net cash provided by (used for) operating activities	<u>\$ (148,701)</u>	<u>\$ 5,421</u>	<u>\$ (143,280)</u>

Fiduciary Funds

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2016

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation</u>	<u>Flowers and Other Trust Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and cash equivalents	\$ 8,929	\$ 72,893	\$ 13,658	\$ 521	\$ 96,001
Total Assets	<u>8,929</u>	<u>72,893</u>	<u>\$ 13,658</u>	<u>\$ 521</u>	<u>\$ 96,001</u>
LIABILITIES:					
Liabilities:					
Payroll deductions payable	\$ -	\$ -	\$ -	\$ 521	\$ 521
Accounts payable	248				248
Due to student groups			13,658		13,658
Total Liabilities	<u>248</u>		<u>\$ 13,658</u>	<u>\$ 521</u>	<u>14,427</u>
NET POSITION:					
Held in trust for unemployment claims					-
Held in trust for other purposes	<u>8,681</u>	<u>72,893</u>			<u>81,574</u>
Total Net Position	<u>\$ 8,681</u>	<u>\$ 72,893</u>			<u>\$ 81,574</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Held In Trust</u>			<u>Totals</u>
	<u>Flowers Memorial Funds</u>	<u>Other Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	
Additions:				
Employee withholdings	\$ -	\$ -	\$ 7,310	\$ 7,310
Board contribution				-
Interest earnings			10	10
Total Additions			<u>7,320</u>	<u>7,320</u>
Deductions:				
Unemployment compensation insurance claims			2,603	2,603
Other expenses				
Total Deductions			<u>2,603</u>	<u>2,603</u>
Change in Net Position			4,717	4,717
Net Position - July 1, 2015	<u>64,332</u>	<u>8,561</u>	<u>3,964</u>	<u>76,857</u>
Net Position - June 30, 2016	<u>\$ 64,332</u>	<u>\$ 8,561</u>	<u>\$ 8,681</u>	<u>\$ 81,574</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</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, 2016</u>
Alice Costello School	\$ 13,326	\$ 2,857	\$ 2,525	\$ -	\$ 13,658
Total all schools	<u>\$ 13,326</u>	<u>\$ 2,857</u>	<u>\$ 2,525</u>	<u>\$ -</u>	<u>\$ 13,658</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Cash and cash equivalents	\$ 746	\$ 3,112,073	\$ 3,112,298	\$ 521
Total Assets	<u>\$ 746</u>	<u>\$ 3,112,073</u>	<u>\$ 3,112,298</u>	<u>\$ 521</u>
 LIABILITIES:				
Net payroll	\$ -	\$ 1,703,181	\$ 1,703,181	\$ -
Payroll deductions and withholdings	<u>746</u>	<u>1,408,892</u>	<u>1,409,117</u>	<u>521</u>
Total Liabilities	<u>\$ 746</u>	<u>\$ 3,112,073</u>	<u>\$ 3,112,298</u>	<u>\$ 521</u>

Long-Term Debt Schedules

**BROOKLAWN SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2016**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
Renovations and Improvements to school building	3/01/01	\$ 1,559,000	3/01/17	\$ 135,000	4.95%	\$ 889,000	\$ -	\$ 115,000	\$ 774,000
			3/01/18	145,000	4.95%				
			3/01/19	155,000	4.95%				
			3/01/20	165,000	4.95%				
			3/01/21	174,000	4.95%				
2014 School Bonds	09/10/14	1,985,000	09/01/16	85,000	2.00%	1,985,000			1,985,000
			09/01/17	75,000	2.00%				
			09/01/18	75,000	2.00%				
			09/01/19	75,000	2.00%				
			09/01/20	75,000	2.00%				
			09/01/21	100,000	2.00%				
			09/01/22	100,000	3.00%				
			09/01/23	100,000	3.00%				
			09/01/24	110,000	3.00%				
			09/01/25	110,000	3.00%				
			09/01/26	115,000	3.00%				
			09/01/27	115,000	3.00%				
			09/01/28	115,000	3.00%				
			09/01/29	120,000	3.00%				
			09/01/30	120,000	3.00%				
			09/01/31	120,000	3.00%				
			09/01/32	125,000	3.25%				
			09/01/33	125,000	3.25%				
			09/01/34	125,000	3.25%				

BROOKLAWN SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 213,149	\$ -	\$ 213,149	\$ 213,149	\$ -
State sources:					
Debt Service Aid Type II	23,348	-	23,348	23,348	-
Total Revenues	<u>236,497</u>	<u>-</u>	<u>236,497</u>	<u>236,497</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	126,071	-	126,071	126,071	
Redemption of principal	115,000	-	115,000	115,000	
Total regular debt service	<u>241,071</u>	<u>-</u>	<u>241,071</u>	<u>241,071</u>	
Excess (Deficiency) of revenues over (under) expenditures	(4,574)		(4,574)	(4,574)	
Other Financing Sources:					
Operating transfers in					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(4,574)		(4,574)	(4,574)	-
Fund Balance - July 1, 2015	4,574		4,574	4,574	
Fund Balance - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 1,403,354	\$ 1,180,807	\$ 1,153,304	\$ 1,303,133	\$ 1,225,113	\$ 1,237,298	\$ 1,257,179	\$ 1,291,410	\$ 102,369	\$ 111,445
Restricted for:										
Capital projects	173,981	164,237	164,237	164,237	1	1	193,001	371,148	1,496,268	1,428,206
Debt service	10,479	528	3,630	2,925	76,407	73,322	3,936	8,510	4,574	-
Other purposes	358,128	260,804	223,600	242,763	461,230	721,082	569,506	520,586	456,300	442,675
Unrestricted	(69,153)	3,887	(263,398)	(330,188)	(285,784)	(383,529)	(377,411)	(416,580)	(1,466,003)	(1,462,752)
Total governmental activities net position	\$ 1,876,789	\$ 1,610,263	\$ 1,281,373	\$ 1,382,870	\$ 1,476,967	\$ 1,648,174	\$ 1,646,211	\$ 1,775,074	\$ 593,508	\$ 519,574
Business-type activities:										
Net investment in capital assets	\$ 14,064	\$ 13,771	\$ 12,316	\$ 10,783	\$ 9,250	\$ 14,923	\$ 12,907	\$ 10,891	\$ 8,876	\$ 6,860
Unrestricted	35,518	56,807	83,911	91,374	59,948	76,810	83,271	88,102	84,213	85,779
Total business-type activities net position	\$ 49,582	\$ 70,578	\$ 96,227	\$ 102,157	\$ 69,198	\$ 91,733	\$ 96,178	\$ 98,993	\$ 93,089	\$ 92,639
District-wide:										
Net investment in capital assets	\$ 1,417,418	\$ 1,194,578	\$ 1,165,620	\$ 1,313,916	\$ 1,234,363	\$ 1,252,221	\$ 1,270,086	\$ 1,302,301	\$ 111,245	\$ 118,305
Restricted:										
Capital projects	173,981	164,237	164,237	164,237	1	1	193,001	371,148	1,496,268	1,428,206
Debt service	10,479	528	3,630	2,925	76,407	73,322	3,936	8,510	4,574	-
Other purposes	358,128	260,804	223,600	242,763	461,230	721,082	569,506	520,586	456,300	442,675
Unrestricted	(33,635)	60,894	(179,487)	(238,814)	(225,836)	(306,719)	(294,140)	(328,478)	(1,381,790)	(1,376,973)
Total district net position	\$ 1,926,371	\$ 1,680,841	\$ 1,377,600	\$ 1,485,027	\$ 1,546,165	\$ 1,739,907	\$ 1,742,389	\$ 1,874,067	\$ 686,597	\$ 612,213

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 1,718,911	\$ 1,562,898	\$ 1,739,096	\$ 1,695,120	\$ 1,588,913	\$ 1,477,517	\$ 1,671,573	\$ 1,818,367	\$ 1,799,388	\$ 1,717,392
Special education	272,996	226,780	222,489	334,411	320,713	570,061	345,949	260,154	503,864	580,451
Other instruction	24,245	29,527	35,216	46,202	39,222	43,596	54,860	48,523	65,376	62,098
Support Services:										
Tuition	635,315	805,380	1,028,648	1,300,917	1,225,519	1,361,038	1,583,965	1,604,498	1,062,733	1,181,317
Student & instruction related services	333,682	371,913	442,906	414,350	410,652	484,014	489,193	469,599	631,893	610,295
School administrative services	12,633	12,869	14,601	5,568	3,618	4,675	5,485	3,534	3,788	2,443
Central Services	152,004	151,262	162,372	133,995	188,224	120,318	121,436	137,946	124,359	119,614
General administrative services	194,919	166,962	134,571	181,736	186,227	200,620	220,350	232,535	215,300	211,244
Plant operations and maintenance	226,990	256,021	521,663	427,830	333,079	317,796	306,147	450,098	441,042	490,665
Pupil transportation	44,244	77,269	134,703	155,486	107,724	135,271	160,721	177,586	155,558	151,571
Unallocated employee benefits	990,191	1,101,140	1,030,181	794,204	819,337	887,433	1,039,560	1,150,633	1,261,888	1,358,038
Interest on long-term debt	113,369	87,309	84,082	80,400	75,672	70,534	66,116	59,531	89,270	95,062
Unallocated depreciation	31,514	32,496	26,911	120,509	120,450	121,004	116,907	116,869	149,207	158,079
Total governmental activities expenses	<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>	<u>5,793,877</u>	<u>6,182,262</u>	<u>6,529,873</u>	<u>6,503,666</u>	<u>6,738,269</u>
Business-type activities:										
Food service	87,655	96,626	97,576	113,226	107,205	152,850	165,638	140,993	146,829	161,289
After school program	12,819	25,020	21,319	21,034	17,945	19,746	18,416	21,595	28,410	34,354
Total business-type activities expense	<u>100,474</u>	<u>121,646</u>	<u>118,895</u>	<u>134,260</u>	<u>125,150</u>	<u>172,596</u>	<u>184,054</u>	<u>162,588</u>	<u>175,239</u>	<u>195,643</u>
Total district expenses	<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>	<u>\$ 5,966,473</u>	<u>\$ 6,366,316</u>	<u>\$ 6,692,461</u>	<u>\$ 6,678,905</u>	<u>\$ 6,933,912</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 904,422	\$ 885,248	\$ 513,351	\$ 475,724	\$ 612,967	\$ 683,913	\$ 715,913	\$ 705,003	\$ 785,610	\$ 1,015,680
Capital grants and contributions										
Total governmental activities program revenues	<u>904,422</u>	<u>885,248</u>	<u>513,351</u>	<u>475,724</u>	<u>612,967</u>	<u>683,913</u>	<u>715,913</u>	<u>705,003</u>	<u>785,610</u>	<u>1,015,680</u>

(Continued)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Food service	\$ 23,956	\$ 16,309	\$ 27,007	\$ 13,751	\$ 12,600	\$ 18,725	\$ 11,881	\$ 10,072	\$ 14,008	\$ 10,572
After school program	23,685	45,245	36,518	30,342	40,505	35,895	26,414	27,002	26,010	39,775
Operating grants and contributions	43,969	47,069	49,435	63,997	71,186	85,071	108,416	95,600	95,843	119,846
Total business type activities program revenues	91,610	108,623	112,960	108,090	124,291	139,691	146,711	132,674	135,861	170,193
Total district program revenues	\$ 996,032	\$ 993,871	\$ 626,311	\$ 583,814	\$ 737,258	\$ 823,604	\$ 862,624	\$ 837,677	\$ 921,471	\$ 1,185,873
Net (Expense)/Revenue:										
Governmental activities	\$ (3,846,591)	\$ (3,996,578)	\$ (5,064,088)	\$ (5,215,004)	\$ (4,806,383)	\$ (5,109,964)	\$ (5,466,349)	\$ (5,824,870)	\$ (5,718,056)	\$ (5,722,589)
Business-type activities	(8,864)	(13,023)	(5,935)	(26,170)	(859)	(32,905)	(37,343)	(29,914)	(39,378)	(25,450)
Total district-wide net expense	\$ (3,855,455)	\$ (4,009,601)	\$ (5,070,023)	\$ (5,241,174)	\$ (4,807,242)	\$ (5,142,869)	\$ (5,503,692)	\$ (5,854,784)	\$ (5,757,434)	\$ (5,748,039)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,037,846
Taxes levied for debt service	152,399	141,308	163,094	170,786	178,845	188,906	131,730	214,105	215,826	213,149
Unrestricted grants and contributions	2,635,188	2,747,301	3,579,183	3,989,023	3,712,301	4,048,830	4,293,482	4,678,067	4,334,437	4,382,661
State aid restricted for capital purposes	68,724	17,966								
Investment earnings	2,640									
Miscellaneous income	172,149	54,577	6,760	33,906	124,185	77,199	75,030	76,793	31,105	39,999
Prior year state aid receivable canceled					(87,829)					
Transfers	(17,299)	(32,794)	(31,336)	(32,100)	(44,519)	(51,261)	(41,788)	(32,729)	(33,474)	(25,000)
Total governmental activities	4,031,298	3,945,855	4,735,198	5,179,112	4,900,480	5,281,171	5,475,951	5,953,733	5,565,391	5,648,655
Business-type activities:										
Investment earnings	223	1,225	248							
Contributed capital assets						4,179				
Transfers	17,299	32,794	31,336	32,100	(32,100)	51,261	41,788	32,729	33,474	25,000
Total business-type activities	17,522	34,019	31,584	32,100	(32,100)	55,440	41,788	32,729	33,474	25,000
Total district-wide	\$ 4,048,820	\$ 3,979,874	\$ 4,766,782	\$ 5,211,212	\$ 4,868,380	\$ 5,336,611	\$ 5,517,739	\$ 5,986,462	\$ 5,598,865	\$ 5,673,655
Change in Net Position:										
Governmental activities	\$ 184,707	\$ (50,723)	\$ (328,890)	\$ (35,892)	\$ 94,097	\$ 171,207	\$ 9,602	\$ 128,863	\$ (152,665)	\$ (73,934)
Business-type activities	8,658	20,996	25,649	5,930	(32,959)	22,535	4,445	2,815	(5,904)	(450)
Total district-wide	\$ 193,365	\$ (29,727)	\$ (303,241)	\$ (29,962)	\$ 61,138	\$ 193,742	\$ 14,047	\$ 131,678	\$ (158,569)	\$ (74,384)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Restricted for:										
Capital reserve	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 193,001	\$ 318,001	\$ 317,601	\$ 161,978
Maintenance reserve								125,000	125,000	125,000
Future tuition payments	150,000	150,000	150,000	116,980	41,980	110,000	110,000			
Excess surplus	87,264	23,540			294,250	141,832	117,674	192,912	63,388	184,287
Excess surplus - designated for subsequent year's budget							141,832	117,674	192,912	63,388
Assigned to:										
Year-end Encumbrances	10,166		60	783						
Designated for subsequent year's budget	110,698	87,264	73,540	125,000	125,000	469,250	200,000	85,000	75,000	70,000
Unassigned	124,877	122,072	(139,926)	(134,203)	(114,141)	(175,227)	(170,924)	(199,235)	(170,936)	(160,017)
Total general fund	<u>\$ 483,006</u>	<u>\$ 382,877</u>	<u>\$ 83,675</u>	<u>\$ 108,561</u>	<u>\$ 347,090</u>	<u>\$ 545,856</u>	<u>\$ 591,583</u>	<u>\$ 639,352</u>	<u>\$ 602,965</u>	<u>\$ 444,636</u>
All Other Governmental Funds										
Reserved:										
Capital projects fund	\$ 173,980	\$ 164,236	\$ 164,236	\$ 164,236				\$ 53,147	\$ 1,178,667	\$ 1,266,228
Unreserved, reported in:										
Special revenue fund		(9,969)	(7,362)	(14,850)			\$ (7,862)			
Debt service fund	10,479	528	3,630	2,925	\$ 76,407	\$ 73,322	3,936	8,510	4,574	
Total all other governmental funds	<u>\$ 184,459</u>	<u>\$ 154,795</u>	<u>\$ 160,504</u>	<u>\$ 152,311</u>	<u>\$ 76,407</u>	<u>\$ 73,322</u>	<u>\$ (3,926)</u>	<u>\$ 61,657</u>	<u>\$ 1,183,241</u>	<u>\$ 1,266,228</u>

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

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	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Tax levy	\$ 1,169,896	\$ 1,158,805	\$ 1,180,591	\$ 1,188,283	\$ 1,196,342	\$ 1,206,403	\$ 1,149,227	\$ 1,231,602	\$ 1,233,323	\$ 1,250,995
Tuition charges				33,906						
Interest earnings	37,174									812
Miscellaneous	138,115	54,577	6,760		124,185	77,199	75,030	76,793	31,105	39,187
State sources	3,352,440	3,463,198	3,879,179	3,648,761	4,033,558	4,335,173	4,782,740	5,103,251	4,823,658	5,117,297
Federal sources	<u>255,394</u>	<u>181,732</u>	<u>213,355</u>	<u>815,986</u>	<u>291,710</u>	<u>397,570</u>	<u>226,655</u>	<u>279,819</u>	<u>296,389</u>	<u>281,044</u>
Total revenue	<u>4,953,019</u>	<u>4,858,312</u>	<u>5,279,885</u>	<u>5,686,936</u>	<u>5,645,795</u>	<u>6,016,345</u>	<u>6,233,652</u>	<u>6,691,465</u>	<u>6,384,475</u>	<u>6,689,335</u>
Expenditures										
Instruction										
Regular instruction	1,549,753	1,582,585	1,664,950	1,601,421	1,598,003	1,413,015	1,665,224	1,776,161	1,791,645	1,713,036
Special education instruction	272,996	226,780	222,489	334,411	320,713	570,061	345,949	260,154	503,864	580,451
Other instruction	24,245	29,527	35,216	46,202	39,222	43,596	54,860	48,523	65,376	62,098
Support Services:										
Tuition	635,315	805,380	1,028,648	1,300,917	1,225,519	1,361,038	1,583,965	1,604,498	1,062,733	1,181,317
Student & instruction related services	333,682	371,913	442,906	414,350	410,652	484,014	489,193	469,599	631,893	610,295
School administrative services	12,633	12,869	14,601	5,568	3,618	4,675	5,485	3,534	3,788	2,443
General and business admin. services	194,919	166,962	134,571	181,071	186,227	118,569	217,933	232,535	215,300	209,239
Central Services	139,912	141,012	152,122	133,995	118,581	200,620	121,436	135,529	122,148	119,614
Plant operations and maintenance	226,990	254,186	384,044	427,830	300,462	284,186	288,784	311,089	328,413	313,175
Pupil transportation	44,244	77,269	134,703	155,486	107,724	135,271	160,721	177,586	155,558	151,571
Other support services										
Unallocated employee benefits	990,191	1,101,140	1,030,181	794,204	819,337	887,433	1,039,560	1,150,633	1,247,712	1,319,361
Capital outlay	178,236	32,594	137,619	71,197	38,817	74,934	49,159	166,012	902,212	236,006
Debt service:										
Principal	60,000	65,000	75,000	90,000	105,000	120,000	135,000	150,000	168,000	115,000
Interest and other charges	<u>91,346</u>	<u>88,094</u>	<u>84,992</u>	<u>81,491</u>	<u>76,947</u>	<u>71,991</u>	<u>66,116</u>	<u>59,531</u>	<u>52,162</u>	<u>126,071</u>
Total expenditures	<u>4,754,462</u>	<u>4,955,311</u>	<u>5,542,042</u>	<u>5,638,143</u>	<u>5,350,822</u>	<u>5,769,403</u>	<u>6,223,385</u>	<u>6,545,384</u>	<u>7,250,804</u>	<u>6,739,677</u>
Excess (Deficiency) of revenues over (under) expenditures	198,557	(96,999)	(262,157)	48,793	294,973	246,942	10,267	146,081	(866,329)	(50,342)
Other Financing sources (uses)										
Proceeds from borrowing									1,985,000	
Prior year state aid receivable canceled					(87,829)					63,640
Transfers in	2,640	1,835	195		76,584			48,127		(88,640)
Transfers out	<u>(19,939)</u>	<u>(34,629)</u>	<u>(31,531)</u>	<u>(32,100)</u>	<u>(121,103)</u>	<u>(51,261)</u>	<u>(41,788)</u>	<u>(80,856)</u>	<u>(33,474)</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>(17,299)</u>	<u>(32,794)</u>	<u>(31,336)</u>	<u>(32,100)</u>	<u>(132,348)</u>	<u>(51,261)</u>	<u>(41,788)</u>	<u>(32,729)</u>	<u>1,951,526</u>	<u>(25,000)</u>
Net change in fund balances	<u>\$ 181,258</u>	<u>\$ (129,793)</u>	<u>\$ (293,493)</u>	<u>\$ 16,693</u>	<u>\$ 162,625</u>	<u>\$ 195,681</u>	<u>\$ (31,521)</u>	<u>\$ 113,352</u>	<u>\$ 1,085,197</u>	<u>\$ (75,342)</u>
Debt service as a percentage of noncapital expenditures	3.31%	3.11%	2.96%	3.08%	3.43%	3.37%	3.26%	3.28%	3.47%	3.71%

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)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Lost Books	Miscellaneous Sales	Refunds of Prior Year Expenditures	Prior Year Orders Adjustment	Class Gift	Donations	Miscellaneous	Total
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
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
2012	10,520	300	305	5,000	52,137		1,300		7,637	77,199
2013	9,292	977	75	5,000	52,195				7,491	75,030
2014	4,525	24,061	40	5,000	35,503				7,664	76,793
2015	6,036	23,856	5						1,208	31,105
2016	4,657	12,821	10			12,199		10,000	312	39,999
	<u>\$ 103,464</u>	<u>\$ 66,915</u>	<u>\$ 1,940</u>	<u>\$ 21,771</u>	<u>\$ 253,648</u>	<u>\$ 181,374</u>	<u>\$ 1,300</u>	<u>\$ 10,000</u>	<u>\$ 54,431</u>	<u>\$ 694,843</u>

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Source: District records

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

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
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	146,583,222
2012	875,800	94,600,000	41,664,000	1,460,500	2,247,600	140,847,900	226,767	141,074,667	17,534,400	0.814	149,580,759
2013	885,800	94,761,100	41,335,000	1,460,500	2,247,600	140,690,000	229,477	140,919,477	17,425,300	0.722	135,054,697
2014	890,800	94,788,400	41,884,100	1,460,500	2,247,600	141,271,400		141,271,400	17,420,300	0.925	126,686,232
2015	879,900	94,548,700	41,249,900	1,207,100	2,247,600	140,133,200	100	140,133,300	17,536,100	0.933	119,342,489
2016	869,000	93,641,800	40,852,800	1,207,100	2,247,600	138,818,300	100	138,818,400	17,759,700	0.967	114,779,829

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	
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
2012	0.704	0.110	0.814	1.229	0.814	2.857
2013	0.722	-	0.722	1.287	0.798	2.807
2014	0.720	0.205	0.925	1.345	0.765	3.035
2015	0.740	0.193	0.933	1.380	0.746	3.059
2016	0.762	0.205	0.967	1.400	0.723	3.090

Source: Municipal Tax Collector

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

J-8

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Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Brookwrap, LLC	\$ 3,506,400	2.53%	Brooklawn Shopping Center I	\$ 2,746,000	3.48%
Jay Sai Corporation	3,250,000	2.34%	Brooklawn Shopping Center II	2,421,300	3.07%
Cohab Realty, LLC	2,098,300	1.51%	Days Inn	2,178,000	2.76%
Brooklawn Realty Associates	1,763,100	1.27%	Ponzio Diner	1,500,000	1.90%
Brooklawn Holdings LLC	1,750,000	1.26%	Eckerd's	1,165,800	1.48%
Westbrook Lanes	1,482,800	1.07%	Westbrook Lane	1,100,000	1.40%
Ming Kui Lau Restaurant	1,148,400	0.83%	Superior Aluminum	798,600	1.01%
Materials Handling Supply Co.	995,000	0.72%	Materials Handling Supply Co.	681,800	0.86%
Levin Real Estate, LLC	875,000	0.63%	Ming Kui Lau Restaurant	674,700	0.86%
Ambler Motel LLC	845,500	0.61%	Brooklawn Diner	625,300	0.79%
Total	<u>\$ 17,714,500</u>	<u>12.76%</u>	Total	<u>\$ 13,891,500</u>	<u>17.62%</u>

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	
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%	-
2012	1,206,403	1,206,403	100.00%	-
2013	1,149,227	1,149,227	100.00%	-
2014	1,231,602	1,017,497	82.62%	\$ 214,105
2015	1,233,323	1,233,323	100.00%	-
2016	1,250,995	1,250,995	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		
2007	\$ 1,797,000	\$ -	\$ -	\$ 1,797,000	1.97%	790
2008	1,732,000	-	-	1,732,000	1.85%	765
2009	1,657,000	-	-	1,657,000	1.76%	734
2010	1,567,000	-	-	1,567,000	1.91%	802
2011	1,462,000	-	-	1,462,000	1.70%	749
2012	1,342,000	-	-	1,342,000	1.54%	689
2013	1,207,000	-	-	1,207,000	1.38%	622
2014	1,057,000	-	-	1,057,000	1.17%	547
2015	2,874,000	-	-	2,874,000	d	1,487
2016	2,759,000	-	-	2,759,000	d	d

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.
- d Not Available.

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		
2007	\$ 1,797,000	\$ -	\$ 1,797,000	2.28%	790
2008	1,732,000	-	1,732,000	2.19%	765
2009	1,657,000	-	1,657,000	2.09%	734
2010	1,567,000	-	1,567,000	1.97%	802
2011	1,462,000	-	1,462,000	1.04%	749
2012	1,342,000	-	1,342,000	0.95%	689
2013	1,207,000	-	1,207,000	0.86%	622
2014	1,057,000	-	1,057,000	0.75%	547
2015	2,874,000	-	2,874,000	2.05%	1,487
2016	2,759,000	-	2,759,000	1.99%	d

Sources:

- a District Records
- b Net Assessed Valuation provided by Anstract of Ratables, County Board of Taxation
- c Per Capita Personal Inome Data provided by the NJ Dept. of Labor and Workforce.
- d Not Available.

Brooklawn School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2015

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	\$ 2,962,906	(1)	100.000%	\$ 2,962,906
Camden County General Obligation Debt	342,450,381	(1)	0.308% (2)	1,054,747
Subtotal, overlapping debt				<u>4,017,653</u>
Brooklawn School District Direct Debt				<u>2,874,000</u>
Total direct and overlapping debt				<u><u>\$ 6,891,653</u></u>

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2015 Equalized Valuation. The source for this computation was the 2015 County Abstract of Ratables, provided by the County Board of Taxation.

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis (1)
2013	\$ 125,202,456
2014	119,468,414
2015	115,070,783
	<u>\$ 359,741,653</u>
Average equalized valuation of taxable property	<u>\$ 119,913,884</u>
Debt limit (3% of average equalized valuation) (2)	3,597,417
Net bonded school debt (3)	2,759,000
Legal debt margin	<u>\$ 838,417</u>

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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 3,075,793	\$ 3,576,794	\$ 4,098,141	\$ 4,384,337	\$ 4,495,335	\$ 4,463,336	\$ 4,315,070	\$ 4,071,363	\$ 3,785,949	\$ 3,597,417
Total net debt applicable to limit (3)	<u>1,797,000</u>	<u>1,732,000</u>	<u>1,657,000</u>	<u>1,567,000</u>	<u>1,462,000</u>	<u>1,342,000</u>	<u>1,207,000</u>	<u>1,057,000</u>	<u>2,874,000</u>	<u>2,759,000</u>
Legal debt margin	<u>\$ 1,278,793</u>	<u>\$ 1,844,794</u>	<u>\$ 2,441,141</u>	<u>\$ 2,817,337</u>	<u>\$ 3,033,335</u>	<u>\$ 3,121,336</u>	<u>\$ 3,108,070</u>	<u>\$ 3,014,363</u>	<u>\$ 911,949</u>	<u>\$ 838,417</u>
Total net debt applicable to the limit as a percentage of debt limit	58.42%	48.42%	40.43%	35.74%	32.52%	30.07%	27.97%	25.96%	75.91%	76.69%

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>
2007	2,276	\$ 91,053,656	\$40,006	3.1%
2008	2,263	93,627,099	41,373	4.1%
2009	2,256	93,942,096	41,641	6.6%
2010	1,954	82,054,322	41,993	6.9%
2011	1,951	86,068,365	44,115	6.8%
2012	1,949	87,202,158	44,742	6.9%
2013	1,939	87,404,303	45,077	14.6%
2014	1,934	90,677,524	46,886	9.7%
2015	1,933	e	e	7.7%
2016	e	e	e	e

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**

J-16

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	17	17	17	17	17	20	20	20	20	20
Special education	5	5	5	5	5	6	6	7	7	7
Other special education	2	2	2	2	2	5	5	6	6	6
Other instruction	4	4	4	4	4	3	3	3	3	3
Support Services:										
School administrative services	1	1	1	1	1	1	1	2	2	2
General and business administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Business and other support services	2	2	2	2	2	2	2	2	2	2
Administrative Information Technology	1	1	1	1	1	1	1	1	1	1
Food Service	2	2	2	2	2	2	2	2	2	2
Child Care	1	1	1	1	1	1	1	1	1	1
Total	40	40	40	40	40	45.5	45.5	48.5	48.5	48.5

Source:

District Personnel Records

Brooklawn School District
 Operating Statistics,
 Last Ten Fiscal Years

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
2007	316	\$ 4,424,880	\$ 14,003	11.92%	34	1:20	331.5	306.3	1.54%	92.40%
2008	308	4,769,623	15,486	10.59%	34	1:20	308.0	292.6	-7.09%	95.00%
2009	323	5,244,431	16,237	4.85%	34	1:20	323.0	305.9	4.55%	94.71%
2010	311	5,395,455	17,349	6.85%	34	1:20	311.0	279.3	-8.70%	89.81%
2011	303	5,130,058	16,931	-2.41%	34	1:20	302.6	288.4	3.26%	95.31%
2012	341	5,502,478	16,136	-4.69%	30	1:20	340.9	326.0	13.04%	95.63%
2013	363	5,973,110	16,455	1.97%	30	1:20	365.6	346.6	6.32%	94.80%
2014	342	6,169,841	18,040	9.64%	30	1:20	336.5	321.0	-7.39%	95.39%
2015	334	6,128,430	18,349	1.71%	30	1:20	344.5	323.7	0.84%	93.96%
2016	320	6,262,600	19,571	6.66%	30	1:20	320.3	305.9	-7.02%	95.51%

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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**

J-18

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	316	308	323	311	303	341	366	336	345	320

Number of Schools at June 30, 2016

- Elementary = 1
- Middle School = 1
- Senior High School = 0
- Other = 0

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
* School Facilities											
Alice Costello School	\$ 15,405	\$ 14,466	\$ 17,545	\$ 20,668	\$ 5,795	\$ 19,887	\$ 20,000	\$ 23,145	\$ 23,000	\$ 37,000	\$ 196,911
Total School Facilities	<u>\$ 15,405</u>	<u>\$ 14,466</u>	<u>\$ 17,545</u>	<u>\$ 20,668</u>	<u>\$ 5,795</u>	<u>\$ 19,887</u>	<u>\$ 20,000</u>	<u>\$ 23,145</u>	<u>\$ 23,000</u>	<u>\$ 37,000</u>	<u>\$ 196,911</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, 2016**

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Building and Contents (All Locations)		
Limits of liability per occurrence	\$ 250,000,000	\$ 1,000
Boiler and Machinery	100,000,000	1,000
General and Automobile Liability	5,000,000	1,000
Workers' Compensation	Statutory	
Professional Legal Liability	5,000,000	5,000
Crime Coverage	500,000	1,000
Environmental Impairment Liability	1,000,000	
Excess Liability	5,000,000	
Employers Liability	5,000,000	
Student Accident Coverage (2)	500,000	
Catastrphic Student Accident Coverage (2)	6,000,000	
Surety Bonds (3)		
Treasurer	171,000	
Board Secretary	35,000	

- (1) School Alliance Insurance Fund
- (2) Chartis-National Union
- (3) Western Surety

Source: District records

Single Audit Section

INVERSO & STEWART, LLC
 Certified Public Accountants

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 Marlton, New Jersey 08053
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 American Institute of CPAs
 New Jersey Society of CPAs

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
 ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
 ASSISTANCE AS REQUIRED BY NEW JERSEY TREASURY CIRCULAR OMB 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

I 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 Aid/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, 2016. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 Office of School Finance, Department of Education, State of New Jersey, and New Jersey Treasury Circular OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey Treasury Circular OMB 15-08 require that I 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 I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major state program. However, my audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major State Program

In my opinion, the Brooklawn School District, in the County of Camden, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Brooklawn School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey Treasury Circular OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Brooklawn 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Expenditures for federal awards were less than the single audit dollar threshold required by the Uniform Guidance and therefore were not subject to a single audit. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required the Office of School Finance, Department of Education, State of New Jersey and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of New Jersey Treasury Circular OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

I 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, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. I issued my report thereon dated November 11, 2016, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Treasury Circular OMB 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended for the information of the Board of Education and the New Jersey Department of Education.

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
November 11, 2016

BROOKLAWN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2015			Adjustment	Carryover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2016		
						(Accounts Receivable)	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education																
Special Revenue Fund:																
Title I																
Fiscal Year 2016	84 010A	S010A150030	NCLB-0580-16	\$ 176,016	7/1/15 - 6/30/16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,016	\$ (176,016)	\$ -	\$ -	\$ -	
Fiscal Year 2015	84 010A	S010A150030	NCLB-0580-15	184,896	7/1/14 - 6/30/15	(170,299)					170,299					
Title II A																
Fiscal Year 2016	84 367A	S367A150029	NCLB-0580-16	6,765	7/1/15 - 6/30/16					6,765	(6,765)					
Fiscal Year 2015	84 367A	S367A150029	NCLB-0580-15	6,817	7/1/14 - 6/30/15	(6,817)				6,817						
Individuals With Disabilities Act (I.D.E.A.)																
Part B - Basic																
Fiscal Year 2016	84 027	H027A150100	IDEA-0580-16	95,058	7/1/15 - 6/30/16					95,058	(95,058)					
Fiscal Year 2015	84 027	H027A150100	IDEA-0580-15	93,048	7/1/14 - 6/30/15	(93,048)				93,048						
Part B - Preschool																
Fiscal Year 2016	84 173	H173A150114	IDEA-0580-16	3,205	7/1/15 - 6/30/16					3,205	(3,205)					
Fiscal Year 2015	84 173	H173A150114	IDEA-0580-15	3,122	7/1/14 - 6/30/15	(3,112)				3,112						
Total U.S. Department of Education						(273,276)	-	-	-	-	554,520	(281,044)	-	-	-	
U.S. Department of Agriculture																
Enterprise Fund:																
School Breakfast Program:																
Fiscal Year 2016	10 553	16161NJ304N1099	N/A	34,043	7/1/15 - 6/30/16					31,442	(34,043)			(2,601)		
Fiscal Year 2015	10 553	16161NJ304N1099	N/A	6,282	7/1/14 - 6/30/15	(317)				317						
National School Lunch Program																
Fiscal Year 2016	10 555	16161NJ304N1099	N/A	84,223	7/1/15 - 6/30/16					79,781	(84,223)			(4,442)		
Fiscal Year 2015	10 555	16161NJ304N1099	N/A	87,876	7/1/14 - 6/30/15	(3,564)				3,564						
Total U.S. Department of Agriculture						(3,881)	-	-	-	-	115,104	(118,266)	-	(7,043)	-	
Total Federal Awards						\$ (277,157)	\$ -	\$ -	\$ -	\$ -	\$ 669,424	\$ (399,310)	\$ -	\$ (7,043)	\$ -	

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, 2016

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2015			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2016		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education													
General Fund:													
Equalization Aid	16-495-034-5120-078	\$ 3,428,151	7/1/15- 6/30/16	\$ -	\$ -	\$ -	\$ -	\$ 3,091,256	\$ (3,428,151)	\$ -	\$ (336,915)	\$ -	\$ -
Equalization Aid	15-495-034-5120-078	3,428,151	7/1/14- 6/30/15	(335,110)				335,110					
Special Education Categorical Aid	16-495-034-5120-089	227,900	7/1/15- 6/30/16					205,502	(227,900)		(22,398)		
Special Education Categorical Aid	15-495-034-5120-089	227,900	7/1/14- 6/30/15	(22,278)				22,278					
Security Aid	16-495-034-5120-084	18,488	7/1/15- 6/30/16					16,671	(18,488)		(1,817)		
Security Aid	15-495-034-5120-084	18,488	7/1/14- 6/30/15	(1,807)				1,807					
Transportation Aid	16-495-034-5120-014	5,747	7/1/15- 6/30/16					5,182	(5,747)		(565)		
Transportation Aid	15-495-034-5120-014	5,747	7/1/14- 6/30/15	(562)				562					
School Choice Aid	16-495-034-5120-068	442,827	7/1/15- 6/30/16					401,272	(442,827)		(41,555)		
School Choice Aid	15-495-034-5120-068	377,223	7/1/14- 6/30/15	(36,874)				36,874					
Under Adequacy Aid	16-495-034-5120-083	98,367	7/1/15- 6/30/16					88,700	(98,367)		(9,667)		
Under Adequacy Aid	15-495-034-5120-083	98,367	7/1/14- 6/30/15	(9,616)				9,616					
Additional Adjustment Aid	16-495-034-5120-085	142,142	7/1/15- 6/30/16					128,173	(142,142)		(13,969)		
Additional Adjustment Aid	15-495-034-5120-085	142,142	7/1/14- 6/30/15	(13,895)				13,895					
PARCC Readiness Aid	16-495-034-5120-098	4,060	7/1/15- 6/30/16					3,661	(4,060)		(399)		
PARCC Readiness Aid	15-495-034-5120-098	4,060	7/1/14- 6/30/15	(397)				397					
Per Pupil Growth Aid	16-495-034-5120-097	4,060	7/1/15- 6/30/16					3,661	(4,060)		(399)		
Per Pupil Growth Aid	15-495-034-5120-097	4,060	7/1/14- 6/30/15	(397)				397					
Extraordinary Aid	16-495-034-5120-044	17,667	7/1/15- 6/30/16						(17,667)		(17,667)		
On-behalf TPAF Pension Contributions	16-495-034-5094-002	154,617	7/1/15- 6/30/16					154,617	(154,617)				
On-behalf TPAF Post Retirement Medical	16-495-034-5094-001	184,105	7/1/15- 6/30/16					184,105	(184,105)				
Reimbursed TPAF Social Security Contr.	16-495-034-5094-003	158,416	7/1/15- 6/30/16					140,733	(158,416)		(15,583)		
Reimbursed TPAF Social Security Contr.	15-495-034-5094-003	148,206	7/1/14- 6/30/15	(14,910)				14,910					
Total General Fund				(435,848)				4,859,359	(4,884,547)		(461,034)		
Special Revenue Fund:													
Preschool Education Aid	16-495-034-5120-086	79,816	7/1/15- 6/30/16				13,058	71,834	(78,290)		(7,982)	14,584	
Preschool Education Aid	15-495-034-5120-086	79,816	7/1/14- 6/30/15	(7,982)	13,058		(13,058)	7,982			(7,982)	14,584	
Total Special Revenue Fund				(7,982)	13,058			79,816	(78,290)				
Capital Projects Fund:													
Costello Elementary School	0580-010-14-1008-G04	104,253	1/8/14-6/30/14	(104,253)								(104,253)	
Emergency Generator & Lighting	0580-010-14-1004-G04	137,860	1/8/14-12/31/16						(137,860)		(137,860)		
Total Capital Projects Fund				(104,253)					(137,860)		(242,113)		
Debt Service Fund													
Debt Service Aid Type II	16-495-034-5120-017	23,348	7/1/15 - 6/30/16					23,348	(23,348)				
Total State Department of Education				(548,081)	13,058			4,962,523	(5,124,045)		(711,129)	14,584	
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)													
Fiscal Year 2016	16-100-010-3350-023	1,580	7/1/15- 6/30/16					1,497	(1,580)		(83)		
Fiscal Year 2015	15-100-010-3350-023	1,685	7/1/14- 6/30/15	(66)				66					
Total State Department of Agriculture				(66)				1,563	(1,580)		(83)		
Total State Financial Assistance				\$ (548,147)	\$ 13,058	\$ -	\$ -	\$ 4,964,086	\$ (5,125,625)	\$ -	\$ (711,212)	\$ 14,584	\$ -
Less: State Financial Expenditures Not Subject to Major Program Determination													
On-Behalf TPAF Contribution - Pension (Non-Budgeted) (154,617)													
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted) (184,105)													
Total State Financial Expenditures Subject to Major Program Determination \$ (4,786,903)													

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, 2016

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 using 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 School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 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 (\$6,748) for the general fund and \$-0- 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>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ -	\$ 4,877,799	\$ 4,877,799
Special Revenue	281,044	78,290	359,334
Capital Projects		137,860	137,860
Debt Service		23,348	23,348
Food Service	118,266	1,580	119,846
Total	<u>\$ 399,310</u>	<u>\$ 5,118,877</u>	<u>\$ 5,518,187</u>

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.

**Brooklawn School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016
(Continued)**

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 District for the year ended June 30, 2016. 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, 2016.

6. MAJOR PROGRAMS

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

BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: _____ Unmodified _____

Internal control over financial reporting:

- 1) Material weaknesses identified? _____ yes no
- 2) Significant deficiencies identified that are not considered to be a material weakness? _____ yes none reported

Noncompliance material to basic financial statements noted? yes _____ no

Federal Awards

NOT APPLICABLE

Internal Control over major programs:

- 1) Material weakness(es) identified? _____ yes _____ no
- 2) Significant deficiencies identified that are not considered to be a material weakness? _____ yes _____ none reported

Type of auditor's report on compliance for major programs: _____

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? _____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to distinguish between type A and type B programs: _____

Auditee qualified as low-risk auditee? _____ yes _____ no

BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section 1 -- Summary of Auditor's Results (Cont'd)

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weakness? yes X none reported

Type of auditor's report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>16-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>16-100-010-3350-023</u>	<u>National School Lunch (State Share)</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding #2016-001

Criteria or specific requirement:

N.J.A.C. 6A:23-16.12 and good internal control require supporting documentation for cash all receipts.

Condition:

Cash receipts supporting documentation was not maintained for the Food Service Fund.

Context:

All Food Service Fund receipts tested did not have supporting documentation.

Effect:

The District did not comply with N.J.A.C. 6A:23-16.12.

Cause:

Change in personnel.

Recommendation:

That supporting documentation is maintained for all Food Service Fund receipts.

View of Responsible Officials and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and NJOMB Circular Letter 15-08, as applicable.

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**

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 NJOMB's Circular 04-04 and/or 15-08, as applicable.

FINANCIAL STATEMENT FINDINGS

Finding #2015-001

Condition:

The reimbursement to the State of New Jersey for pension and social security for federally funded programs was not submitted by October 1.

Current Status:

This condition has been corrected.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

Finding #2015-002

Condition:

The students counts for the ASSA on-roll students and resident low income did not agree to supporting documentation.

Current Status:

This condition has been corrected.