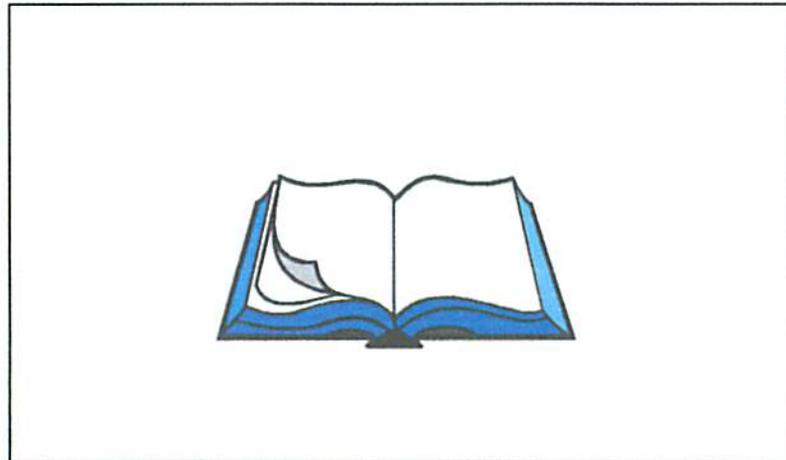


SCHOOL DISTRICT
OF
BROOKLAWN



Brooklawn Board of Education
Brooklawn, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

**Comprehensive Annual
Financial Report**

of the

Brooklawn Board of Education

Brooklawn, New Jersey

For the Fiscal Year Ended June 30, 2008

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

BROOKLAWN SCHOOL DISTRICT

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Introductory Section

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

John Kellmayer
Superintendent of Schools
856-456-4039

September 12, 2008

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

Dear Board Members:

The comprehensive annual financial report of the Brooklawn School District for the fiscal year ended June 30, 2008, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Not for Profit Organizations" and the state Treasury Circular Letter 98-07 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendation, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

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

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

The district completed the 2007-2008 school year with an average daily enrollment of 308 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, 1999 through June 30, 2006 with the exception of the year ended June 30, 2004. For the years ended June 30, 2007 and June 30, 2008 enrollment has decreased and we would anticipate the steady growth to as in the past to continue.

Pupil Enrollments

SCHOOL YEAR	AVERAGE DAILY ENROLLMENT
1998-1999	226.3
1999-2000	226.0
2000-2001	227.6
2001-2002	241.1
2002-2003	279.9
2003-2004	275.0
2004-2005	292.3
2005-2006	336.7
2006-2007	321.5
2007-2008	308.0

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. A SNAPSHOT OF OUR SCHOOLS

BROOKLAWN PUBLIC SCHOOL DISTRICT

Think Great Thoughts! Dream Big Dreams!

Despite its small enrollment, the Alice Costello School with just 308 students is certainly a school worthy of recognition and demonstrates that bigger is not necessarily better.

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

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

The District received \$31,848 in additional state aid for HELP, Higher Expectation for Learning Proficiency, as the result of increased test scores for the 2007-2008 school year.

The Alice Costello School remains Camden County's only Inter-district Public School Choice Program. This program began in September 2002 and continues to thrive. Plans call for increasing enrollment during the next two years.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

6. ACCOUNTING SYSTEM AND REPORTS:

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

10. RISK MANAGEMENT:

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

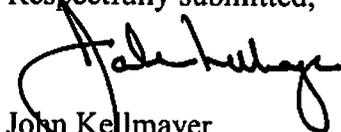
11. OTHER INFORMATION:

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

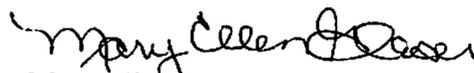
12. ACKNOWLEDGMENTS:

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

Respectfully submitted,



John Kellmayer
Superintendent



Mary Ellen Glaser
School Business Administrator/Board Secretary

BROOKLAWN SCHOOL DISTRICT

Roster of Officials June 30, 2008

Members of the Board of Education:

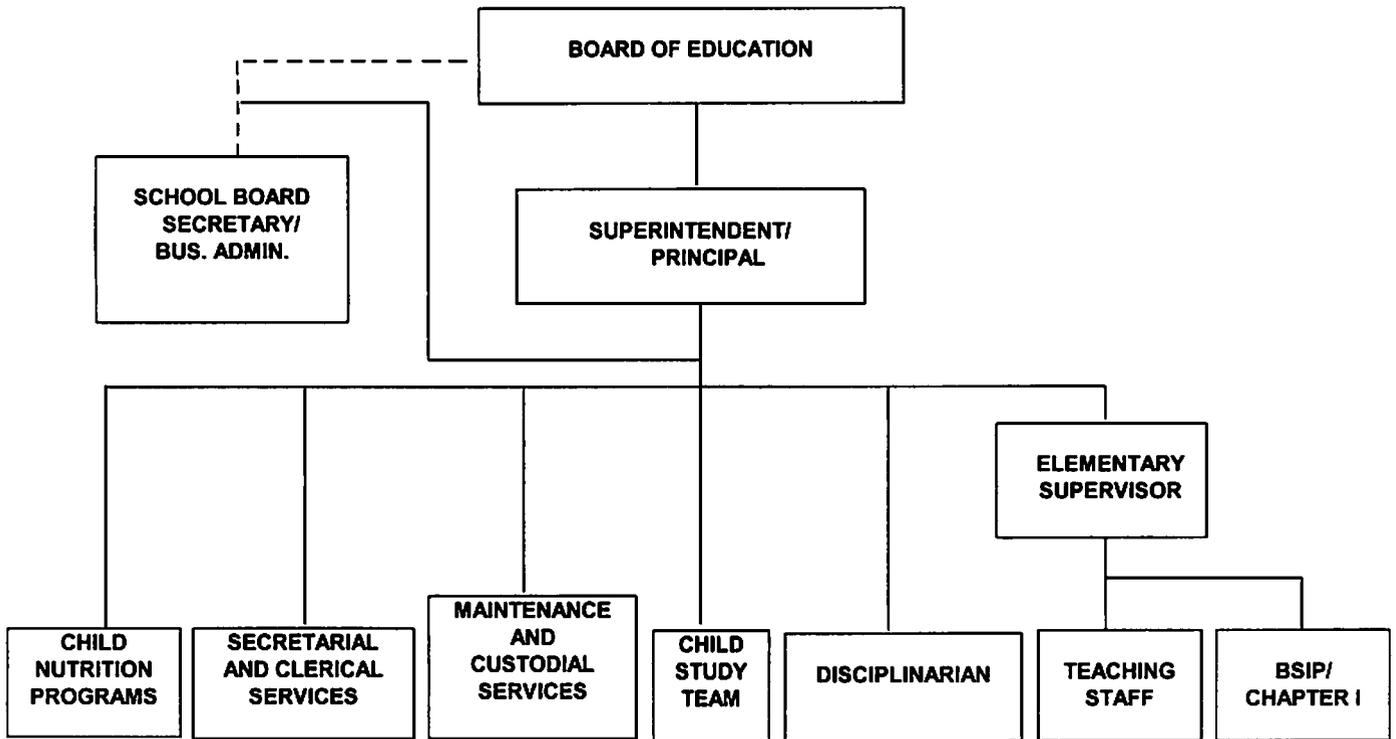
Term Expires

Bruce Darrow, President	2011
Mark Dickerman, Vice President	2010
Jane Barcklow	2011
Tracy Farrow	2010
Micheal Gillen	2009
Lisa Hirst	2009
Robert Wentzel	2009

Other Officials:

Dr. John Kellmayer, Superintendent
Mary Ellen Glaser, Business Administrator/Board Secretary
Maria Branson, Treasurer
Leonard Wood, Esq. Solicitor

BROOKLAWN PUBLIC SCHOOL DISTRICT
Organizational Chart
2/95



**BROOKLAWN SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

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

Attorney

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

Broker of Record

Richard Hardenbergh Insurance Agency
PO Box 1000
Voorhees, NJ 08043

Official Depository

Commerce Bank
Black Horse Pike
Bellmawr, NJ

Financial Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: iscpas@concentric.net

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Brooklawn School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Brooklawn School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Brooklawn School District, in the County of Camden, State of New Jersey, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2008 on our consideration of the Brooklawn School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brooklawn School District's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
July 31, 2008

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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Marlton, New Jersey 08053
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E-Mail: lsepas@concentric.net

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

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

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

We have audited the financial statements of the Board of Education of the Brooklawn School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated July 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

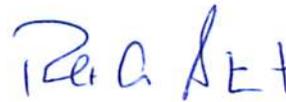
As part of obtaining reasonable assurance about whether the Brooklawn School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

However, we noted certain matters that we reported to the Board of Education of the Brooklawn School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated July 31, 2008.

This report is intended solely for the information and use of management, the Board of Education of the Brooklawn School District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
July 31, 2008

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, 2008**

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, 2008. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$1,680,841 (*net assets*).
- Governmental activities have unrestricted net assets of \$3,887. The accounting treatments in the governmental funds for compensated absences payable, the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this minimal balance.
- The total net assets of the School District decreased by \$245,530, or a 12.7% decrease from the prior fiscal year-end balance. The majority of this decrease is attributable to the reclassification of construction in progress (\$215,803) as operating expenses and not a capital asset.
- Fund balance of the School District's governmental funds decreased by \$129,793 resulting in an ending fund balance of \$537,672.
- Business-type activities have unrestricted net assets of \$56,807 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Services Program and After School Program).
- The School District's long-term obligations decreased by \$65,000 which is the result of current year payments on existing debt obligations.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued interest expense on long-term debt, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2008. 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 2008.

The assets of the primary government activities exceeded liabilities by \$1,680,841 with an unrestricted balance of \$60,694. The net assets of the primary government do not include internal balances. As mentioned earlier, deficit unrestricted net assets are primarily due to the accounting treatment for compensated absences payable, accrued interest expense and the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance. Therefore, this minimal balance alone does not indicate that the district is facing financial difficulties.

A net investment of \$1,194,578 in land, improvements, buildings and equipment which provide the services to the School District's 308 public school students, represents most of the School District's net assets. Net assets of \$425,569 have been restricted as follows:

Future budget appropriation	\$ 23,540
Future tuition payment	150,000
Capital projects	164,238
2008/09 budget appropriation	87,264
Debt service	528

**Brooklawn School District
Comparative Summary of Net Assets
As of June 30, 2008 and 2007**

	Governmental Activities		Business-Type Activities		District-Wide	
	2008	2007	2008	2007	2008	2007
Assets:						
Current assets	\$ 661,497	\$ 1,043,113	\$ 58,852	\$ 35,743	\$ 720,349	\$ 1,078,856
Capital assets	2,912,807	3,200,354	13,771	14,064	2,926,578	3,214,418
Total assets	3,574,304	4,243,367	72,623	49,807	3,646,927	4,293,274
Liabilities:						
Current Liabilities	203,358	379,681	2,045	225	205,403	379,906
Noncurrent Liabilities	1,760,683	1,986,997			1,760,683	1,986,997
Total liabilities	1,964,041	2,366,678	2,045	225	1,966,086	2,366,903
Net assets	\$ 1,610,263	\$ 1,876,789	\$ 70,578	\$ 49,582	\$ 1,680,841	\$ 1,926,371
Net assets consist of:						
Invested in capital assets, net of related debt	\$ 1,180,807	\$ 1,403,354	\$ 13,771	\$ 14,064	\$ 1,194,578	\$ 1,417,418
Restricted net assets	425,569	542,588			425,569	578,106
Unrestricted net assets (deficit)	3,887	(69,153)	56,807	35,518	60,694	(33,635)
Net assets	\$ 1,610,263	\$ 1,876,789	\$ 70,578	\$ 49,582	\$ 1,680,841	\$ 1,926,371

Governmental Activities

Governmental activities decreased the net assets of the School District by \$266,526 during the current fiscal year. Key elements of the decrease in net assets for governmental activities are as follows:

- Long-term debt obligations were reduced \$65,000 through the budget process.
- The school district completed its capital program during the fiscal year and reclassified \$215,803 of construction in progress costs as operating expenses.

Business-type Activities

- Business-type activities increased the School District's net assets by \$20,996. All of the increase came from the after school program

Brooklawn School District Comparative Schedule of Changes in Net Assets As of and for the Fiscal Year Ended June 30, 2008 and 2007

	Governmental Activities		Business-Type Activities		District-Wide	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues						
Charges for services			\$ 61,554	\$ 47,641	\$ 61,554	\$ 47,641
Operating grants and Contributions						
	\$ 885,248	\$ 904,422	47,069	43,969	932,317	948,391
General Revenues:						
Property Taxes	1,158,805	1,169,896			1,158,805	1,169,896
State Aid	2,765,267	2,703,912			2,765,267	2,703,912
Other Revenues	54,577	174,489	1,225	223	55,802	174,712
Total Revenues	4,863,897	4,953,019	109,848	91,833	4,973,745	5,044,852
Expenses:						
Governmental Activities:						
Instruction	1,819,205	2,016,152			1,819,205	2,016,152
Tuition	805,380	635,315			805,380	635,315
Related Services	371,913	333,682			371,913	333,682
Administrative Services						
	331,093	359,556			331,093	359,556
Operations and Maintenance						
	256,021	226,990			256,021	226,990
Transportation	77,269	44,244			77,269	44,244
Unallocated benefits	1,101,140	990,191			1,819,205	990,191

Interest on long-term						
Debt	87,309	113,369			87,309	113,369
Other	32,496	31,514			32,496	31,514
Business-Type Activities:						
Food Service Operations			96,626	87,655	96,626	87,655
After School Program			25,020	12,819	25,020	12,819
Total Expenses	<u>4,881,826</u>	<u>4,751,013</u>	<u>121,646</u>	<u>100,494</u>	<u>5,003,472</u>	<u>4,851,487</u>
Increase (Decrease) in Net						
Assets Before transfers	(17,929)	202,006	(11,798)	(8,641)	(29,727)	193,365
Transfers	(32,794)	(17,299)	32,794	17,299		
Reclassifications	<u>(215,803)</u>				<u>(215,803)</u>	
Changes in net assets	(266,526)	184,707	20,996	8,658	(245,530)	193,365
Net assets, July 1,	<u>1,876,789</u>	<u>1,692,082</u>	<u>49,582</u>	<u>40,924</u>	<u>1,926,371</u>	<u>1,733,006</u>
Net assets, June 30,	<u>\$ 1,610,263</u>	<u>\$ 1,876,789</u>	<u>\$ 70,578</u>	<u>\$ 49,582</u>	<u>\$ 1,680,841</u>	<u>\$ 1,926,371</u>

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 \$537,672, a decrease of \$129,793 in comparison with the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of an unreserved fund balance for the General Fund of \$122,072 and an unreserved deficit fund balance of \$9,969 for the Special Revenue Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as follows: 1) appropriated as a revenue source in the subsequent year's budget (\$87,264), 2) reserved for future tuition adjustment payments (\$150,000), 3) reserved for future capital projects (\$164,237), 4) reserve for future debt service payments (\$528) and 5) reserved for future budget appropriation in accordance with state statute (\$23,540).

The general fund is the chief operating fund of the School District. As discussed earlier, the minimal balance in the unreserved fund balance is due, primarily, to the accounting treatment of the last state aid payment 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 unrestricted fund balance.

The special revenue fund reflects a deficit fund balance of \$9,969, as a result of the accounting treatment for the last state aid payment. See the notes to the basic financial statements for further clarification of this treatment. Revenue is generally recognized at

the time that the outlays are identified; therefore no fund balances are normally generated in the special revenue fund.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$16,993, or an increase of .43%. This increase to the budget represents prior year encumbrances that rolled over to the current year for spending purposes (\$10,166) and additional state aid allotments of \$6,827.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$250,000, while total fund balance (budgetary basis) was \$510,805. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$4,284,486. Unreserved fund balance (budgetary basis) represents 5.83% of expenditures while total fund balance (budgetary basis) represents 11.92% 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, 2008, totaled \$2,926,578 (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 \$73,199, or a 2.4% decrease.

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

- Depreciation expense for the current fiscal year was \$73,199.
- Construction in progress costs of \$216,965 were reclassified as operating costs during the current fiscal year.

Capital Asset (net of accumulated depreciation) June 30, 2008 and 2007

	Governmental Activities		Business-Type Activities		District-Wide	
	2008	2007	2008	2007	2008	2007
Land	\$ 38,000	\$ 38,000			\$ 38,000	\$ 38,000
Construction in Progress						
Site Improvements	86,868	94,130			86,868	94,130
Buildings and Building Improvements	2,658,380	2,711,771			2,658,380	2,711,771
Equipment	129,559	140,650	\$ 13,771	\$ 15,226	143,330	155,876
Net assets	<u>\$ 2,912,807</u>	<u>\$ 2,984,551</u>	<u>\$ 13,771</u>	<u>\$ 15,226</u>	<u>\$ 2,926,578</u>	<u>\$ 2,999,777</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 4) of this report.

Long-term debt – During the fiscal year ended June 30, 2008, the School District had total bonded debt outstanding of \$1,732,000 backed by the full faith and credit of the School District.

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

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

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$3,576,794 and the legal debt margin was \$1,844,794.

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 2008-09 fiscal year.

- For the 2008-2009 fiscal year the School District received an increase in state aid of 32.96% over the previous year. Of the increase, the school district budgeted \$344,657 for tax relief.
- Salaries, based on the contractual agreements, will increase by just about 5%, while health care costs will increase by 10%. These two line items together account for over 80% of the budget.
- The Board of Education continues to examine its budgetary requirements in conjunction with the economic factors of the community in an effort to prevent 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, Mary Ellen Glaser, Business Administrator, 301 Haakon Avenue, Brooklawn, New Jersey, 08030, telephone number (856) 456-4039.

Basic Financial Statements

District-Wide Financial Statements

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

BROOKLAWN SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 209,018	\$ 57,426	\$ 266,444
Receivables, net	435,774	1,426	437,200
Deferred bond issuance costs - net	16,705		16,705
Capital assets, net	<u>2,912,807</u>	<u>13,771</u>	<u>2,926,578</u>
Total Assets	<u>3,574,304</u>	<u>72,623</u>	<u>3,646,927</u>
LIABILITIES:			
Accounts payable	107,120	1,820	108,940
Deferred revenue		225	225
Accrued interest payable	21,238		21,238
Noncurrent Liabilities (Note 6):			
Due within one year	75,000		75,000
Due beyond one year	<u>1,760,683</u>		<u>1,760,683</u>
Total Liabilities	<u>1,964,041</u>	<u>2,045</u>	<u>1,966,086</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1,180,807	13,771	1,194,578
Restricted for:			
Capital projects	164,237		164,237
Debt service	528		528
Other purposes	260,804		260,804
Unrestricted	<u>3,887</u>	<u>56,807</u>	<u>60,694</u>
Total Net Assets	<u>\$ 1,610,263</u>	<u>\$ 70,578</u>	<u>\$ 1,680,841</u>

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

BROOKLAWN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,562,898		\$ 418,586		\$ (1,144,312)		\$ (1,144,312)
Special Education	226,780				(226,780)		(226,780)
Other instruction	29,527				(29,527)		(29,527)
Support Services:							
Tuition	805,380				(805,380)		(805,380)
Student & instruction related services	371,913		66,551		(305,362)		(305,362)
General administrative services	166,962				(166,962)		(166,962)
School administrative services	12,869				(12,869)		(12,869)
Central services	151,262				(151,262)		(151,262)
Plant operations and maintenance	256,021				(256,021)		(256,021)
Pupil transportation	77,269				(77,269)		(77,269)
Unallocated employee benefits	1,101,140		400,111		(701,029)		(701,029)
Interest on long-term debt	87,309				(87,309)		(87,309)
Unallocated depreciation and amortization	32,496				(32,496)		(32,496)
Total Governmental Activities	4,881,826		885,248		(3,996,578)		(3,996,578)
Business-Type Activities:							
Food service	96,626	\$ 16,309	47,069			\$ (33,248)	(33,248)
After school program	25,020	45,245				20,225	20,225
Total Business-Type Activities	121,646	61,554	47,069			(13,023)	(13,023)
Total Primary Government	\$ 5,003,472	\$ 61,554	\$ 932,317	\$ -	(3,996,578)	(13,023)	(4,009,601)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					1,017,497		1,017,497
Taxes levied for debt service					141,308		141,308
Federal and State aid not restricted					2,747,301		2,747,301
State aid restricted for capital projects					17,966		17,966
Miscellaneous Income					54,577	1,225	55,802
Transfers					(32,794)	32,794	
Total general revenues, special items, extraordinary items and transfers					3,945,855	34,019	3,979,874
Change in Net Assets					(50,723)	20,996	(29,727)
Net Assets - July 1, 2007					1,876,789	49,582	1,926,371
Reclassification of construction in progress					(215,803)		(215,803)
Net Assets - June 30, 2008					\$ 1,610,263	\$ 70,578	\$ 1,680,841

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

Fund Financial Statements

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

BROOKLAWN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2008

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 447,945	\$ (10,246)	\$ (229,209)	\$ 528	\$ 209,018
Receivables, net	21,184	21,145	\$ 393,445		435,774
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 469,129</u>	<u>\$ 10,899</u>	<u>\$ 164,236</u>	<u>\$ 528</u>	<u>\$ 644,792</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 86,252	\$ 20,868			107,120
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>86,252</u>	<u>20,868</u>	<hr/>	<hr/>	<u>107,120</u>
Fund Balances:					
Reserved for:					
Capital projects	1		164,236		164,237
Future tuition payments	150,000				150,000
Excess surplus	23,540				23,540
Unreserved	122,072	(9,969)		\$ 528	112,631
Unreserved - designated for subsequent year's expenditures	87,264				87,264
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>382,877</u>	<u>(9,969)</u>	<u>164,236</u>	<u>528</u>	<u>537,672</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 469,129</u>	<u>\$ 10,899</u>	<u>\$ 164,236</u>	<u>\$ 528</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,076,355.00 and the accumulated depreciation is \$1,163,548.	2,912,807
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.	16,705
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
General Obligation Bonds	\$ (1,732,000)
Accrued Interest Payable	(21,238)
Compensated Absences Payable	<u>(103,683)</u>
	<u>(1,856,921)</u>
Net assets of governmental activities	<u>\$ 1,610,263</u>

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

BROOKLAWN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 1,017,497			\$ 141,308	\$ 1,158,805
Miscellaneous	52,242	\$ 500	\$ 1,835		54,577
Total local sources	1,069,739	500	1,835	141,308	1,213,382
State sources	3,147,412	297,820	17,966		3,463,198
Federal sources		181,732			181,732
Total Revenues	4,217,151	480,052	19,801	141,308	4,858,312
EXPENDITURES:					
Current expense:					
Regular instruction	1,163,999	418,586			1,582,585
Special education instruction	226,780				226,780
Other instruction	29,527				29,527
Support services and undistributed costs:					
Tuition	805,380				805,380
Student & instruction related services	305,362	66,551			371,913
General administrative services	166,962				166,962
School administrative services	12,869				12,869
Central services	141,012				141,012
Plant operations and maintenance	254,186				254,186
Pupil transportation	77,269				77,269
Unallocated employee benefits	1,101,140				1,101,140
Capital outlay		4,884	27,710		32,594
Debt service:					
Principal				65,000	65,000
Interest and other charges				88,094	88,094
Total Expenditures	4,284,486	490,021	27,710	153,094	4,955,311
Excess (Deficiency) of Revenues over (under) Expenditures	(67,335)	(9,969)	(7,909)	(11,786)	(96,999)
Other Financing Sources (Uses):					
Transfers in				1,835	1,835
Transfers out	(32,794)		(1,835)		(34,629)
Total Other Financing Sources (Uses)	(32,794)		(1,835)	1,835	(32,794)
Net Change in Fund Balances	(100,129)	(9,969)	(9,744)	(9,951)	(129,793)
Fund Balances - July 1, 2007	483,006		173,980	10,479	667,465
Fund Balances - June 30, 2008	\$ 382,877	\$ (9,969)	\$ 164,236	\$ 528	\$ 537,672

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, 2008

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (129,793)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in the governmental funds as expenditures. However, on 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 fiscal year.</p>		
Depreciation expense	\$ (102,503)	
Reclassification of construction in progress	(215,803)	
Fixed assets additions	30,759	(287,547)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
General Obligation Bonds		65,000
<p>Bond issuance costs are reported in the governmental fund as expenditures in year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.</p>		
		(1,285)
<p>Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Increase in Accrued Interest Payable	785	
Increase in Compensated Absences	86,314	
		87,099
Change in Net Assets of Governmental Activities		\$ (266,526)

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

BROOKLAWN SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	After School Program	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 1,391	\$ 56,035	\$ 57,426
Intergovernmental receivables:			
State	60		60
Federal	1,366		1,366
Other			
Total current assets	<u>2,817</u>	<u>56,035</u>	<u>58,852</u>
Noncurrent assets:			
Machinery and equipment (net of accumulated depreciation)	13,771		13,771
Total noncurrent assets	<u>13,771</u>		<u>13,771</u>
Total Assets	<u>16,588</u>	<u>56,035</u>	<u>72,623</u>
LIABILITIES:			
Current Liabilities:			
Deferred Revenue		225	225
Accounts Payable	1,535	285	1,820
Total current liabilities	<u>1,535</u>	<u>510</u>	<u>2,045</u>
NET ASSETS:			
Invested in capital assets	13,771		13,771
Unrestricted	1,282	55,525	56,807
Total Net Assets	<u>\$ 15,053</u>	<u>\$ 55,525</u>	<u>\$ 70,578</u>

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

BROOKLAWN SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	After School Program	Totals
Operating Revenues:			
Charges for Services:			
Daily sales:			
Reimbursable programs	\$ 15,251		\$ 15,251
Non-reimbursable programs	1,058		1,058
Program fees		\$ 45,245	45,245
Total Operating Revenue	<u>16,309</u>	<u>45,245</u>	<u>61,554</u>
Operating Expenses:			
Salaries and fringe benefits	39,380	17,770	57,150
Depreciation	2,227		2,227
Supplies and materials	953	7,250	8,203
Cost of sales	54,066		54,066
Total Operating Expenses	<u>96,626</u>	<u>25,020</u>	<u>121,646</u>
Operating Income (Loss)	<u>(80,317)</u>	<u>20,225</u>	<u>(60,092)</u>
Non-Operating Revenues:			
State sources:			
State school lunch program	2,024		2,024
Federal sources:			
National school lunch program	45,045		45,045
Other sources			
Interest earned on investments		1,225	1,225
Total Non-Operating Revenues	<u>47,069</u>	<u>1,225</u>	<u>48,294</u>
Income (Loss) before Contributions and Transfers	(33,248)	21,450	(11,798)
Operating Transfer In	<u>32,794</u>		<u>32,794</u>
Changes in Net Assets	(454)	21,450	20,996
Net Assets - July 1, 2007	<u>15,507</u>	<u>34,075</u>	<u>49,582</u>
Net Assets - June 30, 2008	<u>\$ 15,053</u>	<u>\$ 55,525</u>	<u>\$ 70,578</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, 2008

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	After School Program	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 16,309	\$ 45,245	\$ 61,554
Cash payments to employees for services	(39,380)	(17,770)	(57,150)
Cash payments to suppliers for goods and services	(53,484)	(6,857)	(60,341)
Net Cash Provided by (used for) Operating Activities	(76,555)	20,618	(55,937)
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	2,028		2,028
Cash received from federal sources	45,059		45,059
Operating transfer in	32,794		32,794
Net Cash Provided by (used for) Noncapital Financing Activities	79,881		79,881
Cash Flows Used by Capital and Related Financing Activities:			
Purchase of Equipment	(1,935)		
Cash Flow Provided by Investing Activities:			
Interest on Cash Equivalents		1,225	1,225
Net Increase (Decrease) in Cash and Cash Equivalents	1,391	21,843	25,169
Cash and Cash Equivalents - July 1, 2007		34,192	34,192
Cash and Cash Equivalents - June 30, 2008	<u>\$ 1,391</u>	<u>\$ 56,035</u>	<u>\$ 59,361</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Operating Income (Loss)	\$ (80,317)	\$ 20,225	\$ (60,092)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (used for) Operating Activities:			
Depreciation	2,227		2,227
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable		108	108
Increase (decrease) in accounts payable	1,535	285	1,820
Net Cash Provided by (used for) Operating Activities	<u>\$ (76,555)</u>	<u>\$ 20,618</u>	<u>\$ (55,937)</u>

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

BROOKLAWN SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Trust Funds			Agency Funds
	Unemployment Compensation Trust	Private Purpose		
		Flowers Memorial Fund	Other Trust Funds	
ASSETS:				
Cash and cash equivalents	\$ 4,196	\$ 79,141	\$ 27,050	\$ 53,647
Total Assets	<u>4,196</u>	<u>79,141</u>	<u>27,050</u>	<u>\$ 53,647</u>
LIABILITIES:				
Payroll deductions and withholdings				\$ 19,710
Interfund payable				9,216
Due to student groups				<u>24,721</u>
Total Liabilities				<u>\$ 53,647</u>
NET ASSETS:				
Held in trust for unemployment claims and other purposes	<u>\$ 4,196</u>			
Reserved for scholarships		<u>\$ 79,141</u>	<u>\$ 27,050</u>	

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

BROOKLAWN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose</u>	
		<u>Flowers Memorial Fund</u>	<u>Other Funds</u>
ADDITIONS:			
Contributions:			
Employee			
Donations			
Total Contributions			
Investment earnings:			
Interest	\$ 28	\$ 3,396	\$ 800
Excess unemployment deductions	3,625		
Net investment earnings	<u>3,653</u>	<u>3,396</u>	<u>800</u>
Total Additions	<u>3,653</u>	<u>3,396</u>	<u>800</u>
DEDUCTIONS:			
Unemployment claims			
Scholarships awarded			
Total Deductions			
Change in Net Assets	3,653	3,396	800
Net Assets - July 1, 2007	<u>1,256</u>	<u>75,745</u>	<u>26,250</u>
Net Assets - June 30, 2008	<u>\$ 4,909</u>	<u>\$ 79,141</u>	<u>\$ 27,050</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, 2008**

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Description of Reporting Entity

The Borough of Brooklawn School District (School District) is a Type II school district located in the County of Camden, State of New Jersey and covers an area of approximately one square mile. As a Type II school district, it functions independently through a Board of Education. The Board 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 all of Brooklawn's students in grades K through 8. Student 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, 2008 of 308 students.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the *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. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

The School District's basic financial statements consists of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements - The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. Elimination's have been made to minimize the double counting of internal activities. 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 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.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Fund Accounting

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 noninstructional 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 states that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

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

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

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

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

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 – These funds are used to account for operations that are financed 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 major 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 Fund - This fund accounts for the financial transactions pertaining to the before and after school program operations of the School District.

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

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

Equipment	12 Years
Light Trucks and Vehicles	4 Years

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

Measurement Focus

District-wide Financial Statements - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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 Balance 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 district-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

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

Basis of Accounting

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

Revenues - Exchange and Nonexchange 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within thirty days of fiscal year end.

Nonexchange 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 the 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 year when the resources are required to be used or the 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. The restricted formula aids (i.e. Demonstrably Effective Program Aid and Early Childhood Program Aid) are recorded in the special revenue fund in accordance with the Audit Program promulgated by the New Jersey Department of Education which requires that these grants be realized in an amount equal to program expenditures.

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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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 deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(g)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-2.3.

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 last state aid payment for budgetary purposes only and the special revenue fund, as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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 and C-2, 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 last state aid payment.

Encumbrance Accounting

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

Open encumbrances in the special revenue fund, for which the School District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

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 units shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, 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.

The School District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act.

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, 2008 and 2006 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Inventories

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.

There are no inventories in the proprietary fund types as meals are purchased directly from the Stratford School District.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as amended) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Prepaid expenses recorded on the district-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2008.

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

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are presented as Interfunds Receivable and/or Interfunds Payable.

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include bond proceeds to be used for capital construction and amounts set-aside to create a reserve for future capital projects.

Deferred Charges

On the District-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. In governmental funds, these costs are reported as expenditures when the related liability is incurred.

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 District-wide Statement of Net Assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the district-wide Statement of Net Assets and the Proprietary Fund Statement of Net Assets. .

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

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

<u>Asset Class</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business -Type Activities Estimated Lives</u>
Site Improvements	20 years	N/A
School Buildings	50 years	N/A
Building Improvements	50 years	N/A
Machinery and Equipment	5-20 years	12 years

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". 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 district-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.

School District employees are granted vacation and sick leave in varying amounts in accordance with the School District's personnel policies. 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 or permanent disability, full-time employees who qualify shall be paid by the School District for unused sick leave in accordance with the School District's agreement or personnel policy.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to employees. As of June 30, 2008, the liability for compensated absences in the governmental fund types was \$103,683 and no liability existed in the proprietary fund types.

Deferred Revenue

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

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the district-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, contractually required pension contributions, special termination benefits and compensated absences 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.

Net Assets

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

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, legally restricted appropriations, excess surplus and capital reserve program.

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 food service and tuition for the before and after school program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

Interfund Activity

Transfers between governmental and business-type activities on the district-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are presented on the financial statements.

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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

3. CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Custodial credit is the risk that, in the event of a bank failure, the School District’s deposits may not be returned to it. The School District’s formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41 et seq. and requires that the School District deposit all public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA), as described in Note 1. As of June 30, 2008 the School District’s bank balance of \$506,108.66 was insured or collateralized as follows:

Insured by depository insurance	\$	200,000.00
Collateralized under GUDPA		<u>306,108.66</u>
	\$	<u>506,108.66</u>

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2008</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 38,000			\$ 38,000
Construction in progress				
Total capital assets, not being Depreciated	<u>38,000</u>			<u>38,000</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements	129,833			129,833
Building and Building Improvements	3,259,231	\$ 25,875		3,285,106
Equipment	618,532	4,884		623,416
Totals at historical cost	<u>4,007,596</u>	<u>30,759</u>		<u>4,038,355</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(35,703)	(7,262)		(42,965)
Building and Building Improvements	(547,460)	(79,266)		(626,726)
Equipment	(477,882)	(15,975)		(493,857)
Totals accumulated depreciation	<u>(1,061,045)</u>	<u>(102,503)</u>		<u>(1,163,548)</u>
Total Capital Assets, being depreciated, net	<u>2,946,551</u>	<u>(71,744)</u>		<u>2,874,807</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,984,551</u>	<u>\$ (71,744)</u>	<u>\$ 0</u>	<u>\$ 2,912,807</u>
 <u>Business-Type Activities:</u>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 27,908			\$ 27,908
Less accumulated depreciation	<u>(12,682)</u>	<u>\$ (1,455)</u>		<u>(14,137)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 15,226</u>	<u>\$ (1,455)</u>	<u>\$ 0</u>	<u>\$ 13,771</u>

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

4. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$102,503 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 66,627
Central Administration	10,250
Unallocated	25,626
Total depreciation expense	\$ 102,503

5. RECEIVABLES

Receivables at June 30, 2008 consisted of governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units.

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Fund	Total
State Aid	\$ 11,968	\$ 21,145	\$ 393,445	\$ 60	\$ 426,618
Other Governmental Units	9,216				9,216
Federal Aid				1,366	1,366
Total Accounts Receivable	\$ 21,184	\$ 21,145	\$ 393,445	\$ 1,426	\$ 437,200

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2008, the following changes occurred in long-term obligations:

	Principal Outstanding July 1, 2007	Additions	Reductions	Principal Outstanding June 30, 2008	Amounts Due Within One Year
Compensated Absences	\$ 189,997		\$ 86,314	\$ 103,683	
General Obligation Bonds	1,797,000		65,000	1,732,000	\$ 75,000
	\$ 1,986,997	\$ 0	\$ 151,314	\$ 1,835,683	\$ 75,000

Business – Type Activities:

Compensated Absences	-	-	-	-	-
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**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

6. LONG-TERM OBLIGATIONS (Continued)

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

2001 General Obligation Bonds dated March 1, 2001 in the amount of \$1,419,000 due in annual installments through March 1, 2021, bearing interest rate of 4.95%.

2003 General Obligation Bonds dated March 15, 2003 in the amount of \$313,000 due in annual installments through March 15, 2015, bearing interest rate of 4.70 %.

B. Debt Service Requirements

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 75,000	\$ 84,952	\$ 159,952
2010	90,000	81,314	171,314
2011	105,000	76,947	181,947
2012	120,000	71,849	191,849
2013	135,000	66,021	201,021
2014-2018	713,000	225,590	938,590
2019-2021	494,000	49,846	543,846
	<u>\$ 1,732,000</u>	<u>\$ 656,519</u>	<u>\$ 2,388,519</u>

As of June 30, 2008 the School District had no authorized but not issued bonds.

7. OPERATING LEASES

At June 30, 2008, the School District had operating lease agreements in effect for the following:

Copiers
Computers

Total operating lease payments made during the year ended June 30, 2008, and 2007 were \$20,220 and \$20,220 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2009	\$ 20,220
	<u>\$ 20,220</u>
Total future minimum lease payments	<u>\$ 20,220</u>

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

8. PENSION PLANS

Description of Plans - Substantially all of the School District's employees participate in one of the following defined benefit pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits: the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). 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 single-employer contributory defined benefit pension plan which was established on January 1, 1955. 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:6C.

The contribution requirements of plan members are determined by State statute. The full or normal employee contribution rate is 5% of base salary, through June 30, 2007. In accordance with Chapters 92, and 103, P.L. 2007, the TPAF employee contribution rate increased to 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rate – authorized in statute and based on the existence of surplus pension assets in the Teachers' Pension and Annuity Fund; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

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

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) 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. The full or normal employee contribution rate is 5% of base salary, through June 30, 2007. In accordance with Chapters 92, and 103, P.L. 2007, the PERS employee contribution rate increased to 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rate within the parameters of the law.

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 year were as follows:

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2008	\$ 13,911	\$ 10,720	\$ 24,631	\$ 4,926	\$ 19,705
2007	8,614	4,473	13,087	5,235	7,852
2006	6,044	1,662	7,706	4,624	3,082

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

8. PENSION PLANS (Continued)

During the year ended June 30, 2008, the State of New Jersey contributed \$286,494 to the TPAF for normal and post-retirement benefits on behalf of the School District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the School District \$113,617 during the fiscal year ended June 30, 2008 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and 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. As of June 30, 2007 there were 75,860 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of one percent of the active State payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2007.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in Fiscal Year 2007.

10. 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, which are administered by an outside organization, approved by the School District, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The School District has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for these plans. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, are solely the property and rights of the participants and are not subject to claims of the School District's creditors. Accordingly, the plan assets are not reported as a part of these financial statements.

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 and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

11. RISK MANAGEMENT (Continued)

Joint Insurance Pool - The School District is a member of the New Jersey School Alliance Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program. 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 any. 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.

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 years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$ 28	\$ 3,625	\$ 0	\$ 4,909
2006-2007	149	7,146	13,546	1,256
2005-2006	89	0	0	7,507

12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various balance sheets as of June 30, 2008:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 9,216	
Agency Trust Fund		\$ 9,216
	<u>\$ 9,216</u>	<u>\$ 9,216</u>

All interfund balances are expected to be paid or collected within the subsequent year.

13. CONTINGENCIES

The School District participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

The School District is dependent on the State of New Jersey for a substantial portion of its operating funds. Due to funding uncertainties at the State level, funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the School District's future operation is not yet determinable.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

14. 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) and updated annually in the Quality Assurance Annual Report (QAAR). 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 year end 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. 6:26-9.1(d), 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, 2007 to June 30, 2008 fiscal year is as follows:

Balance – July 1, 2007		\$ 1
Increased by:		
Interest earned		
Budgeted Appropriation		
		1
Decreased by:		
Budgeted Withdrawal		0
Balance – June 30, 2008		\$ 1

15. DEFICIT FUND BALANCE

The School District has a deficit fund balance of \$9,969 in the Special Revenue Fund as of June 30, 2008 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, districts must record the last state aid payment as revenue, 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 last state aid payment in the subsequent fiscal year, the School District can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated special revenue fund balance that is reported as a direct result from a delay in the payment 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 fund statements of \$9,969 is equal to or less than the last state aid payment.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

16. FUND BALANCES

Reserved

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of fund balance are summarized below:

Reserved for Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C73 (S1701), the designation of Reserved 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 reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted in their subsequent years' budget. The excess fund balance at June 30, 2008 is \$23,540.

Capital Reserve – The capital reserve account of \$1 was created to reserve funds for future capital outlay expenditures that have been detailed in the District's approved Long Range Facilities Plan.

Tuition Reserve – The tuition reserve of \$150,000 was created to reserve funds for future tuition adjustment payments in accordance with N.J.A.C. 6A:23-3.1(f)(8).

Unreserved

General Fund – Of the \$337,264 unreserved General Fund balance at June 30, 2008, \$87,264 has been appropriated and included as anticipated revenue for the year ending June 30, 2009 and \$250,000 is undesignated.

Debt Service Fund – All of the \$528 unreserved Debt Service Fund is undesignated.

17. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2008, management became aware that certain fixed assets were incorrectly recorded by the School District. A prior period adjustment of \$214,641 to net capital assets has been recorded on the District-wide financial statements. The total effect of the prior period adjustment was to decrease net assets of the governmental activities by \$215,803 and to increase net assets of the business-type activities by \$1,162.

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, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local Tax Levy	\$ 1,017,497		\$ 1,017,497	\$ 1,017,497	
Unrestricted misc. revenues	12,000		12,000	52,242	\$ 40,242
Total local sources	<u>1,029,497</u>		<u>1,029,497</u>	<u>1,069,739</u>	<u>40,242</u>
State sources:					
Core Curriculum Standards Aid	1,387,532		1,387,532	1,387,532	
School Choice aid	731,192		731,192	731,192	
Transportation aid	30,915		30,915	30,915	
Special education aid	250,650		250,650	250,650	
Consolidated aid	39,170		39,170	39,170	
Additional Formula aid	156,444		156,444	156,444	
Above Average Enrollment Growth Aid	80,462		80,462	80,462	
Higher Expectations for Learning Proficiency	31,848		31,848	31,848	
Full-Time Kindergarten Aid	36,462		36,462	36,462	
Teacher mentor aid				5,431	5,431
On-behalf TPAF pension contrib. (non-budgeted)				286,494	286,494
Reimbursed TPAF social security contribution (non-budgeted)				113,617	113,617
Total state sources	<u>2,744,675</u>		<u>2,744,675</u>	<u>3,150,217</u>	<u>405,542</u>
TOTAL REVENUES	<u>3,774,172</u>		<u>3,774,172</u>	<u>4,219,956</u>	<u>445,784</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	16,520	\$ (13,113)	3,407	3,406	1
Kindergarten	63,827	(63,339)	488	488	
Grades 1-5	613,536	(71,808)	541,728	541,727	1
Grades 6-8	388,655	55,132	443,787	443,787	
Regular Programs - Undistributed Instruction:					
Other salaries	84,338	(3,709)	80,629	80,617	12
Purchased professional & educ. svcs.		11,848	11,848	11,848	
Other purchased services	20,220	520	20,740	20,740	
General supplies	45,000	(8,307)	36,693	36,665	28
Textbooks	31,000	(6,183)	24,817	24,721	96
Total - Regular Programs - Instruction	<u>1,263,096</u>	<u>(98,959)</u>	<u>1,164,137</u>	<u>1,163,999</u>	<u>138</u>
Special Education Instruction:					
Resource room/resource center:					
Salaries of teachers	173,257	53,524	226,781	226,780	1
Total resource room/resource center	<u>173,257</u>	<u>53,524</u>	<u>226,781</u>	<u>226,780</u>	<u>1</u>
Total Special Education - Instruction	<u>173,257</u>	<u>53,524</u>	<u>226,781</u>	<u>226,780</u>	<u>1</u>

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, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Cocurricular Act - Instruction:					
Salaries	\$ 8,000	\$ 10,057	\$ 18,057	\$ 14,162	\$ 3,895
Purchased services	5,000	(1,897)	3,103	3,103	
Supplies and materials	2,000	(1,190)	810	806	4
Total school-sponsored cocurr. act. - instruct.	15,000	6,970	21,970	18,071	3,899
School-Sponsored Athletics - Instruction:					
Salaries	8,500	525	9,025	9,025	
Supplies and materials	3,000	50	3,050	2,136	914
Other objects	5,500	(5,205)	295	295	
Total school-sponsored athletics - instruct.	17,000	(4,630)	12,370	11,456	914
Total Instruction	1,468,353	(43,095)	1,425,258	1,420,306	4,952
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	694,439		694,439	694,439	
Tuition to other LEAs within the state - spec	59,496	(22,352)	37,144	37,116	28
Tuition to County Voc. School	17,500	(2,500)	15,000	15,000	
Tuition to CCSD & Regional Day Schools	52,920	(18,440)	34,480	29,272	5,208
Tuition to priv. sch. for the disabled in state	22,216	(13,963)	8,253	8,253	
Tuition - state facilities		22,216	22,216	21,300	916
Total undistributed expenditures - instruction	846,571	(35,039)	811,532	805,380	6,152
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	51,684	1	51,685	49,651	2,034
Purchased professional and technical services	2,720	(2,280)	440	439	1
Supplies and materials	2,390	298	2,688	2,358	330
Total health services	56,794	(1,981)	54,813	52,448	2,365
Other Support Services Student - Related Serv.					
Salaries	50,958	(9,985)	40,973	11,277	29,696
Salaries		1,400	1,400	1,400	
Total other support services student - related serv.	50,958	(8,585)	42,373	12,677	29,696
Other Support Services Student - Special:					
Salaries of other professional staff	20,958	25,300	46,258	40,025	6,233
Salaries of secretarial and clerical assistants	40,386	(24,188)	16,198	11,277	4,921
Purchased professional - educational services	3,000	(3,000)			
Other purchased prof. and technical services	37,780	70,445	108,225	108,225	
Supplies and materials	3,600	(1,900)	1,700	1,643	57
Total other support services student - special	105,724	66,657	172,381	161,170	11,211

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, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of Instructional Services:					
Salaries of supervisors of instruction	\$ 4,722		\$ 4,722	\$ 4,722	
Salaries of secretarial and clerical assistants		\$ 39,121	39,121	39,120	\$ 1
Total improvement of instructional services	4,722	39,121	43,843	43,842	1
Educational Media Services/School Library:					
Salaries	77,641	(55,094)	22,547	22,547	
Purchased professional and technical services	3,500	(2,401)	1,099	1,096	3
Supplies and materials	8,000	1,192	9,192	9,190	2
Total educational media services/school library	89,141	(56,303)	32,838	32,833	5
Improvement of Instructional Staff Training Services:					
Other purchased services	10,000	(6,000)	4,000	2,392	1,608
Total improvement of instructional staff train. serv.	10,000	(6,000)	4,000	2,392	1,608
Support Services - General Administration:					
Salaries	99,458	8,488	107,946	107,946	
Legal services	15,000	1,500	16,500	16,260	240
Audit fees	16,000	(1,600)	14,400	14,400	
Communications / telephone	11,500	2,083	13,583	13,583	
Board of Education other purchased services	1,800	-	1,800	1,321	479
Other purchased services	1,500	1,915	3,415	3,415	
Supplies and materials	1,000	(500)	500	451	49
Board of Education in-house training/meeting supplies	2,000	400	2,400	2,399	1
Miscellaneous expenditures	2,000	545	2,545	2,544	1
Board of Education dues and fees	4,000	655	4,655	4,643	12
Total support services - general administration	154,258	13,486	167,744	166,962	782
Support Services - School Administration:					
Salaries of principals/assistant principals	6,157		6,157	6,157	
Other purchased services	2,100	(1,805)	295	295	
Supplies and materials	2,400	(711)	1,689	1,591	98
Other objects	5,500	(172)	5,328	4,826	502
Total support services - school administration	16,157	(2,688)	13,469	12,869	600
Central services					
Salaries	92,033	(2,650)	89,383	88,942	441
Purchased technical services		5,400	5,400	5,355	45
Miscellaneous purchased services	1,000	(310)	690	610	80
Supplies and materials	2,500	(1,312)	1,188	1,098	90
Miscellaneous expenditures	1,200	(100)	1,100	1,054	46
Total central services	96,733	1,028	97,761	97,059	702

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, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative Information Technology					
Salaries	\$ 31,350	\$ 4,750	\$ 36,100	\$ 36,100	
Purchased technical services	4,000	28	4,028	3,700	\$ 328
Supplies and materials	3,454		3,454	3,376	78
Miscellaneous expenditures	1,000		1,000	777	223
Total administrative information technology	39,804	4,778	44,582	43,953	629
Required Maintenance School Facilities:					
Cleaning, repair and maintenance services	18,000	(3,400)	14,600	14,466	134
Total required maintenance school facilities	18,000	(3,400)	14,600	14,466	134
Other Operation & Maintenance of Plant:					
Salaries	71,995	4,363	76,358	76,358	
Cleaning, repair and maintenance services	1,500	12,409	13,909	13,883	26
Purchased professional & technical services	14,000	924	14,924	14,924	
Other purchased property services	6,000	852	6,852	6,852	
Insurance	13,500	2,400	15,900	15,850	50
General Supplies	20,000	2,636	22,636	22,635	1
Energy (Heat & Electricity)	65,000	23,176	88,176	88,176	
Other objects	1,000	50	1,050	1,042	8
Total other operations & maint. of plant	192,995	46,810	239,805	239,720	85
Total operation & maint. of plant services	210,995	43,410	254,405	254,186	219
Student Transportation Services:					
Contr. serv. (between home & sch) - vendor	17,000	(2,550)	14,450	14,450	
Contr. serv. (not between home & sch) - vendor	18,000	(10,331)	7,669	7,669	
Contr. serv. (between home & sch) - joint agree.	9,500	(4,211)	5,289	5,289	
Contr. serv. (regular students) - ESCs & CTSA's	15,000	34,881	49,881	49,861	20
Contr. serv. (special ed students) - ESCs & CTSA's	10,839	(10,839)			
Total student transportation services	70,339	6,950	77,289	77,269	20
Unallocated Benefits - Employee Benefits:					
Social security contributions	35,000	4,872	39,872	39,871	1
Other retirement contributions - regular	10,000	9,844	19,844	19,749	95
Workmen's compensation	26,000	(368)	25,632	25,632	
Health benefits	521,298	(12,921)	508,377	508,376	1
Tuition reimbursement	5,000	2,200	7,200	7,136	64
Other employee benefits	108,729	(8,373)	100,356	100,265	91
Total unallocated benefits - employee benefits	706,027	(4,746)	701,281	701,029	252
On-behalf TPAF pension contr. (non-budgeted)				286,494	(286,494)
Reimbursed TPAF social security contr. (non-budgeted)				113,617	(113,617)
Total Undistributed Expenditures	2,458,723	60,088	2,518,811	2,864,180	(345,369)
Total General Current Expense	3,927,076	16,993	3,944,069	4,284,486	(340,417)

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

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

(Continued from prior page)	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
TOTAL EXPENDITURES	\$ 3,927,076	\$ 16,993	\$ 3,944,069	\$ 4,284,486	\$ (340,417)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(152,904)	(16,993)	(169,897)	(64,530)	786,201
Other Financing Sources:					
Operating transfers out	<u>(32,794)</u>	<u> </u>	<u>(32,794)</u>	<u>(32,794)</u>	<u> </u>
Total Other Financing Sources	<u>(32,794)</u>	<u> </u>	<u>(32,794)</u>	<u>(32,794)</u>	<u> </u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(185,698)	(16,993)	(202,691)	(97,324)	786,201
Fund Balance - July 1, 2007	<u>608,129</u>	<u> </u>	<u>608,129</u>	<u>608,129</u>	<u> </u>
Fund Balance - June 30, 2008	<u><u>\$ 422,431</u></u>	<u><u>\$ (16,993)</u></u>	<u><u>\$ 405,438</u></u>	<u><u>\$ 510,805</u></u>	<u><u>\$ 786,201</u></u>
Recapitulation:					
Capital Reserve				\$ 1	
Reserve for Future Tuition Payments				150,000	
Reserve for Excess Surplus				23,540	
Unreserved:					
Undesignated				250,000	
Designated for Subsequent Year's Expenditures				<u>87,264</u>	
				510,805	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(127,928)</u>	
Fund Balance per Governmental Funds (GAAP)				<u><u>\$ 382,877</u></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, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources	\$ 500		\$ 500	\$ 500	
State sources	307,789		307,789	307,789	
Federal sources	181,732		181,732	181,732	
Total Revenues	<u>490,021</u>		<u>490,021</u>	<u>490,021</u>	
EXPENDITURES:					
Instruction:					
Salaries of teachers	223,353		223,353	223,353	
Other salaries for instruction	23,221		23,221	23,221	
Purchased prof. - technical services	5,622		5,622	5,622	
Tuition	92,706		92,706	92,706	
General supplies	37,741		37,741	37,741	
Textbooks	35,943		35,943	35,943	
Other objects					
Total Instruction	<u>418,586</u>		<u>418,586</u>	<u>418,586</u>	
Support Services:					
Salaries of supervisor of instruction	31,748		31,748	31,748	
Salaries of secretarial and clerical assistants	1,000		1,000	1,000	
Personal services - employee benefits	33,803		33,803	33,803	
Supplies and materials					
Total Support Services	<u>66,551</u>		<u>66,551</u>	<u>66,551</u>	
Facilities Acq. and Const. Services - instructional equipment					
Instructional Equipment	4,884		4,884	4,884	
Total Expenditures	<u>490,021</u>		<u>490,021</u>	<u>490,021</u>	
Total Outflows	<u>490,021</u>		<u>490,021</u>	<u>490,021</u>	
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

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

BROOKLAWN SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2008

**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	\$ 4,219,956	\$ 490,021
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances		
Current Year Encumbrances		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	125,123	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(127,928)	(9,969)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 4,217,151</u>	<u>\$ 480,052</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,284,486	\$ 490,021
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.		
Prior Year Encumbrances		
Current Year Encumbrances		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,284,486</u>	<u>\$ 490,021</u>

Other Supplementary Information

**Special Revenue Fund
Detail Statements**

The Special Revenue Fund is used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific purposes.

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year ended June 30, 2008

	Total Other Prog. (See E-1A)	Total Other Prog. (See E-1B)	Totals
REVENUES:			
Local sources	\$ 500		\$ 500
State sources	307,789		307,789
Federal sources	75,467	\$ 106,265	181,732
Total Revenues	383,756	106,265	490,021
EXPENDITURES:			
Instruction:			
Salaries of teachers	214,036	9,317	223,353
Other salaries for instruction	23,221		23,221
Other purchased prof. - technical services	3,773	1,849	5,622
Tuition		92,706	92,706
General supplies	37,514	227	37,741
Textbooks	35,943		35,943
Other objects			-
Total Instruction	314,487	104,099	418,586
Support Services:			
Salaries of supervisor of instruction	31,698	50	31,748
Salaries of secretarial and clerical assistants	1,000		1,000
Personal services - employee benefits	31,687	2,116	33,803
Supplies and materials			-
Total Support Services	64,385	2,166	66,551
Facilities acq. and construction services			
Instructional equipment	4,884		4,884
Total Program Administration	4,884	-	4,884
Total Expenditures	383,756	106,265	490,021
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year ended June 30, 2008

	<u>Title II A</u>	<u>Title II D</u>	<u>Title IV</u>	<u>Title V</u>	<u>IDEA Part B Basic</u>	<u>IDEA Preschool</u>	<u>Total</u>
REVENUES:							
State sources							
Federal sources	\$ 10,299	\$ 549	\$ 2,065	\$ 646	\$ 89,331	\$ 3,375	\$ 106,265
Total Revenues	<u>10,299</u>	<u>549</u>	<u>2,065</u>	<u>646</u>	<u>89,331</u>	<u>3,375</u>	<u>106,265</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	8,300		500	517			9,317
Purchased prof. - tech. services		549	1,300				1,849
Tuition					89,331	3,375	92,706
General supplies			227				227
Total Instruction	<u>8,300</u>	<u>549</u>	<u>2,027</u>	<u>517</u>	<u>89,331</u>	<u>3,375</u>	<u>104,099</u>
Support Services:							
Salaries of supervisor of instruction	50						50
Personal services-employee benefits	1,949		38	129			2,116
							-
Total support Services	<u>1,999</u>		<u>38</u>	<u>129</u>			<u>2,166</u>
Program Administration:							
Salaries of supervisor of instruction							-
Total Program Administration	<u>-</u>						<u>-</u>
Total Expenditures	<u>10,299</u>	<u>549</u>	<u>2,065</u>	<u>646</u>	<u>89,331</u>	<u>3,375</u>	<u>106,265</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Statement of Demonstrably Effective Program Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2008

SCHOOL: Alice Costello

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Other salaries for instruction	\$ 37,756	\$ 37,756	_____
Total Instruction	<u>37,756</u>	<u>37,756</u>	_____
Support Services:			
Salaries of supervisor of instruction	26,931	26,931	_____
Personal services - employee benefits	10,196	10,196	_____
Total support services	<u>37,127</u>	<u>37,127</u>	_____
Facilities acq. and constr. services:			
Instructional equipment	4,884	4,884	_____
Total Expenditures	<u>\$ 79,767</u>	<u>\$ 79,767</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2007-2008 Demonstrably Effective Program Aid Allocation	\$ 77,469
Add: Actual Demonstrably Effective Program Aid Carryover (June 30, 2007)	2,298
Add: Prior Year Accounts Payable Canceled	_____
Total Demonstrably Effective Program Aid available for 2007-2008 budget	<u>79,767</u>
Less: 2007-2008 Budgeted Demonstrably Effective Program Aid (including prior year budgeted carryover)	<u>(79,767)</u>
Available & Unbudgeted DEPA Funds as of June 30, 2008	-
Add: June 30, 2008 Unexpended DEPA	_____
2007-2008 Actual Carryover - DEPA	<u>\$ -</u>
2007-2008 DEPA Carryover Budgeted in 2008-2009	<u>\$ -</u>

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Statement of Early Childhood Program Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2008

TOTAL - DISTRICT WIDE

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 65,776	\$ 65,776	
Other salaries for instruction	17,721	17,721	
Supplies and materials	35,493	35,493	
Textbooks	12,116	12,116	
	<u> </u>	<u> </u>	<u> </u>
Total Instruction	<u>131,106</u>	<u>131,106</u>	<u> </u>
Support Services:			
Personal services - employee benefits	<u>12,301</u>	<u>12,301</u>	<u> </u>
Total support services	<u>12,301</u>	<u>12,301</u>	<u> </u>
Total Expenditures	<u>\$ 143,407</u>	<u>\$ 143,407</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2007-2008 Early Childhood Program Aid Allocation	\$ 121,914
Add: Actual Early Childhood Program Aid Carryover (June 30, 2007)	<u>21,493</u>
Total Early Childhood Program Aid available for 2007-2008 budget	143,407
Less: 2007-2008 Budgeted Early Childhood Program Aid (including prior year budgeted carryover)	<u>(143,407)</u>
Available & Unbudgeted ECPA Funds as of June 30, 2008	-
Add: June 30, 2008 Unexpended ECPA	<u>-</u>
2007-2008 Actual Carryover - ECPA	<u>\$ -</u>
2007-2008 ECPA Carryover Budgeted in 2008-2009	<u>\$ -</u>

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Statement of Early Childhood Program Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2008

TOTAL - PRESCHOOL.

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 22,539	\$ 22,539	
Other salaries for instruction	8,972	8,972	
Supplies and materials	17,746	17,746	
Textbooks	6,116	6,116	
	<hr/>	<hr/>	<hr/>
Total Instruction	<u>55,373</u>	<u>55,373</u>	
Support Services:			
Personal services - employee benefits	4,100	4,100	
	<hr/>	<hr/>	<hr/>
Total support services	<u>4,100</u>	<u>4,100</u>	
Total Expenditures	<u><u>\$ 59,473</u></u>	<u><u>\$ 59,473</u></u>	<u><u>\$ -</u></u>

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Statement of Early Childhood Program Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2008

TOTAL - KINDERGARDEN

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 43,237	\$ 43,237	
Other salaries for instruction	8,749	8,749	
Supplies and materials	17,747	17,747	
Textbooks	6,000	6,000	
Other objects			
	<u>75,733</u>	<u>75,733</u>	
Total Instruction	<u>75,733</u>	<u>75,733</u>	
Support Services:			
Personal services - employee benefits	8,201	8,201	
	<u>8,201</u>	<u>8,201</u>	
Total support services	<u>8,201</u>	<u>8,201</u>	
Total Expenditures	<u>\$ 83,934</u>	<u>\$ 83,934</u>	<u>\$ -</u>

**BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Statement of Targeted At-Risk (TARA) Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2008**

**Program: K-8 Math and/or
Language Arts**

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 21,000	\$ 21,000	
General supplies	1,906	1,906	
Textbooks	23,827	23,827	
Total Instruction	46,733	46,733	
Support Services:			
Salaries - Supervisor of Instruction	4,767	4,767	
Total support services	4,767	4,767	
Facilities acquisition and const. serv.:			
Instructional equipment			
Total facilities acquisition and const. serv.			
Total Expenditures	\$ 51,500	\$ 51,500	

CALCULATION OF BUDGET & CARRYOVER

Total revised 2007-2008 TARA allocation	\$51,500
Less: TARA Transferred to General Fund - Tax Relief	
Total TARA Funds available for 2007-2008 budget	51,500
Less: 2007-2008 TARA Expended/Obligated	51,500
2007-2008 Actual Carryover - TARA	\$ -
2007-2008 TARA Carryover Budgeted as Unrestricted General Fund Revenue for 2008-09	\$ -

**Capital Projects Fund
Detail Statements**

The Capital Projects Fund is used to account for the acquisition, construction and/or renovation of major facilities and equipment purchases other than those financed by Proprietary Funds.

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, 2008

Revenues and Other Financing Sources:	
Interest earned on investments	\$ 1,835
Total revenues and other financing sources	<u>1,835</u>
Expenditures and Other Financing (Uses):	
Purchased professional services	1,086
Construction services	24,789
Operating transfer out	1,835
Total expenditures and other financing (uses)	<u>27,710</u>
Excess (deficiency) or revenues over (under) expenditures	(25,875)
Fund Balance - July 1, 2007	<u>462,005</u>
Fund Balance - June 30, 2008	<u>\$ 436,130</u>

BROOKLAWN SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
High School Roof Replacement
From Inception and for the Fiscal Year ended June 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 668,682		\$ 668,682	\$ 668,682
Bond proceeds	403,913		403,913	403,913
Total revenues	<u>1,072,595</u>		<u>1,072,595</u>	<u>1,072,595</u>
Expenditures and Other Financing Uses:				
Purchased professional services	120,591	\$ 1,086	121,677	121,677
Construction services	489,999	24,789	514,788	514,788
	<u>610,590</u>	<u>25,875</u>	<u>636,465</u>	<u>636,465</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 462,005</u>	<u>\$ (25,875)</u>	<u>\$ 436,130</u>	<u>\$ 436,130</u>
Additional project information:				
Project Number	05880-010-05-1000			
Grant Date	01/19/05			
Bond Authorization Date	04/15/05			
Bonds Authorized	\$ 403,000			
Bonds Issued	\$ 403,000			
Original Authorized Cost	\$ 1,072,595			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 1,072,595			
Percentage Increase over Original Authorized Cost				
Percentage Completion	100.00%			
Original target completion date	09/01/05			
Revised target completion date	09/01/06			

Proprietary Funds Detail Statements

Proprietary 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 District's Board is that the costs of providing goods or services be financed through user fees.

Food Service Fund - This fund provides for the operation of food services in all all schools within the school district.

After School Program - This fund provides for the operation of the before and after school services provided by the school district.

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Assets
June 30, 2008

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 1,391	\$ 56,035	\$ 57,426
Accounts receivable:			
State	60		60
Federal	1,366		1,366
Other			-
Total Current Assets	<u>2,817</u>	<u>56,035</u>	<u>58,852</u>
Noncurrent Assets:			
Equipment	27,908		27,908
Less - accumulated depreciation	<u>(14,137)</u>		<u>(14,137)</u>
Total Noncurrent Assets	<u>13,771</u>		<u>13,771</u>
Total Assets	<u>16,588</u>	<u>56,035</u>	<u>72,623</u>
LIABILITIES:			
Accounts Payable	1,535	285	1,820
Deferred Revenue		<u>225</u>	<u>225</u>
Total Current Liabilities	<u>1,535</u>	<u>510</u>	<u>2,045</u>
NET ASSETS:			
Invested in capital assets	13,771		13,771
Unrestricted	<u>1,282</u>	<u>55,525</u>	<u>56,807</u>
Total Net Assets	<u>\$ 15,053</u>	<u>\$ 55,525</u>	<u>\$ 70,578</u>

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2008

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Totals</u>
OPERATING REVENUES:			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 15,251		\$ 15,251
Daily sales non-reimbursable programs:			
Adult and alacarte sales	1,058		1,058
Program fees		\$ 45,245	45,245
	<u>16,309</u>	<u>45,245</u>	<u>61,554</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	39,380	17,770	57,150
Supplies and materials	953	7,250	8,203
Depreciation	2,227		2,227
Cost of sales	54,066		54,066
	<u>96,626</u>	<u>25,020</u>	<u>121,646</u>
Total Operating Expenses			
	<u>(80,317)</u>	<u>20,225</u>	<u>(60,092)</u>
Operating Income (Loss)			
Non-Operating Revenues:			
State sources:			
State school lunch program	2,024		2,024
Federal sources:			
National school lunch program	45,045		45,045
Other sources:			
Interest earned on investments		1,225	1,225
	<u>47,069</u>	<u>1,225</u>	<u>48,294</u>
Total Non-Operating Revenues			
Income (Loss) before Contributions and Transfers	(33,248)	21,450	(11,798)
Operating Transfers In	32,794		32,794
Changes in Net Assets	(454)	21,450	20,996
Net Assets - July 1, 2007	15,507	34,075	49,582
Net Assets - June 30, 2008	<u>\$ 15,053</u>	<u>\$ 55,525</u>	<u>\$ 70,578</u>

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 16,309	\$ 45,245	\$ 61,554
Cash payments to employees for services	(39,380)	(17,770)	(57,150)
Cash payments to suppliers for goods and services	<u>(53,484)</u>	<u>(6,857)</u>	<u>(60,341)</u>
Net cash provided by (used for) operating activities	<u>(76,555)</u>	<u>20,618</u>	<u>(55,937)</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	2,028		2,028
Cash received from federal sources	45,059		45,059
Operating transfer in	<u>32,794</u>		<u>32,794</u>
Net cash provided by noncapital financing activities	<u>79,881</u>		<u>79,881</u>
Cash Flows Provided by Investing Activities:			
Interest earned on cash equivalents	<u>(1,935)</u>	<u>1,225</u>	<u>(710)</u>
Net cash provided by investing activities	<u>(1,935)</u>	<u>1,225</u>	<u>(710)</u>
Net increase (decrease) in cash and cash equivalents	1,391	21,843	23,234
Cash and cash equivalents - July 1, 2007		<u>34,192</u>	<u>34,192</u>
Cash and cash equivalents - June 30, 2008	<u>\$ 1,391</u>	<u>\$ 56,035</u>	<u>\$ 57,426</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)			
Operating Activities:			
Operating income (loss)	\$ (80,317)	\$ 20,225	\$ (60,092)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	2,227		2,227
Change in assets and liabilities:			
(Increase) decrease in accounts receivables		108	108
Increase (decrease) in accounts payable	1,535	285	1,820
Net cash provided by (used for) operating activities	<u>\$ (76,555)</u>	<u>\$ 20,618</u>	<u>\$ (55,937)</u>

Fiduciary Funds Detail Statements

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

Unemployment Compensation Insurance Fund - This fiduciary fund is used to pay unemployment compensation claims.

Scholarship Fund - This fiduciary fund is used to account for assets held by the district for grants to students.

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

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

Student Activity Fund - This agency fund is used to account for the funds held by the district to be used for student related projects.

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2008

	Trust Funds		Agency Funds		
	Unemployment Compensation	Scholarship Funds	Student Activity	Payroll	Total
ASSETS:					
Cash and cash equivalents	\$ 4,909	\$ 106,191	\$ 24,721	\$ 28,926	\$ 164,747
Total Assets	4,909	106,191	\$ 24,721	\$ 28,926	164,747
 LIABILITIES:					
Liabilities:					
Payroll deductions payable				\$ 19,710	19,710
Intergovernmental payable				9,216	9,216
Due to student groups			\$ 24,721		24,721
Total Liabilities			\$ 24,721	\$ 28,926	53,647
 NET ASSETS:					
Held in trust for unemployment claims	4,909				4,909
Held in trust for scholarships		106,191			106,191
Total Net Assets	\$ 4,909	\$ 106,191			\$ 111,100

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2008

	<u>Scholarship Trust</u>			
	<u>Flowers Memorial Funds</u>	<u>Other Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Totals</u>
Additions:				
Donations				
Excess unemployment deductions			\$ 3,625	\$ 3,625
Interest earnings	\$ 3,396	\$ 800	28	4,224
Total Additions	<u>3,396</u>	<u>800</u>	<u>3,653</u>	<u>7,849</u>
Deductions:				
Unemployment compensation insurance claims				
Other expenses				
Total Deductions				
Change in Net Assets	3,396	800	3,653	7,849
Net Assets - July 1	<u>75,745</u>	<u>26,250</u>	<u>1,256</u>	<u>103,251</u>
Net Assets - June 30	<u>\$ 79,141</u>	<u>\$ 27,050</u>	<u>\$ 4,909</u>	<u>\$ 111,100</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2008

	<u>Balance July 1, 2007</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable</u>	<u>Balance June 30, 2008</u>
Alice Costello School	\$ 24,023	\$ 19,774	\$ 19,076		\$ 24,721
Total all schools	<u>\$ 24,023</u>	<u>\$ 19,774</u>	<u>\$ 19,076</u>	<u>\$ -</u>	<u>\$ 24,721</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS:				
Cash and cash equivalents	\$ 30,706	\$ 2,458,716	\$ 2,462,009	\$ 27,413
Total Assets	<u>\$ 30,706</u>	<u>\$ 2,458,716</u>	<u>\$ 2,462,009</u>	<u>\$ 27,413</u>
LIABILITIES:				
Net payroll		1,434,947	\$ 1,434,947	
Intergovernmental payable	\$ 10,881		1,665	\$ 9,216
Payroll deductions and withholdings	<u>19,825</u>	<u>975,351</u>	<u>975,466</u>	<u>19,710</u>
Total Liabilities	<u>\$ 30,706</u>	<u>\$ 2,410,298</u>	<u>\$ 2,412,078</u>	<u>\$ 28,926</u>

Long-Term Debt Schedules

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

**BROOKLAWN SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2008**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2007	Issued	Retired	Balance June 30, 2008
			Date	Amount					
Renovations and Improvements to school building	3/01/01	\$ 1,559,000	3/01/09	\$ 45,000	4.950%	\$ 1,454,000		\$ 35,000	\$ 1,419,000
			3/01/10	55,000					
			3/01/11	65,000					
			3/01/12	75,000					
			3/01/13	85,000					
			3/01/14	95,000					
			3/01/15	110,000					
			3/01/16	115,000					
			3/01/17	135,000					
			3/01/18	145,000					
			3/01/19	155,000					
			3/01/20	165,000					
			3/01/21	174,000					
Renovations and Improvements to school building	4/01/04	403,000	3/01/09	30,000	4.700%	343,000		30,000	313,000
			3/01/10	35,000					
			3/01/11	40,000					
			3/01/12	45,000					
			3/01/13	50,000					
			3/01/14	55,000					
			3/01/15	58,000					
						<u>\$ 1,797,000</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 1,732,000</u>

BROOKLAWN SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 141,308		\$ 141,308	\$ 141,308	
Total Revenues	<u>141,308</u>		<u>141,308</u>	<u>141,308</u>	
EXPENDITURES:					
Regular debt service:					
Interest	88,094		88,094	88,094	
Redemption of principal	60,000	\$ 5,000	65,000	65,000	
Total regular debt service	<u>148,094</u>	<u>5,000</u>	<u>153,094</u>	<u>153,094</u>	
Excess (Deficiency) of revenues over (under) expenditures	(6,786)	(5,000)	(11,786)	(11,786)	
Other Financing Sources:					
Operating transfers in				1,835	\$ 1,835
Total Other Financing Sources				<u>1,835</u>	<u>1,835</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(6,786)	(5,000)	(11,786)	(9,951)	1,835
Fund Balance - July 1, 2007	<u>10,479</u>		<u>10,479</u>	<u>10,479</u>	
Fund Balance - June 30, 2008	<u>\$ (3,093)</u>	<u>\$ (10,000)</u>	<u>\$ (13,093)</u>	<u>\$ 528</u>	<u>\$ 1,835</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ (6,786)</u>	<u>\$ (5,000)</u>	<u>\$ (11,786)</u>	<u>\$ (9,951)</u>	<u>\$ 1,835</u>

Statistical Section

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

J-1

		Fiscal Year Ending June 30,				
		2004	2005	2006	2007	2008
Governmental activities:						
	Invested in capital assets, net of related debt	\$ 1,053,509	\$ 551,291	\$ 1,286,036	\$ 1,403,354	\$ 1,180,807
Restricted for:						
	Capital projects		403,914	215,493	173,981	164,237
	Debt service				10,479	528
	Other purposes	1	198,012	298,544	358,128	260,804
	Unrestricted	(159,078)	(71,309)	(107,991)	(69,153)	3,887
	Total governmental activities net assets	\$ 894,432	\$ 1,081,908	\$ 1,692,082	\$ 1,876,789	\$ 1,610,263
Business-type activities:						
	Invested in capital assets, net of related debt	\$ 1,095	\$ 18,082	\$ 16,073	\$ 14,064	\$ 13,771
	Unrestricted	7,664	6,865	24,851	35,518	56,807
	Total business-type activities net assets	\$ 8,759	\$ 24,947	\$ 40,924	\$ 49,582	\$ 70,578
District-wide:						
	Invested in capital assets, net of related debt	\$ 1,054,604	\$ 569,373	\$ 1,302,109	\$ 1,417,418	\$ 1,194,578
Restricted:						
	Capital projects	-	403,914	215,493	173,981	164,237
	Debt service				10,479	528
	Other purposes	1	198,012	298,544	358,128	260,804
	Unrestricted	(151,414)	(64,444)	(83,140)	(33,635)	60,694
	Total district net assets	\$ 903,191	\$ 1,106,855	\$ 1,733,006	\$ 1,926,371	\$ 1,680,841

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

J-2

	Fiscal Year Ending June 30,				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses:					
Governmental activities:					
Instruction:					
Regular	\$ 1,493,889	\$ 1,507,146	\$ 1,317,625	\$ 1,718,911	\$ 1,562,898
Special education	538,864	607,063	417,728	272,996	226,780
Other instruction	34,007	21,494	39,781	24,245	29,527
Support Services:					
Tuition	846,980	697,979	670,927	635,315	805,380
Student & instruction related services	533,368	540,759	448,193	333,682	371,913
School administrative services	8,053	19,167	12,409	12,633	12,869
Central Services		143,168	142,333	152,004	151,262
General and business administrative services	257,382	244,654	199,641	194,919	166,962
Plant operations and maintenance	195,520	247,335	224,108	226,990	256,021
Pupil transportation	79,865	51,099	72,496	44,244	77,269
Business and other support services	124,365				
Unallocated employee benefits			771,564	990,191	1,101,140
Interest on long-term debt	76,428	75,686	93,900	113,369	87,309
Unallocated depreciation	31,089	31,089	31,089	31,514	32,496
Total governmental activities expenses	<u>4,219,810</u>	<u>4,186,639</u>	<u>4,441,794</u>	<u>4,751,013</u>	<u>4,881,826</u>
Business-type activities:					
Food service	74,279	92,192	103,233	87,655	96,626
After school program		13,510	11,343	12,819	25,020
Total business-type activities expense	<u>74,279</u>	<u>105,702</u>	<u>114,576</u>	<u>100,474</u>	<u>121,646</u>
Total district expenses	<u>\$ 4,294,089</u>	<u>\$ 4,292,341</u>	<u>\$ 4,556,370</u>	<u>\$ 4,851,487</u>	<u>\$ 5,003,472</u>
Program Revenues:					
Governmental activities:					
Operating grants and contributions	\$ 723,511	\$ 810,725	\$ 700,173	\$ 904,422	\$ 885,248
Capital grants and contributions					
Total governmental activities program revenues	<u>723,511</u>	<u>810,725</u>	<u>700,173</u>	<u>904,422</u>	<u>885,248</u>

(Continued)

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

J-2

Fiscal Year Ending June 30,

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Business-type activities:					
Charges for services:					
Food service	\$ 17,883	\$ 18,783	\$ 18,674	\$ 23,956	\$ 16,309
After school program		19,557	28,282	23,685	45,245
Operating grants and contributions	<u>33,039</u>	<u>38,341</u>	<u>50,453</u>	<u>43,969</u>	<u>47,069</u>
Total business type activities program revenues	<u>50,922</u>	<u>76,681</u>	<u>97,409</u>	<u>91,610</u>	<u>108,623</u>
Total district program revenues	<u>\$ 774,433</u>	<u>\$ 887,406</u>	<u>\$ 797,582</u>	<u>\$ 996,032</u>	<u>\$ 993,871</u>
Net (Expense)/Revenue:					
Governmental activities	\$ (3,496,299)	\$ (3,375,914)	\$ (3,741,621)	\$ (3,846,591)	\$ (3,996,578)
Business-type activities	<u>(23,357)</u>	<u>(29,021)</u>	<u>(17,167)</u>	<u>(8,864)</u>	<u>(13,023)</u>
Total district-wide net expense	<u>\$ (3,519,656)</u>	<u>\$ (3,404,935)</u>	<u>\$ (3,758,788)</u>	<u>\$ (3,855,455)</u>	<u>\$ (4,009,601)</u>
General Revenues and Other Changes in Net Assets:					
Governmental activities:					
Property taxes levied for general purposes, net	\$ 990,643	\$ 1,075,663	\$ 1,025,497	\$ 1,017,497	\$ 1,017,497
Taxes levied for debt service	65,346	95,686	155,686	152,399	141,308
Unrestricted grants and contributions	2,271,399	2,424,717	2,805,023	2,635,188	2,747,301
State aid restricted for capital purposes			315,276	68,724	17,966
Investment earnings	1,416	14,129	31,535	2,640	
Miscellaneous income	23,005	74,853	51,922	172,149	54,577
Transfers	<u>(25,039)</u>	<u>(26,214)</u>	<u>(33,144)</u>	<u>(17,299)</u>	<u>(32,794)</u>
Total governmental activities	<u>3,326,770</u>	<u>3,658,834</u>	<u>4,351,795</u>	<u>4,031,298</u>	<u>3,945,855</u>
Business-type activities:					
Investment earnings				223	1,225
Transfers	<u>25,039</u>	<u>26,214</u>	<u>33,144</u>	<u>17,299</u>	<u>32,794</u>
Total business-type activities	<u>25,039</u>	<u>26,214</u>	<u>33,144</u>	<u>17,522</u>	<u>34,019</u>
Total district-wide	<u>\$ 3,351,809</u>	<u>\$ 3,685,048</u>	<u>\$ 4,384,939</u>	<u>\$ 4,048,820</u>	<u>\$ 3,979,874</u>
Change in Net Assets:					
Governmental activities	\$ (169,529)	\$ 282,920	\$ 610,174	\$ 184,707	\$ (50,723)
Business-type activities	<u>1,682</u>	<u>(2,807)</u>	<u>15,977</u>	<u>8,658</u>	<u>20,996</u>
Total district-wide	<u>\$ (167,847)</u>	<u>\$ 280,113</u>	<u>\$ 626,151</u>	<u>\$ 193,365</u>	<u>\$ (29,727)</u>

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

J-3

	Fiscal Year Ending June 30,				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund:					
Reserved for:					
Capital reserve	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Future tuition payments		75,000	75,000	150,000	150,000
Excess surplus		72,846	110,698	87,264	23,540
Encumbrances				10,166	
Unreserved					
Undesignated	(10,982)	(16,073)	(34,616)	124,877	122,072
Designated for subsequent year's budget		50,166	112,846	110,698	87,264
Total general fund	<u>\$ (10,981)</u>	<u>\$ 181,940</u>	<u>\$ 263,929</u>	<u>\$ 483,006</u>	<u>\$ 382,877</u>
All Other Governmental Funds					
Reserved:					
Capital projects fund	\$ (43,234)	\$ 403,913	\$ 215,492	\$ 173,980	\$ 164,236
Unreserved, reported in:					
Special revenue fund	(8,713)				(9,969)
Debt service fund	(26,082)		6,786	10,479	528
Total all other governmental funds	<u>\$ (78,029)</u>	<u>\$ 403,913</u>	<u>\$ 222,278</u>	<u>\$ 184,459</u>	<u>\$ 154,795</u>

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

J-4

92

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Tax levy	\$ 1,147,970	\$ 1,140,177	\$ 1,050,685	\$ 1,054,655	\$ 1,055,989	\$ 1,055,989	\$ 1,171,349	\$ 1,181,183	\$ 1,169,896	\$ 1,158,805
Tuition charges	1,317	2,790								
Interest earnings	12,452	19,822	18,783	10,823	8,063	1,416	16,136	31,535	37,174	
Miscellaneous	13,919	5,067	12,583	10,862	10,954	23,005	71,933	51,922	138,115	54,577
State sources	1,705,068	1,715,624	2,006,299	1,921,749	2,214,285	2,682,721	2,870,226	3,613,881	3,352,440	3,463,198
Federal sources	92,508	92,384	108,652	168,534	289,447	312,189	365,216	206,591	255,394	181,732
Total revenue	<u>2,973,234</u>	<u>2,975,864</u>	<u>3,197,002</u>	<u>3,166,623</u>	<u>3,578,738</u>	<u>4,075,320</u>	<u>4,494,860</u>	<u>5,085,112</u>	<u>4,953,019</u>	<u>4,858,312</u>
Expenditures										
Instruction										
Regular Instruction	610,543	642,436	745,430	759,181	866,565	1,019,101	1,030,778	1,240,133	1,549,753	1,582,585
Special education instruction	150,552	155,909	163,063	164,505	445,184	724,006	544,539	417,728	272,996	226,780
Other instruction	10,498	8,483	15,917	14,116	23,340	28,145	18,882	39,781	24,245	29,527
Support Services:										
Tuition	750,902	804,750	691,242	738,376	678,565	846,980	697,979	670,927	635,315	805,380
Student & instruction related services	205,270	234,283	236,526	226,848	441,139	610,004	444,287	448,193	333,682	371,913
School administrative services	14,058	10,509	12,316	14,776	12,164	8,053	17,436	12,409	12,633	12,869
General and business admin services	140,995	126,747	152,128	162,494	176,400	198,874	191,060	187,719	194,919	166,962
Central Services							124,446	142,333	139,912	141,012
Plant operations and maintenance	171,013	213,617	138,555	129,018	171,045	175,489	214,548	224,108	226,990	254,186
Pupil transportation	44,166	52,197	68,564	56,986	82,608	79,865	51,099	72,496	44,244	77,269
Other support services	425,967	381,433	431,058	445,252	642,844	748,024	664,496			
Unallocated employee benefits								747,924	990,191	1,101,140
Capital outlay	70,704	136,796	92,085		318,707	32,388	7,016	798,963	178,236	32,594
Debt service										
Principal					10,000	15,000	20,000	55,000	60,000	65,000
Interest and other charges					76,923	76,428	75,686	93,900	91,346	88,094
Total expenditures	<u>2,594,668</u>	<u>2,767,160</u>	<u>2,746,884</u>	<u>2,711,552</u>	<u>3,945,484</u>	<u>4,562,357</u>	<u>4,102,252</u>	<u>5,151,614</u>	<u>4,754,462</u>	<u>4,955,311</u>
Excess (Deficiency) of revenues over (under) expenditures	378,566	208,704	450,118	455,071	(366,746)	(487,037)	392,608	(66,502)	198,557	(96,999)
Other Financing sources (uses)										
Proceeds from borrowing							403,913			
Transfers in					5,272		71,323	5,813	2,640	1,835
Transfers out					(55,594)	(25,039)	(97,537)	(38,957)	(19,939)	(34,629)
Total other financing sources (uses)	-	-	-	-	(50,322)	(25,039)	377,699	(33,144)	(17,299)	(32,794)
Net change in fund balances	<u>\$ 378,566</u>	<u>\$ 208,704</u>	<u>\$ 450,118</u>	<u>\$ 455,071</u>	<u>\$ (417,068)</u>	<u>\$ (512,076)</u>	<u>\$ 770,307</u>	<u>\$ (99,646)</u>	<u>\$ 181,258</u>	<u>\$ (129,793)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	2.40%	2.02%	2.34%	3.42%	3.31%	3.11%

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	Insurance Rebates	Medical Reimbursements	Miscellaneous	Total
1999	\$ 12,452	\$ 1,317			\$ 5,051	\$ 1,159		\$ 3,465	\$ 4,244	\$ 27,688
2000	19,822	2,790					\$ 2,815		2,252	27,679
2001	18,783					538	12,020		25	31,366
2002	10,823	5,461			2,460				50,983	69,727
2003	4,830			\$ 550	3,242				7,162	15,784
2004	1,416				21,637				1,368	24,421
2005	14,129				187		2,799	1,330	4,487	22,932
2006	31,535				38,205			2,876	10,841	83,457
2007	37,174	750	\$ 381	1,253	2,209	132,439			1,083	175,289
2008	19,286		\$ 529	518	9,952	20,397			3,895	54,577
	<u>\$ 170,250</u>	<u>\$ 10,318</u>	<u>\$ 910</u>	<u>\$ 2,321</u>	<u>\$ 82,943</u>	<u>\$ 154,533</u>	<u>\$ 17,634</u>	<u>\$ 7,671</u>	<u>\$ 86,340</u>	<u>\$ 532,920</u>

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
1999	\$ 805,800	\$ 51,465,900	\$ 21,424,600	\$ 1,169,800	\$ 1,030,700	\$ 75,896,800	\$ 381,093	\$ 76,277,893	\$ 9,654,100	\$ 1.495	\$ 71,461,395
2000	805,800	51,482,200	22,739,100	1,169,800	1,030,700	77,227,600	340,116	77,567,716	9,654,100	1.354	74,498,383
2001	806,600	51,820,095	22,544,200	1,169,800	1,030,700	77,371,395	348,245	77,719,640	9,583,600	1.357	76,995,879
2002	787,600	51,945,295	22,544,200	1,169,800	1,030,700	77,477,595	341,974	77,819,569	9,583,600	1.357	80,566,900
2003	787,600	51,945,295	22,544,200	1,169,800	1,030,700	77,477,595	340,625	77,818,220	9,583,600	1.357	85,084,430
2004	787,600	51,909,295	22,544,200	1,169,800	1,030,700	77,441,595	301,573	77,743,168	9,583,600	1.507	88,717,526
2005	775,500	52,260,900	22,897,000	819,700	1,030,700	77,783,800	259,792	78,043,592	10,003,300	1.513	89,853,274
2006	773,100	52,498,900	22,918,600	819,700	1,030,700	78,041,000	265,412	78,306,412	10,006,600	1.496	100,418,362
2007	458,300	52,298,600	24,059,500	819,700	1,030,700	78,666,800	175,399	78,842,199	10,340,800	1.470	122,248,411
2008	466,300	52,830,000	23,754,500	819,700	1,030,700	78,901,200	161,442	79,062,642	10,374,900	1.493	140,135,925

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.

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

b Tax rates are per \$100

n/a Information is not available

**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	
1999	\$ 1.495		\$ 1.495	\$ 0.933	\$ 0.892	\$ 3.320
2000	1.354		1.354	0.975	0.880	3.209
2001	1.357		1.357	1.016	0.907	3.280
2002	1.356	\$ 0.001	1.357	1.206	0.972	3.535
2003	1.356	0.001	1.357	1.213	1.009	3.579
2004	1.505	0.001	1.506	1.278	0.976	3.760
2005	1.512	0.001	1.513	1.324	0.956	3.793
2006	1.495	0.001	1.496	1.428	1.041	3.965
2007	1.469	0.001	1.470	1.477	1.090	4.037
2008	1.492	0.001	1.493	1.597	1.127	4.217

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b Rates for debt service are based on each year's requirements.
- c Information is not available

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

J-8

Taxpayer	2007-2008	
	Taxable Assessed Value	% of Total District Net Assessed Value
Brookwrap II, LLC	\$ 5,793,700	7.35%
Brooklawn Motel Assoc.	2,178,000	2.76%
Kanak Properties	1,500,000	1.90%
Westbrook Lane	1,100,000	1.40%
Superior Aluminum	798,600	1.01%
Materials Handling Supply Co.	681,800	0.86%
Ming Kui Lau Restaurant	674,700	0.86%
Kostantinos & Stamatios Melianeses	625,300	0.79%
Ambler Motel	520,000	0.66%
705 Crescent Blvd.	449,300	0.57%
Total	\$ 14,321,400	18.16%

Taxpayer	1998-1999	
	Taxable Assessed Value	% of Total District Net Assessed Value
Brooklawn Shopping Center I	\$ 2,746,000	3.59%
Brooklawn Shopping Center II	2,421,300	3.17%
Days Inn	2,380,000	3.11%
Ponzio Diner	1,500,000	1.96%
Eckerd's	1,165,800	1.52%
Westbrook	1,100,000	1.44%
Material Handlking	681,800	0.89%
Brooklawn Diner	625,300	0.82%
705 Corp.	449,300	0.59%
Kentucky Fried Chicken	394,500	0.52%
Total	\$ 13,464,000	17.61%

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	
1999	\$ 1,147,970	\$ 1,147,970	100.00%	-
2000	1,140,177	1,140,177	100.00%	-
2001	1,050,685	1,050,685	100.00%	-
2002	1,054,655	1,054,655	100.00%	-
2003	1,055,989	1,055,989	100.00%	-
2004	1,055,989	1,055,989	100.00%	-
2005	1,171,349	1,171,349	100.00%	-
2006	1,181,183	1,181,183	100.00%	-
2007	1,169,896	1,169,896	100.00%	-
2008	1,158,805	1,158,805	100.00%	-

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 Statute, 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.
- b Information was not available for examination

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		
1999		\$ -	\$ -	\$ -	0.00%	\$ -
2000		-	-	-	0.00%	-
2001	\$ 3,526,950	-	-	3,526,950	4.83%	1,477
2002	2,564,129	-	-	2,564,129	3.43%	1,099
2003	1,544,000	-	-	1,544,000	2.00%	666
2004	1,529,000	-	-	1,529,000	1.91%	664
2005	1,912,000	-	-	1,912,000	2.30%	834
2006	1,857,000	-	-	1,857,000	2.13%	815
2007	1,797,000	-	-	1,797,000	c	793
2008	1,732,000	-	-	1,732,000	c	c

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

- a Based on Personal Income data. See Exhibit J-14
- b Based on School District Population as of July 1. See Exhibit J-14
- c 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 Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1999	\$ -	\$ -	\$ -	0.00%	\$ -
2000	-	-	-	0.00%	-
2001	3,526,950	-	3,526,950	4.54%	1,477
2002	2,564,129	-	2,564,129	3.29%	1,099
2003	1,544,000	-	1,544,000	1.98%	666
2004	1,529,000	-	1,529,000	1.97%	664
2005	1,912,000	-	1,912,000	2.45%	834
2006	1,857,000	-	1,857,000	2.37%	815
2007	1,797,000	-	1,797,000	2.28%	793
2008	1,732,000	-	1,732,000	2.20%	c

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

- a See Exhibit J-6 for property tax data.
- b Population data can be found in Exhibit J-14.
- c Not available

**Brooklawn School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2008**

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Brooklawn	\$ 1,245,054	100.000%	\$ 1,245,054
Camden County General Obligation Debt	51,750,583	0.335%	173,364
			<hr/>
Subtotal, overlapping debt			1,418,418
Brooklawn School District Direct Debt			<hr/>
			1,732,000
Total direct and overlapping debt			<hr/> <hr/>
			\$ 3,150,418

Sources: Assessed value data used to estimate applicable percentages provided by the Camden County Board of Taxation.

Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Brooklawn. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Legal Debt Margin Calculation for Fiscal Year 2008

Equalized valuation basis	
2007	\$ 138,473,508
2006	120,130,910
2005	99,075,022
[A]	<u>\$ 357,679,440</u>
Average equalized valuation of taxable property	
[A/3]	\$ 119,226,480
Debt limit (3% of average equalized valuation)	
[B]	3,576,794 ^a
[C]	1,732,000
[B-C]	<u>\$ 1,844,794</u>

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	Fiscal Year								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 2,175,028	\$ 2,181,064	\$ 2,219,270	\$ 2,310,355	\$ 2,415,757	\$ 2,532,982	\$ 2,721,604	\$ 3,075,793	\$ 3,576,794
Total net debt applicable to limit	-	3,256,950	2,564,129	1,544,000	1,529,000	1,912,000	1,857,000	1,797,000	1,732,000
Legal debt margin (Deficit)	<u>\$ 2,175,028</u>	<u>\$ (1,075,886)</u>	<u>\$ (344,859)</u>	<u>\$ 766,355</u>	<u>\$ 886,757</u>	<u>\$ 620,982</u>	<u>\$ 864,604</u>	<u>\$ 1,278,793</u>	<u>\$ 1,844,794</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	149.33%	115.54%	66.83%	63.29%	75.48%	68.23%	58.42%	48.42%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

^a Limit set by NJSIA 18A:24-19 for a K through 8 district.

**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>
1999	1,764	\$ 49,944,132	\$ 28,313	4.5%
2000	2,350	69,296,800	29,488	3.9%
2001	2,338	73,083,542	31,259	4.0%
2002	2,334	74,860,716	32,074	5.6%
2003	2,320	77,392,880	33,359	5.9%
2004	2,303	79,948,645	34,715	5.5%
2005	2,292	83,020,824	36,222	3.1%
2006	2,279	87,078,311	38,209	3.4%
2007	2,265	e	e	3.1%
2008	c	e	e	c

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 by municipality is estimated based upon the 2000 Census published by the US Bureau of Economic Analysis, U.S. Dept. of Commerce.
- ^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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Instruction										
Regular	15	15	15	17	17	17	17	17	17	17
Special education	5	5	5	5	5	5	5	5	5	5
Other special education	2	2	2	2	2	2	2	2	2	2
Other instruction	4	4	4	4	4	4	4	4	4	4
Support Services:										
School administrative services	1	1	1	1	1	1	1	1	1	1
General and business administrative services	1	1	1	1	1	1	1	1	2	2
Plant operations and maintenance	2	2	2	2	2	2	2	2	2.5	2.5
Business and other support services	2	2	2	2	2	1.5	1.5	1.5	2	2
Administrative Information Technology								0.5	1	1
Food Service	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2	2
Child Care	-	-	-	-	-	-	1	1	1	1
Total	34	34	34	36	36	35	36	37	40	40

Source: District Personnel Records

Brooklawn School District
 Operating Statistics,
 Last Ten Fiscal Years

J-17

<u>Fiscal Year</u>	<u>Resident Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ^b</u>	<u>Pupil/Teacher Ratio - Elementary</u>	<u>Average Daily Enrollment (ADE) ^c</u>	<u>Average Daily Attendance (ADA) ^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
1998	226	\$ 2,732,151	\$ 12,089.16	-5.15%	25	1:21	226.3	216.2	-1.10%	95.54%
2000	226	2,892,745	12,799.76	#REF!	26	1:21	226.0	213.0	-0.13%	94.25%
2001	227	2,845,877	12,536.90	-2.05%	25	1:20	227.6	217.3	0.71%	95.47%
2002	241	3,028,510	12,566.43	0.24%	32	1:20	241.1	229.7	6.93%	95.27%
2003	279	3,539,854	12,687.65	0.96%	34	1:20	279.9	264.9	16.09%	94.64%
2004	273	4,017,017	14,714.35	15.97%	34	1:20	273.7	261.9	-2.21%	95.69%
2005	292	3,999,550	13,697.09	-6.91%	34	1:20	292.3	280.8	6.79%	96.07%
2006	336	4,203,751	12,511.16	-8.66%	34	1:20	336.7	319.5	15.18%	94.89%
2007	316	4,424,880	14,002.78	11.92%	34	1:20	331.5	306.3	1.54%	92.40%
2008	308	4,769,623	15,485.79	10.59%	34	1:20	308.0	292.6	-7.09%	95.00%

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Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures from Exhibit J-4 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).
- N/A Information not available

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

J-18

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>District Building</u>										
<u>Elementary</u>										
Alice Costello Elementary School - (1924)										
Square Feet	32,060	32,060	32,060	47,900	47,900	47,900	47,900	47,900	47,900	47,900
Capacity (students)	300	300	300	400	400	400	400	400	400	400
Enrollment	226	226	227	241	279	273	292	336	316	308

Other
N/A

Number of Schools at June 30, 2008

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

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Source: District Facilities Office

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

**Brooklawn School District
 Schedule of Required Maintenance
 Last Seven Fiscal Years**

J-19

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

	2002	2003	2004	2005	2006	2007	2008	Total
* School Facilities								
Alice Costello School	\$ 7,466	\$ 12,738	\$ 12,031	\$ 3,578	\$ 20,173	\$ 15,405	\$ 14,466	\$ 85,857
Total School Facilities	\$ 7,466	\$ 12,738	\$ 12,031	\$ 3,578	\$ 20,173	\$ 15,405	\$ 14,466	\$ 85,857

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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, 2008**

J-20

	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of liability per occurrence	\$ 150,000,000		\$ 500
Boiler and Machinery	100,000,000	\$ 100,000	1,000
General and Automobile Liability	5,000,000	150,000	
Workers' Compensation	Statutory	250,000	
Educators Legal Liability	5,000,000	25,000	
Crime Coverage	50,000		500
Pollution Liability	1,000,000		10,000
Surety Bonds (2)			
Treasurer	160,000		
Board Secretary	35,000		

(1) School Alliance Insurance Fund

(2) Selective Insurance

Source: District records

Single Audit Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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American Institute of CPAs
New Jersey Society of CPAs

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Brooklawn School District, in the County of Camden, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2008. Brooklawn School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Brooklawn School District's management. Our responsibility is to express an opinion on the Brooklawn School District's compliance based on our audit.

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

In our opinion, the Board of Education of the Brooklawn School District, in the County of Camden, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2008. However, the results of our auditing procedures disclosed two instances of noncompliance with those requirements, that are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, and which are described in the accompanying schedule of findings and questioned costs as items # 2008-1 and #2008-2.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, the Board of Education of the Brooklawn School District, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
July 31, 2008

BROOKLAWN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2007			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2008		
					(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 2008	84.010	NCLB-0580-08	\$ 75,467	9/1/07 - 8/31/08				\$ 75,467	\$ (75,467)					
Title II A														
Fiscal Year 2008	84.367	NCLB-0580-08	10,299	9/1/07 - 8/31/08				10,299	(10,299)					
Title II D														
Fiscal Year 2008	84.367	NCLB-0580-08	549	9/1/07 - 8/31/08				549	(549)					
Title IV														
Fiscal Year 2008	84.186A	NCLB-0580-08	2,065	9/1/07 - 8/31/08				2,065	(2,065)					
Title V														
Fiscal Year 2008	84.298	NCLB-0580-08	646	9/1/07 - 8/31/08				646	(646)					
Individuals With Disabilities Act (I.D.E.A.)														
Part B - Basic														
Fiscal Year 2008	84.027	FT-0580-08	89,331	9/1/07 - 8/31/08				89,331	(89,331)					
Part B - Preschool														
Fiscal Year 2008	84.173	PS-0580-08	3,375	9/1/07 - 8/31/08				3,375	(3,375)					
Total Special Revenue Fund									181,732	(181,732)				
U.S. Department of Agriculture														
Enterprise Fund:														
National School Lunch Program														
Fiscal Year 2007	10.555	N/A	41,234	7/1/06 - 6/30/07	\$ (1,379)			1,379						
Fiscal Year 2008	10.555	N/A	45,045	7/1/07 - 6/30/08				45,679	(45,045)		\$ (1,366)			
Total Enterprise Fund					(1,379)				45,058	(45,045)		(1,366)		
Total Federal Awards					\$ (1,379)	\$ -	\$ -	\$ -	\$ 226,790	\$ (226,777)	\$ -	\$ (1,366)	\$ -	\$ -

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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, 2008

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2007			Carryover (Wallover) Amount	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2008		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education														
General Fund														
Core Curriculum Standards Aid	08-495-034-5120-022	\$1,387,532	7/1/07-6/30/08					\$ 1,259,604	\$ (1,387,532)		\$ (127,928)			
Core Curriculum Standards Aid	07-495-034-5120-022	1,387,532	7/1/06-6/30/07	\$ (68,892)				68,892						
School Choice	08-495-034-5068-001	731,192	7/1/07-6/30/08					731,192	(731,192)					
School Choice	07-495-034-5068-001	731,192	7/1/06-6/30/07	(36,560)				36,560						
Transportation Aid	08-495-034-5120-014	30,915	7/1/07-6/30/08					30,915	(30,915)					
Transportation Aid	07-495-034-5120-014	30,915	7/1/06-6/30/07	(1,547)				1,547						
Special Education Aid	08-495-034-5120-011	250,650	7/1/07-6/30/08					250,650	(250,650)					
Special Education Aid	07-495-034-5120-011	250,650	7/1/06-6/30/07	(12,532)				12,532						
Consolidated Aid	08-495-034-5120-057	39,170	7/1/07-6/30/08					39,170	(39,170)					
Consolidated Aid	07-495-034-5120-057	39,170	7/1/06-6/30/07	(1,959)				1,959						
Additional Formula Aid	08-495-034-5120-058	156,444	7/1/07-6/30/08					156,444	(156,444)					
Additional Formula Aid	07-495-034-5120-058	72,684	7/1/06-6/30/07	(3,635)				3,635						
High Expectations for Learning Proficiency Aid	08-495-034-5120-480	31,848	7/1/07-6/30/08					31,848	(31,848)					
Full-time Kindergarten Aid	08-495-034-5120-074	36,462	7/1/07-6/30/08					36,462	(36,462)					
Above Average Enrollment Growth Aid	08-495-034-5120-063	80,462	7/1/07-6/30/08					80,462	(80,462)					
Teacher Quality Mentoring Aid	08-495-034-5120-052	5,431	7/1/07-6/30/08					5,431	(5,431)					
On-behalf TPAF Pension Contributions	08-495-034-5095-116	286,494	7/1/07-6/30/08					286,494	(286,494)					
Reimbursed TPAF Social Security Contr.	08-495-034-5095-002	113,617	7/1/07-6/30/08					101,649	(113,617)		(11,968)			
Reimbursed TPAF Social Security Contr.	07-495-034-5095-002	133,310	7/1/06-6/30/07	(6)				6						
Total General Fund				(125,131)	-	-	-	3,135,452	(3,150,217)	-	(139,896)	-	-	
Special Revenue Fund:														
Early Childhood Program Aid	08-495-034-5120-025	121,914	7/1/07-6/30/08				\$ 21,493	115,818	(143,407)		(6,096)			
Early Childhood Program Aid	07-495-034-5120-025	121,914	7/1/06-6/30/07	(6,096)	\$ 21,493		(21,493)	6,096						
Demonstrably Effective Program Aid	08-495-034-5064-002	77,469	7/1/07-6/30/08				2,298	73,596	(79,767)		(3,873)			
Demonstrably Effective Program Aid	07-495-034-5064-002	77,469	7/1/06-6/30/07	(3,873)	2,298		(2,298)	3,873						
Character Education Aid	05-495-034-5120-053	4,000	7/1/07-6/30/08		115				(115)					
Targeted At-Risk Aid	08-495-034-5064-005	51,500	7/1/07-6/30/08					48,925	(51,500)		(2,575)			
Early Launch to Learning Initiative	08-495-034-5120-053	33,000	7/1/07-6/30/08					14,430	(33,000)		(18,570)			
Early Launch to Learning Initiative	07-495-034-5120-062	36,000	7/1/06-6/30/07	(13,200)				13,200						
Total Special Revenue Fund				(23,169)	23,906	-	-	275,938	(307,789)	-	(31,114)	-	-	
NJ Economic Development Authority:														
Capital Projects Fund														
EDA Educational Facilities Construction and Financing Act - Section 15														
Alice Costello School Renovations	0580-010-05-1000	668,682	7/1/07-6/30/08	(665,339)	288,025				(17,966)		(665,339)	\$ 270,059		
Total Capital Projects Fund				(665,339)	288,025	-	-	-	(17,966)	-	(665,339)	270,059	-	
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program (State Share)														
Fiscal Year 2008	08-100-010-3360-067	2,024	7/1/07-6/30/08					1,964	(2,024)		(60)			
Fiscal Year 2007	07-100-010-3360-067	1,955	7/1/06-6/30/07	(64)				64						
Total Enterprise Fund				(64)	-	-	-	2,028	(2,024)	-	(60)	-	-	
Total State Financial Assistance				\$ (813,703)	\$ 311,931	\$ -	\$ -	\$ 3,413,418	\$ (3,477,996)	\$ -	\$ (836,409)	\$ 270,059	\$ -	

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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, 2008

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 I to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-4.2*. 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 (\$2,805) for the general fund and (\$9,969) for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,147,412	\$ 3,147,412
Special Revenue Fund	\$ 181,732	297,820	479,552
Capital Projects Fund		17,966	17,966
Debt Service Fund			0
Food Service Fund	<u>45,045</u>	<u>2,024</u>	<u>47,069</u>
Total Awards & Financial Assistance	<u>\$ 226,777</u>	<u>\$ 3,465,222</u>	<u>\$ 3,691,999</u>

**Brooklawn School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2008
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2008. 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, 2008.

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, 2008**

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

**BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

Finding #2008-1

Information on state program:

Core Curriculum Standards Aid; GMIS No. 08-495-034-5120-022; State Department of Education.

Criteria or specific requirement:

N.J.S.A. 18A:11-12 requires that board approval be obtained and documented in the minutes prior to incurring travel and related expenses for employees and board members.

Condition:

The Board of Education did not approve any of the school districts travel and related expenses prior to the date of the event.

Questioned Costs:

\$8,802 worth of travel and related expenses were paid without first obtaining board approval.

Context:

Travel policy requirements were violated.

Effect:

Violation of N.J.S.A. 18A:11-12.

Cause:

The administration was under the impression that individual trips were not required to be approved as long as the amount per category was not exceeded.

Recommendation:

Board approval should be obtained and documented in the board minutes for all travel and related expenses prior to the date of the event.

Management's response:

Management agrees with the above finding and will perform procedures to ascertain that board approval is obtained for all travel and related expenses prior to the date of the event.

**BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

STATE AWARDS

Finding #2008-2

Information on the state program:

Core Curriculum Standards Aid; GMIS No. 08-495-034-5120-022; State Department of Education.

Criteria or specific requirement:

N.J.A.C. 6A:23-2.11(i) requires each school district to maintain a report of current month and year-to-date transfers between advertised general fund appropriation accounts in a format prescribed by the Commissioner or in a locally developed format approved by the County Superintendent.

Condition:

The District made board approved line-item transfers during the year but did not maintain a monthly transfer report and year-to-date transfers in a format prescribed by the Commissioner or approved by the County Superintendent.

Questioned Costs:

None

Context:

The business administrator did not comply with the monthly and year-to-date transfer reporting requirement.

Effect:

Violation of N.J.A.C. 6A:23-2.11(i).

Cause:

Oversight on part of the business administrator.

Recommendation:

The District should maintain a monthly and year-to-date report of all line item transfers in a format prescribed by the Commissioner and filed with the County superintendent on a timely basis.

Management's response:

Management agrees with the above finding and will perform procedures to ascertain that a monthly and year-to-date report of all line item transfers in a format prescribed by the Commissioner or approved by the County Superintendent is maintained.

**BROOKLAWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENED JUNE 30, 2008**

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

FINANCIAL STATEMENT FINDINGS

Finding #2007-1

Condition:

The purchasing procedures currently being used by the school district does not provide for an accurate accounting of expenditures and liabilities on a current basis. Numerous invoices are not paid within 90 days of receipt of the invoice.

Current Status:

This condition has been corrected.

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

Finding #2007-2

Condition:

Sealed bids were not requested for the purchase of various computers supplies even though the total cost exceeded \$29,000.00.

Current Status:

This condition has been corrected.