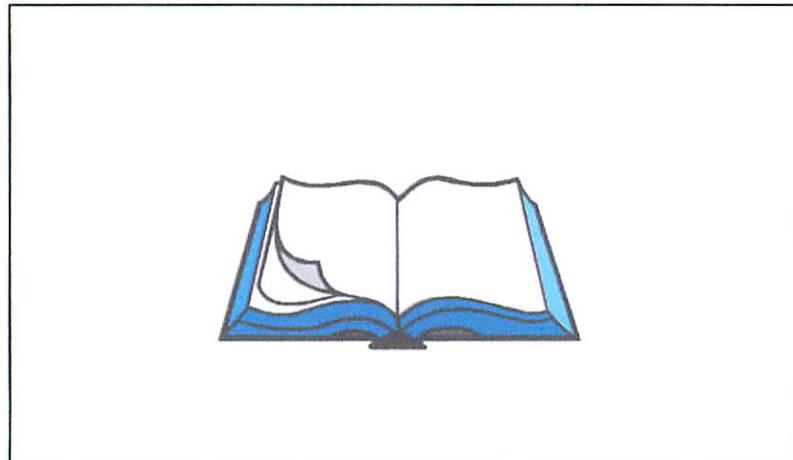


**SCHOOL DISTRICT  
OF  
BROOKLAWN**



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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual  
Financial Report**

**of the**

**Brooklawn Board of Education**

**Brooklawn, New Jersey**

**For the Fiscal Year Ended June 30, 2010**

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

# BROOKLAWN SCHOOL DISTRICT

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**Introductory Section**

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

**John Kellmayer**  
Superintendent of Schools  
856-456-4039

November 1, 2010

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, 2010 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 2009-2010 school year with an average daily enrollment of 311 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 2009-2010 enrollment has decreased slightly, but we would anticipate the steady growth to continue.

### ***Pupil Enrollments***

SCHOOL YEAR	AVERAGE DAILY ENROLLMENT
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
2008-2009	323.0
2009-2010	311.2

## **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 311 students is certainly a school worthy of recognition and demonstrates that bigger is not necessarily better.

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

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

The Alice Costello School 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.

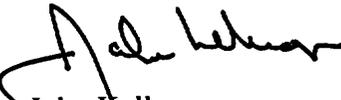
## **11. OTHER INFORMATION:**

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:**

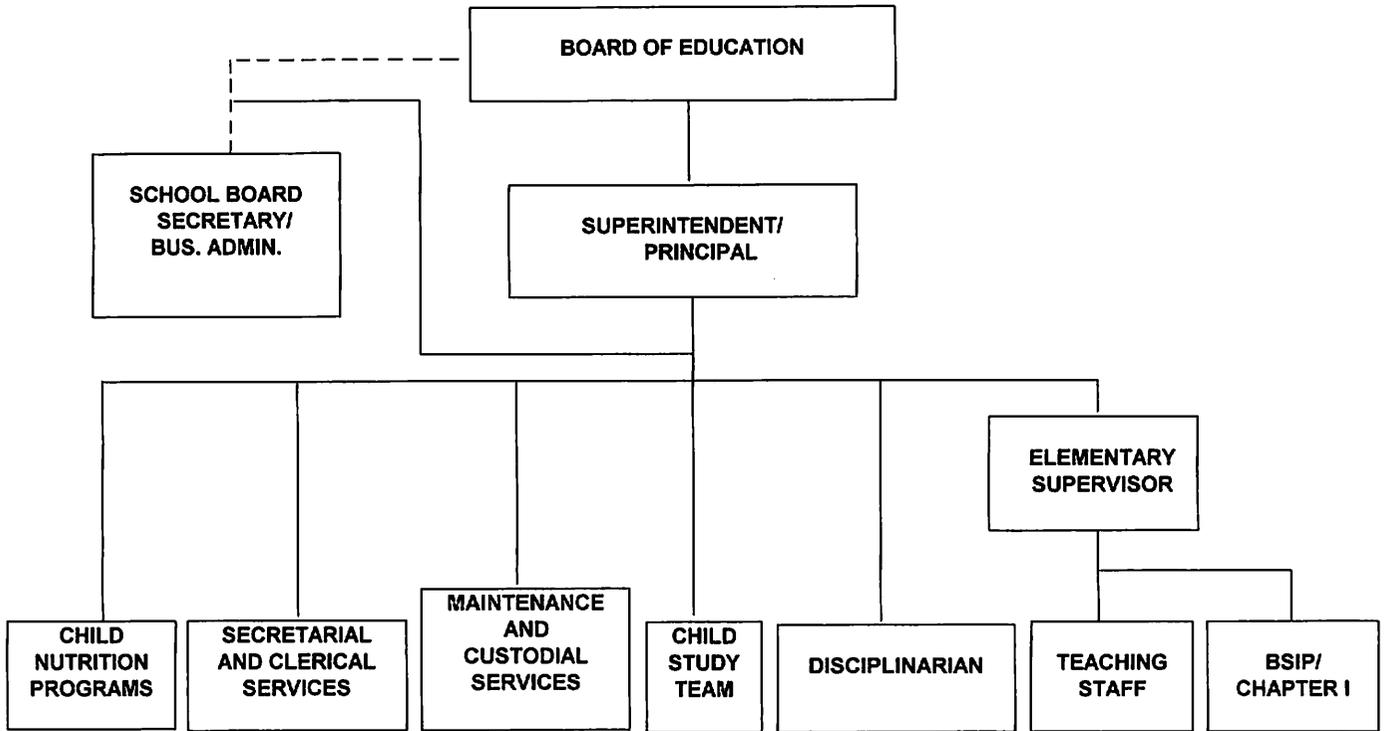
We would like to express our appreciation to the members of the Brooklawn Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. 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

  
Robert Delengowski  
Business Administrator/Board Secretary

**BROOKLAWN PUBLIC SCHOOL DISTRICT**  
**Organizational Chart**  
**2/95**



# BROOKLAWN SCHOOL DISTRICT

## Roster of Officials

June 30, 2010

### Members of the Board of Education:

### Term Expires

Bruce Darrow, President	2011
Mark Dickerman, Vice President	2013
Jane Barcklow	2011
Tracy Farrow	2013
Micheal Gillen	2012
Lisa Hirst	2012
Robert Wentzel	2012

### Other Officials:

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

**BROOKLAWN SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

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

**Attorney**

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

**Broker of Record**

Richard Hardenbergh Insurance Agency  
PO Box 1000  
Voorhees, NJ 08043

**Official Depository**

TD 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  
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E-Mail: [iscpas@concentric.net](mailto:iscpas@concentric.net)

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

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying 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 School District's basic financial statements. 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 State of New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

Respectfully submitted,

**INVERSO & STEWART, LLC**  
Certified Public Accountants



Robert A. Stewart  
Public School Accountant

Marlton, New Jersey  
October 29, 2009

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Brooklawn School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting: Findings #2010-1. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**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 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, and which are described in the accompanying schedule of findings and questioned costs as findings no: #2010-1.

In addition, we noted certain matters that we reported to management of the Brooklawn School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated October 29, 2010.

The Brooklawn School District responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and others within the Brooklawn School District, the Division of Finance, Department of Education, State of New Jersey, 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  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
October 29, 2010

**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, 2010**

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, 2010. 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 \$1,485,027 (*net assets*).
- Governmental activities have unrestricted net assets deficit of \$330,188. The accounting treatments in the governmental funds for compensated absences payable, the last 2 state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this minimal balance.
- The total net assets of the School District decreased by \$29,962, or an 2.1% decrease from the prior fiscal year-end balance. The majority of this decrease is attributable to the increase in compensated absences balance at year-end.
- Fund balance of the School District's governmental funds increased by \$16,693 resulting in an ending fund balance of \$260,872.
- Business-type activities have unrestricted net assets of \$91,374 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 \$90,000 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 2010. 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 2010.

The assets of the primary government activities exceeded liabilities by \$1,382,870 with an unrestricted deficit balance of \$330,188. 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 2 state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance. Therefore, this deficit balance alone does not indicate that the district is facing financial difficulties.

A net investment of \$1,313,916 in land, improvements, buildings and equipment which provide the services to the School District's students, represents most of the School District's net assets. Net assets of \$409,925 have been restricted as follows:

Future tuition payment	\$ 41,980
Encumbrances	783
Capital projects	164,237
2010/11 budget appropriation	200,000
Debt service	2,925

**Brooklawn School District  
Comparative Summary of Net Assets  
As of June 30, 2010 and 2009**

	Governmental Activities		Business-Type Activities		District-Wide	
	2010	2009	2010	2009	2010	2009
<b>Assets:</b>						
Current assets	\$ 628,889	\$ 572,374	\$ 97,112	\$ 83,911	\$ 726,001	\$ 656,285
Capital assets	2,870,133	2,947,693	10,783	12,316	2,880,916	2,960,009
<b>Total assets</b>	<b>3,499,022</b>	<b>3,520,067</b>	<b>107,895</b>	<b>96,227</b>	<b>3,606,917</b>	<b>3,616,294</b>
<b>Liabilities:</b>						
Current Liabilities	478,119	423,103	5,738		483,857	423,103
Noncurrent Liabilities	1,638,033	1,678,202			1,638,033	1,678,202
<b>Total liabilities</b>	<b>2,116,152</b>	<b>2,101,305</b>	<b>5,738</b>		<b>2,121,890</b>	<b>2,101,305</b>
<b>Net assets</b>	<b>\$ 1,382,870</b>	<b>\$ 1,481,762</b>	<b>\$ 102,157</b>	<b>\$ 96,227</b>	<b>\$ 1,485,027</b>	<b>\$ 1,514,989</b>
<b>Net assets consist of:</b>						
Invested in capital assets, net of related debt	\$ 1,303,133	\$ 1,290,693	\$ 10,783	\$ 12,316	\$ 1,313,916	\$ 1,303,009
Restricted net assets	409,925	391,467			409,925	391,467
Unrestricted net assets (deficit)	(330,188)	(263,398)	91,374	83,911	(238,814)	(179,487)
<b>Net assets</b>	<b>\$ 1,382,870</b>	<b>\$ 1,481,762</b>	<b>\$ 102,157</b>	<b>\$ 96,227</b>	<b>\$ 1,485,027</b>	<b>\$ 1,514,989</b>

## Governmental Activities

Governmental activities decreased the net assets of the School District by \$35,892 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 \$90,000 through the budget process.

## Business-type Activities

- Business-type activities increased the School District's net assets by \$5,930. 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, 2010 and 2009

	Governmental Activities		Business-Type Activities		District-Wide	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for services			\$ 44,093	\$ 63,525	\$ 44,093	\$ 63,525
Operating grants and Contributions	\$ 475,724	\$ 513,351	63,997	49,435	539,721	562,786
<b>General Revenues:</b>						
Property Taxes	1,188,283	1,180,591			1,188,283	1,180,591
State Aid	3,989,023	3,579,183			3,989,023	3,579,183
Other Revenues	33,906	6,760		248	33,906	7,008
<b>Total Revenues</b>	<b>5,686,936</b>	<b>5,279,885</b>	<b>108,090</b>	<b>113,208</b>	<b>5,795,026</b>	<b>5,393,093</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	2,075,733	1,996,801			2,075,733	1,996,801
Tuition	1,300,917	1,028,648			1,300,917	1,028,648
Related Services	414,350	442,906			414,350	442,906
Administrative Services	321,299	311,544			321,299	311,544
Operations and Maintenance	427,830	521,663			427,830	521,663
Transportation	155,486	134,703			155,486	134,703
Unallocated benefits	794,204	1,030,181			794,204	1,030,181
<b>Interest on long-term Debt</b>						
Debt	80,400	84,082			80,400	84,082
Other	120,509	26,911			120,509	26,911

<b>Business-Type Activities:</b>						
Food Service Operations			113,226	97,576	113,226	97,576
After School Program			21,034	21,319	21,034	21,319
<b>Total Expenses</b>	<b>5,690,728</b>	<b>5,577,439</b>	<b>134,260</b>	<b>118,895</b>	<b>5,824,988</b>	<b>5,696,334</b>
<b>Increase (Decrease) in Net</b>						
Assets Before transfers	(3,792)	(297,554)	(26,170)	(5,687)	(29,962)	(303,241)
Transfers	(32,100)	(31,336)	32,100	31,336		
Prior period adjustment		137,389				137,389
<b>Changes in net assets</b>	<b>(35,892)</b>	<b>(191,501)</b>	<b>5,930</b>	<b>25,649</b>	<b>(29,962)</b>	<b>(165,852)</b>
Net assets, July 1,	1,418,762	1,610,263	96,227	70,578	1,514,989	1,680,841
<b>Net assets, June 30,</b>	<b>\$ 1,382,870</b>	<b>\$ 1,418,762</b>	<b>\$ 102,157</b>	<b>\$ 96,227</b>	<b>\$ 1,485,027</b>	<b>\$ 1,514,989</b>

### **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 \$260,872, an increase of \$16,693 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 deficit fund balance for the General Fund of \$134,203 and an unreserved deficit fund balance of \$14,850 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 (\$200,000), 2) reserved for future tuition adjustment payments (\$41,980), 3) reserved for future capital projects (\$164,237), 4) reserve for future debt service payments (\$2,925) and 5) reserved for encumbrances (\$783).

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 2 state aid payments as discussed in the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The special revenue fund reflects a deficit fund balance of \$14,850, as a result of the accounting treatment for the last 2 state aid payments. 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 is \$60 and represents the prior year encumbrances carried over to the current year budget.

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 \$492,764. 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 \$5,216,035. Unreserved fund balance (budgetary basis) represents 4.79% of expenditures while total fund balance (budgetary basis) represents 9.45% 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, 2010, totaled \$2,880,916 (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 \$79,093, or a 2.67% decrease.

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

- Depreciation expense for the current fiscal year was \$148,757.

### Capital Asset (net of accumulated depreciation) June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		District-Wide	
	2010	2009	2010	2009	2010	2009
Land	\$ 38,000	\$ 38,000			\$ 38,000	\$ 38,000
Construction in Progress						
Site Improvements	72,288	79,606			72,288	79,606
Buildings and Building Improvements	2,568,509	2,605,372			2,568,509	2,605,372
Equipment	191,336	224,715	\$ 10,783	\$ 12,316	202,119	237,031
	<u>2,870,133</u>	<u>2,947,693</u>	<u>\$ 10,783</u>	<u>\$ 12,316</u>	<u>\$ 2,880,916</u>	<u>\$ 2,960,009</u>
Net assets	<u>\$ 2,870,133</u>	<u>\$ 2,947,693</u>	<u>\$ 10,783</u>	<u>\$ 12,316</u>	<u>\$ 2,880,916</u>	<u>\$ 2,960,009</u>

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

**Long-term debt** – During the fiscal year ended June 30, 2010, the School District had total bonded debt outstanding of \$1,567,000 backed by the full faith and credit of the School District.

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

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

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$4,384,337 and the legal debt margin was \$2,817,337.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) 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 2010-11 fiscal year.

- For the 2010-2011 fiscal year the School District's state aid was cut by over \$300,000. This amounted to a 5% reduction in the total General Fund budget. Despite this cut in state aid the school district was able to keep the local tax levy level with the past several years.
- Budgeted salary expense was reduced by over \$50,000 due to a retirement and resignation of one teacher. Additionally, the school district instituted a special education program in an effort to bring back several students from out-of-district placements, which saved the school district over \$150,000.
- The Board of Education continues to review its budgetary requirements in conjunction with the current economic factors 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, 2010**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 347,784	\$ 61,937	\$ 409,721
Receivables, net	299,070	3,075	302,145
Internal balances	(32,100)	32,100	
Deferred bond issuance costs - net	14,135		14,135
Capital assets, net (Note 5)	<u>2,870,133</u>	<u>10,783</u>	<u>2,880,916</u>
Total Assets	<u>3,499,022</u>	<u>107,895</u>	<u>3,606,917</u>
<b>LIABILITIES:</b>			
Accounts payable	307,996	5,738	313,734
Deferred revenue	45,886		45,886
Accrued interest payable	19,237		19,237
Noncurrent Liabilities (Note 7):			
Due within one year	105,000		105,000
Due beyond one year	<u>1,638,033</u>		<u>1,638,033</u>
Total Liabilities	<u>2,116,152</u>	<u>5,738</u>	<u>2,121,890</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	1,303,133	10,783	1,313,916
Restricted for:			
Capital projects	164,237		164,237
Debt service	2,925		2,925
Other purposes	242,763		242,763
Unrestricted	<u>(330,188)</u>	<u>91,374</u>	<u>(238,814)</u>
Total Net Assets	<u>\$ 1,382,870</u>	<u>\$ 102,157</u>	<u>\$ 1,485,027</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, 2010**

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
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 1,695,120		\$ 230,688		\$ (1,464,432)		\$ (1,464,432)
Special Education	334,411				(334,411)		(334,411)
Other instruction	46,202				(46,202)		(46,202)
<b>Support Services:</b>							
Tuition	1,300,917				(1,300,917)		(1,300,917)
Student & instruction related services	414,350		12,441		(401,909)		(401,909)
General administrative services	181,736				(181,736)		(181,736)
School administrative services	5,568				(5,568)		(5,568)
Central services	133,995				(133,995)		(133,995)
Plant operations and maintenance	427,830				(427,830)		(427,830)
Pupil transportation	155,486				(155,486)		(155,486)
Unallocated employee benefits	794,204		232,595		(561,609)		(561,609)
Interest on long-term debt	80,400				(80,400)		(80,400)
Unallocated depreciation and amortization	120,509				(120,509)		(120,509)
<b>Total Governmental Activities</b>	<b>5,690,728</b>		<b>475,724</b>		<b>(5,215,004)</b>		<b>(5,215,004)</b>
<b>Business-Type Activities:</b>							
Food service	113,226	\$ 13,751	63,997			\$ (35,478)	(35,478)
After school program	21,034	30,342				9,308	9,308
<b>Total Business-Type Activities</b>	<b>134,260</b>	<b>44,093</b>	<b>63,997</b>			<b>(26,170)</b>	<b>(26,170)</b>
<b>Total Primary Government</b>	<b>\$ 5,824,988</b>	<b>\$ 44,093</b>	<b>\$ 539,721</b>	<b>\$ -</b>	<b>(5,215,004)</b>	<b>(26,170)</b>	<b>(5,241,174)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes, net					1,017,497		1,017,497
Taxes levied for debt service					170,786		170,786
Federal and State aid not restricted					3,989,023		3,989,023
Miscellaneous Income					33,906		33,906
<b>Transfers</b>					<b>(32,100)</b>	<b>32,100</b>	
<b>Total general revenues, special items, extraordinary items and transfers</b>					<b>5,179,112</b>	<b>32,100</b>	<b>5,211,212</b>
Change in Net Assets					(35,892)	5,930	(29,962)
Net Assets - July 1, 2009					1,281,373	96,227	1,377,600
Prior period adjustment (Note 21)					137,389		137,389
<b>Net Assets - June 30, 2010</b>					<b>\$ 1,382,870</b>	<b>\$ 102,157</b>	<b>\$ 1,485,027</b>

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, 2010**

<b>ASSETS</b>	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 422,467	\$ (93,768)	\$ 16,160	\$ 2,925	\$ 347,784
Receivables, net	13,749	137,245	148,076		299,070
Total Assets	<u>\$ 436,216</u>	<u>\$ 43,477</u>	<u>\$ 164,236</u>	<u>\$ 2,925</u>	<u>\$ 646,854</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 295,555	\$ 12,441			\$ 307,996
Interfund payable	32,100				32,100
Deferred revenues		45,886			45,886
Total Liabilities	<u>327,655</u>	<u>58,327</u>			<u>385,982</u>
 <b>Fund Balances:</b>					
<b>Reserved for:</b>					
Encumbrances	783				783
Capital projects	1		164,236		164,237
Tuition reserve	41,980				41,980
Future tuition payments	75,000				75,000
Unreserved	(134,203)	(14,850)			(149,053)
Unreserved - designated for subsequent year's expenditures	125,000			2,925	127,925
Total Fund Balances	<u>108,561</u>	<u>(14,850)</u>	<u>164,236</u>	<u>2,925</u>	<u>260,872</u>
Total Liabilities and Fund Balances	<u>\$ 436,216</u>	<u>\$ 43,477</u>	<u>\$ 164,236</u>	<u>\$ 2,925</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 \$1,266,051. 2,870,133

Bond issuance costs are amortized over the life of the bonds on the statement of net assets. 14,135

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	\$ (1,567,000)	
Accrued Interest Payable	(19,237)	
Compensated Absences Payable	(176,033)	
		<u>(1,762,270)</u>

Net assets of governmental activities \$ 1,382,870

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, 2010**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,017,497			\$ 170,786	\$ 1,188,283
Miscellaneous	33,906				33,906
Total local sources	1,051,403			170,786	1,222,189
State sources	3,604,890	\$ 43,871			3,648,761
Federal sources	616,728	199,258			815,986
Total Revenues	<u>5,273,021</u>	<u>243,129</u>		<u>170,786</u>	<u>5,686,936</u>
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	1,363,245	238,176			1,601,421
Special education instruction	334,411				334,411
Other instruction	46,202				46,202
Support services and undistributed costs:					
Tuition	1,300,917				1,300,917
Student & instruction related services	401,909	12,441			414,350
General administrative services	181,071				181,071
School administrative services	5,568				5,568
Central services	133,995				133,995
Plant operations and maintenance	427,830				427,830
Pupil transportation	155,486				155,486
Unallocated employee benefits	794,204				794,204
Capital outlay	71,197				71,197
Debt service:					
Principal				90,000	90,000
Interest and other charges				81,491	81,491
Total Expenditures	<u>5,216,035</u>	<u>250,617</u>		<u>171,491</u>	<u>5,638,143</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>56,986</u>	<u>(7,488)</u>		<u>(705)</u>	<u>48,793</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in					
Transfers out	(32,100)				(32,100)
Total Other Financing Sources (Uses)	<u>(32,100)</u>				<u>(32,100)</u>
Net Change in Fund Balances	24,886	(7,488)		(705)	16,693
Fund Balances - July 1, 2009	83,675	(7,362)	164,236	3,630	244,179
Fund Balances - June 30, 2010	<u>\$ 108,561</u>	<u>\$ (14,850)</u>	<u>\$ 164,236</u>	<u>\$ 2,925</u>	<u>\$ 260,872</u>

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

**BROOKLAWN SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2010**

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	16,693
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	\$ (148,757)	
Fixed assets additions	<u>208,586</u>	59,829
<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		90,000
<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>		
Decrease in Accrued Interest Payable	1,091	
Increase in Compensated Absences	<u>(64,831)</u>	
		<u>(63,740)</u>
Change in Net Assets of Governmental Activities	\$	<u>101,497</u>

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, 2010**

	Business-Type Activities Enterprise Funds		
	Food Service Fund	After School Program	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ (18,343)	\$ 80,280	\$ 61,937
Accounts receivable:			
State	124		124
Federal	2,951		2,951
Interfund	32,100		32,100
Total Current Assets	16,832	80,280	97,112
Noncurrent Assets:			
Equipment	27,908		27,908
Less - accumulated depreciation	(17,125)		(17,125)
Total Noncurrent Assets	10,783		10,783
Total Assets	27,615	80,280	107,895
<b>LIABILITIES:</b>			
Accounts Payable	5,738		5,738
Total Current Liabilities	5,738		5,738
<b>NET ASSETS:</b>			
Invested in capital assets	10,783		10,783
Unrestricted	11,094	80,280	91,374
Total Net Assets	\$ 21,877	\$ 80,280	\$ 102,157

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, 2010**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>After School Program</b>	<b>Totals</b>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 13,751		\$ 13,751
Daily sales non-reimbursable programs:			
Program fees		\$ 30,342	30,342
Total Operating Revenues	<u>13,751</u>	<u>30,342</u>	<u>44,093</u>
<b>OPERATING EXPENSES:</b>			
Salaries and fringe benefits	35,852	20,808	56,660
Supplies and materials	341	226	567
Depreciation	1,533		1,533
Cost of sales	<u>75,500</u>		<u>75,500</u>
Total Operating Expenses	<u>113,226</u>	<u>21,034</u>	<u>134,260</u>
Operating Income (Loss)	<u>(99,475)</u>	<u>9,308</u>	<u>(90,167)</u>
<b>Non-Operating Revenues:</b>			
State sources:			
State school lunch program	2,223		2,223
State school breakfast program	356		356
Federal sources:			
National school lunch program	55,904		55,904
National school breakfast program	5,514		5,514
Total Non-Operating Revenues	<u>63,997</u>		<u>63,997</u>
Income (Loss) before Contributions and Transfers	<u>(35,478)</u>	<u>9,308</u>	<u>(26,170)</u>
Operating Transfers In	<u>32,100</u>		<u>32,100</u>
Changes in Net Assets	<u>(3,378)</u>	<u>9,308</u>	<u>5,930</u>
Net Assets - July 1, 2009	<u>25,255</u>	<u>70,972</u>	<u>96,227</u>
Net Assets - June 30, 2010	<u>\$ 21,877</u>	<u>\$ 80,280</u>	<u>\$ 102,157</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, 2010**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>After School Program</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 13,751	\$ 30,342	\$ 44,093
Cash payments to employees for services	(35,852)	(20,808)	(56,660)
Cash payments to suppliers for goods and services	(70,103)	(226)	(70,329)
Net cash provided by (used for) operating activities	(92,204)	9,308	(82,896)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash received from state sources	2,750		2,750
Cash received from federal sources	65,412		65,412
Operating transfer in			-
Net cash provided by noncapital financing activities	68,162		68,162
<b>Cash Flows Provided by Investing Activities:</b>			
Interest earned on cash equivalents			
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	(24,042)	9,308	(14,734)
Cash and cash equivalents - July 1, 2009	5,699	70,972	76,671
Cash and cash equivalents - June 30, 2010	<u>\$ (18,343)</u>	<u>\$ 80,280</u>	<u>\$ 61,937</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)</b>			
<b>Operating Activities:</b>			
Operating income (loss)	\$ (99,475)	\$ 9,308	\$ (90,167)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	1,533		1,533
Change in assets and liabilities:			
(Increase) decrease in accounts receivables			
Increase (decrease) in accounts payable	5,738		5,738
Net cash provided by (used for) operating activities	<u>\$ (92,204)</u>	<u>\$ 9,308</u>	<u>\$ (82,896)</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, 2010**

	Trust Funds			
	Unemployment Compensation Trust	Private Purpose		Agency Funds
		Flowers Memorial Fund	Other Trust Funds	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 102	\$ 88,125	\$ 29,522	\$ 20,053
Total Assets	102	88,125	29,522	\$ 20,053
<b>LIABILITIES:</b>				
Payroll deductions and withholdings				\$ 6,244
Due to student groups				13,809
Total Liabilities				\$ 20,053
<b>NET ASSETS:</b>				
Held in trust for unemployment claims and other purposes	\$ 102			
Reserved for scholarships		\$ 88,125	\$ 29,522	

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, 2010**

	Unemployment Compensation Trust	Private Purpose	
		Flowers Memorial Fund	Other Funds
<b>ADDITIONS:</b>			
Contributions:			
Employee	\$ 15,109		
Donations			
Total Contributions	<u>15,109</u>		
Investment earnings:			
Interest	14	\$ 111	
Net investment earnings	<u>14</u>	<u>111</u>	
Total Additions	<u>15,123</u>	<u>111</u>	
<b>DEDUCTIONS:</b>			
Unemployment claims	19,962		
Scholarships awarded			\$ 646
Total Deductions	<u>19,962</u>		<u>646</u>
Change in Net Assets	(4,839)	111	(646)
Net Assets - July 1, 2009	<u>4,941</u>	<u>88,014</u>	<u>30,168</u>
Net Assets - June 30, 2010	<u>\$ 102</u>	<u>\$ 88,125</u>	<u>\$ 29,522</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, 2010**

**1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

**Description of Reporting Entity**

The Borough of Brooklawn School District (School District) is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, 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 resident students in grades K through 8. Students in grades 9 through 12 attend, on a tuition basis, the Gloucester City High School District. The Brooklawn School District has an approximate enrollment at June 30, 2010 of 311 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.

**Component Units**

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Components Units*. There are no organizations that are considered to be component units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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. 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, 2010**

**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 non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities 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 governments, other than major capital projects, debt service, or the enterprise funds, and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

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

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

The School District's enterprise funds are:

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Accounting (Continued)**

**After School Fund** - This fund accounts for the financial activity related to providing day care services for School District students before and after school and during the summer.

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

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

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

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

**Measurement Focus**

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

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

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

**Basis of Accounting**

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting (Continued)**

**Revenues - Exchange and Non-exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means 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.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. There were no restricted formula aids.

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

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

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2.11.

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

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

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets/Budgetary Control (Continued)**

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

**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.

**Cash, Cash Equivalents and Investments**

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 unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**Tuition Receivable**

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

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2010 and 2009 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

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

**Deferred Expenditures**

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

**Short-Term Interfund Receivables / Payables**

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

**Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are 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.

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>
School Buildings	50 years	N/A
Building Improvements	50 years	N/A
Site Improvements	20 years	N/A
Machinery and Equipment	5-20 years	12 years

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accrued Salaries and Wages**

Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2010, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

**Compensated Absences**

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

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

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

**Deferred Revenue**

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

**Accrued Liabilities and Long-term Obligations**

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

**Net Assets**

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

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

**Fund Balance Reserves**

The School District reserves 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 are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve, maintenance reserve and emergency reserves.

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Operating and Non-Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service and tuition fees for the latchkey school program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Interfund Activity**

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

**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.

**3. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District's formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41. et seq. which requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$599,634.59 as of June 30, 2010, \$250,000.00 was insured by the Federal Deposit Insurance Corporation and \$349,634.59 was collateralized under the Governmental Unit Deposit Protection Act.

**4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The balance in the capital reserve as of June 30, 2010 is \$1.00.

The June 30, 2010 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**5. CAPITAL ASSETS**

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

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
<b>Governmental Activities:</b>				
<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	3,311,364	\$ 71,197		3,382,561
Equipment	734,547			734,547
Totals at historical cost	<u>4,175,744</u>	<u>71,197</u>	_____	<u>4,246,941</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(50,227)	(7,318)		(57,545)
Building and Building Improvements	(705,992)	(108,060)		(814,052)
Equipment	(509,832)	(33,379)		(543,211)
Totals accumulated depreciation	<u>(1,266,051)</u>	<u>(148,757)</u>	_____	<u>(1,414,808)</u>
Total Capital Assets, being depreciated, net	<u>2,909,693</u>	<u>(77,560)</u>	_____	<u>2,832,133</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,947,693</u>	<u>\$ (77,560)</u>	<u>\$ 0</u>	<u>\$ 2,870,133</u>
<b>Business-Type Activities:</b>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 27,908			\$ 27,908
Less accumulated depreciation	(15,592)	\$ (1,533)		(17,125)
Business-Type Activities Capital Assets, Net	<u>\$ 12,316</u>	<u>\$ (1,533)</u>	<u>\$ 0</u>	<u>\$ 10,783</u>

Depreciation expense in the amount of \$148,757 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 28,868
Central Administration	665
Unallocated	<u>119,224</u>
Total depreciation expense	<u>\$ 148,757</u>

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010**

**6. ACCOUNTS RECEIVABLES**

Accounts receivables at June 30, 2010 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Intergovernmental	\$ 13,749	\$ 137,245	\$ 148,076	\$ 3,075	\$ 302,145
Other					
<b>Total Accounts Receivable</b>	<u>\$ 13,749</u>	<u>\$ 137,245</u>	<u>\$ 148,076</u>	<u>\$ 3,075</u>	<u>\$ 302,145</u>

**7. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2010, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2010</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 111,202	\$ 64,831		\$ 176,033	
General Obligation Bonds	<u>1,657,000</u>		<u>\$ 90,000</u>	<u>1,567,000</u>	<u>\$ 105,000</u>
	<u>\$ 1,768,202</u>	<u>\$ 64,831</u>	<u>\$ 90,000</u>	<u>\$ 1,743,033</u>	<u>\$ 105,000</u>

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

2001 General Obligation Bonds dated March 1, 2001 in the amount of \$1,319,000 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 \$248,000 due in annual installments through March 15, 2015, bearing interest rate of 4.70 %.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 105,000	\$ 76,947	\$ 181,947
2012	120,000	71,849	191,849
2013	135,000	66,021	201,021
2014	150,000	59,464	209,464
2015	168,000	52,176	220,176
2016-2020	715,000	155,183	870,183
2021	<u>174,000</u>	<u>8,613</u>	<u>182,613</u>
	<u>\$ 1,567,000</u>	<u>\$ 490,253</u>	<u>\$ 2,057,253</u>

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010**

**7. LONG-TERM OBLIGATIONS (Continued)**

As of June 30, 2010 the School District had no authorizations to issue additional bonded debt.

**Compensated Absences**

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

**Capital Leases Payable**

As of June 30, 2010 the School District had no capital leases.

**8. OPERATING LEASES**

At June 30, 2010, the School District had operating lease agreements in effect for copy machines. Rental payments under operating leases for the fiscal year ended June 30, 2010 were \$67,009.

Future minimum rental payments under operating lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 16,149
2012	16,149
2013	<u>2,692</u>
Total future minimum lease payments	<u>\$ 34,990</u>

**9. 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 (PERSE). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

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

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007 however, in accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

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

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010**

**9. PENSION PLANS (Continued)**

***Public Employees' Retirement System (PERS)***

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5% of their annual covered salary. Effective July 1, 2007 however, in accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

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

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

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Funded by Excess Pension Asset Credit</u>	<u>Paid by School District</u>
2010	\$ 17,992	\$ 23,117	\$ 5,701	\$ 46,810		\$ 46,810
2009	12,922	14,946	3,464	31,332	*	17,398
2008	13,911	10,720		24,631	\$ 4,926	19,705

\* In accordance with P.L.2010, C.19 (S-21) school districts had the option to defer 50% of their regular PERS contribution due on April 1, 2010. The Brooklawn School District chose to defer \$13,934 and will repay this amount plus interest over a 15 year period beginning April 1, 2012. The amount to be repaid will fluctuate each year based on the pension system investment earnings on the unfunded liability. Since the School District is permitted to pay off the deferred amount at any time, the deferred amount has not been recorded as a long-term liability and will be funded on a pay-as-you-go basis.

**10. POST-RETIREMENT BENEFITS**

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

**Funding Policy** – P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2009 there were 84,590 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010**

**10. POST-RETIREMENT BENEFITS (Continued)**

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

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

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2010, the School District has recognized as revenues and expenditures on-behalf payments made by the State of New Jersey for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement medical costs were \$5,000 and \$93,901, respectively. In addition, the State of New Jersey reimbursed the School District \$133,694 during the fiscal year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has also been included as a revenue and expenditure in the basic financial statements, and the combining and individual fund statements and schedules in accordance with GASB 24.

**12. DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, 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.

**13. 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.

**Joint Insurance Pool** - The School District is a member of the School Alliance Insurance Pool Joint 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 necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained by writing to: School Alliance Insurance Fund, 51 Everett Drive, Suite B-40, West Windsor, New Jersey, 08550.

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**13. RISK MANAGEMENT (Continued)**

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ 14	\$ 15,109	\$ 19,962	\$ 102
2008-2009	32	0	0	4,941
2007-2008	28	3,625	0	4,909

**14. COMPENSATED ABSENCES**

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

School District employees are granted vacation and sick leave in varying amounts in accordance with the School District's personnel policies. Unused sick leave may be accumulated carried forward to the subsequent years. Employees who retire from the School District shall be paid 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 the employees. As of June 30, 2010, the liability for compensated absences in the governmental fund was \$176,033.

**15. INTERFUND BALANCES AND TRANSFERS**

The following interfund balances were recorded on the various balance sheets as of June 30, 2010:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General		\$ 32,100
Enterprise Fund	\$ 32,100	
	<u>\$ 32,100</u>	<u>\$ 32,100</u>

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

**16. ECONOMIC DEPENDENCY**

The School District receives a substantial portion of its operating support from the federal and state governments. A significant reduction in the level of support, if this were to occur, would have an effect on the School District's programs and activities.

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**17. 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 receiving funding in the form of a grant from the New Jersey Schools Development Authority (NJSDA) in connection with its capital project. The costs associated with the funding received are subject to a final review of eligibility and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the School District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the School District's management, there are no significant contingent liabilities relating to compliance with rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

**18. DEFICIT FUND BALANCE**

The School District has a deficit fund balance of \$134,203 in the General Fund and \$14,850 in the Special Revenue Fund as of June 30, 2010 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 two state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District can not recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the General Fund and Special Revenue Fund fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general 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 deficit in the GAAP fund statements of \$149,053 is equal to or less than the last state aid payment.

**19. DEFICIT UNRESTRICTED NET ASSETS**

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of \$330,188 existed as of June 30, 2010 for governmental activities. The primary causes of this deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and accrued interest payable. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Assets, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the School District in the formulation of their annual budget (see Note 1), compensated absences and accrued interest payable that relate to future services, or that are contingent on a specific event outside the control of the School District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the School District is facing financial difficulties.

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010**

**20. 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:

**Encumbrances** – The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. At June 30, 2010 \$783 has been reserved for this purpose in the General Fund.

**Capital Reserve** – As of June 30, 2010, the balance in the capital reserve account is \$1. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

**Tuition Reserve** – In accordance with N.J.A.C. 6A:23-3.1(f)(8), the School District has restricted fund balance at June 30, 2010 in the amount of \$116,980 in a legal reserve for tuition adjustments. Of this amount \$75,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011 and \$41,980 is available for future budgets.

**Unreserved**

**General Fund** – Of the \$375,000 unreserved General Fund, fund balance at June 30, 2010, \$125,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011 and \$250,000 is undesignated.

**Capital Projects Fund** – All of the \$164,236 unreserved Capital Projects Fund, fund balance at June 30, 2010 is available to be utilized on the projects that were approved by referendum.

**Debt Service Fund** – All of the \$2,925 unreserved Debt Service Fund, fund balance at June 30, 2010 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011.

**21. PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2010, management became aware that certain fixed assets were not recorded by the School District. A prior period adjustment of \$137,389 to net capital assets has been recorded on the District-wide financial statements. The total effect of the prior period adjustment was to increase net assets of the governmental activities by \$137,389.

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, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local Tax Levy	\$ 1,017,497		\$ 1,017,497	\$ 1,017,497	
Unrestricted misc. revenues	10,000		10,000	33,906	\$ 23,906
<b>Total local sources</b>	<b>1,027,497</b>		<b>1,027,497</b>	<b>1,051,403</b>	<b>23,906</b>
State sources:					
School Choice aid	305,064		305,064	305,064	
Categorical special education aid	202,487		202,487	202,487	
Equalization aid	3,398,957	\$ (616,728)	2,782,229	2,782,229	
Categorical security aid	75,830		75,830	73,671	2,159
Categorical transportation aid	21,700		21,700	14,105	7,595
On-behalf TPAF pension contrib. (non-budgeted)				98,901	98,901
Reimbursed TPAF social security contribution (non-budgeted)				133,694	133,694
<b>Total state sources</b>	<b>4,004,038</b>	<b>(616,728)</b>	<b>3,387,310</b>	<b>3,610,151</b>	<b>242,349</b>
Federal sources:					
Education Stabilization Fund		593,743	593,743	593,743	
Government Services Fund		22,985	22,985	22,985	
<b>Total federal sources</b>		<b>616,728</b>	<b>616,728</b>	<b>616,728</b>	
<b>TOTAL REVENUES</b>	<b>5,031,535</b>		<b>5,031,535</b>	<b>5,278,282</b>	<b>266,255</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	16,535	(1,140)	15,395	15,395	
Kindergarten	48,239	(1,600)	46,639	46,639	
Grades 1-5	651,878	(57)	651,821	651,209	612
Grades 6-8	492,715	(20,989)	471,726	471,726	
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	8,000	(1,351)	6,649	6,649	
Purchased technical services	6,000	(532)	5,468	5,468	
Other purchased services	50,000	2,962	52,962	52,962	
General supplies	72,261	(10,596)	61,665	61,665	
Textbooks	72,260	(21,627)	50,633	50,633	
Other objects	4,000	(3,101)	899	899	
<b>Total instruction</b>	<b>1,421,888</b>	<b>(58,031)</b>	<b>1,363,857</b>	<b>1,363,245</b>	<b>612</b>
Special Education Instruction:					
Resource room/resource center:					
Salaries of teachers	239,864	(14,807)	225,057	218,505	6,552
Other salaries for instruction	131,134		131,134	115,222	15,912
General supplies	1,500		1,500	684	816
<b>Total resource room/resource center</b>	<b>372,498</b>	<b>(14,807)</b>	<b>357,691</b>	<b>334,411</b>	<b>23,280</b>
<b>Total Special Education - Instruction</b>	<b>372,498</b>	<b>(14,807)</b>	<b>357,691</b>	<b>334,411</b>	<b>23,280</b>

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, 2010**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Cocurricular Act - Instruction:					
Salaries	\$ 15,000	\$ 8,397	\$ 23,397	\$ 23,397	
Purchased services	1,500	1,948	3,448	3,448	
Supplies and materials	5,000	(4,798)	202	57	\$ 145
Other objects		2,850	2,850	2,850	
Total school-sponsored cocurr. act. - instruct.	<u>21,500</u>	<u>8,397</u>	<u>29,897</u>	<u>29,752</u>	<u>145</u>
School-Sponsored Athletics - Instruction:					
Salaries	15,000		15,000	9,800	5,200
Purchased services	5,000	(125)	4,875	4,061	814
Supplies and materials	2,000		2,000	1,741	259
Other objects	5,000	(1,219)	3,781	848	2,933
Total school-sponsored athletics - instruct.	<u>27,000</u>	<u>(1,344)</u>	<u>25,656</u>	<u>16,450</u>	<u>9,206</u>
Total Instruction	<u>1,842,886</u>	<u>(65,785)</u>	<u>1,777,101</u>	<u>1,743,858</u>	<u>33,243</u>
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	955,989	(32,285)	923,704	923,704	
Tuition to other LEAs within the state - spec	91,470	32,410	123,880	123,880	
Tuition to County Voc. School	10,000		10,000	10,000	
Tuition to CCSD & Regional Day Schools	60,000	(4,419)	55,581	55,581	
Tuition to priv. sch. for the disabled in state	182,114	(16,561)	165,553	165,553	
Tuition - state facilities		22,199	22,199	22,199	
Total undistributed expenditures - instruction	<u>1,299,573</u>	<u>1,344</u>	<u>1,300,917</u>	<u>1,300,917</u>	
Attendance and Social Work Services:					
Purchased professional and technical services	500		500	500	
Total attendance and social work services	<u>500</u>		<u>500</u>	<u>500</u>	
Health Services:					
Salaries	62,502		62,502	61,529	973
Purchased professional and technical services	5,000		5,000	1,321	3,679
Supplies and materials	5,000	(2,866)	2,134	1,633	501
Total health services	<u>72,502</u>	<u>(2,866)</u>	<u>69,636</u>	<u>64,483</u>	<u>5,153</u>
Speech, OT, PT & Related Services:					
Purchased professional and educational services	130,000	28,180	158,180	158,180	
Total speech, ot, pt, & related services	<u>130,000</u>	<u>28,180</u>	<u>158,180</u>	<u>158,180</u>	
Child Study Teams:					
Salaries of other professional staff	70,109	(1,000)	69,109	69,109	
Salaries of secretarial and clerical assistants	12,950	(363)	12,587	12,587	
Purchased professional - educational services					
Miscellaneous purchased services	10,000	11,246	21,246	21,246	
Supplies and materials	5,000	(4,529)	471	471	
Total other support services student - special	<u>98,059</u>	<u>5,354</u>	<u>103,413</u>	<u>103,413</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, 2010**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Improvement of Instructional Services:</b>					
Salaries of supervisors of instruction	\$ 6,000	\$ (5,354)	\$ 646		\$ 646
Salaries of other professional staff	55,000		55,000	\$ 42,300	12,700
<b>Total improvement of instructional services</b>	<b>61,000</b>	<b>(5,354)</b>	<b>55,646</b>	<b>42,300</b>	<b>13,346</b>
<b>Educational Media Services/School Library:</b>					
Salaries	25,000		25,000	18,436	6,564
Purchased professional and technical services	3,500		3,500	769	2,731
Supplies and materials	10,000		10,000	8,139	1,861
<b>Total educational media services/school library</b>	<b>38,500</b>		<b>38,500</b>	<b>27,344</b>	<b>11,156</b>
<b>Improvement of Instructional Staff Training Services:</b>					
Other purchased services	10,500		10,500	5,689	4,811
<b>Total improvement of instructional staff train. serv.</b>	<b>10,500</b>		<b>10,500</b>	<b>5,689</b>	<b>4,811</b>
<b>General Administration:</b>					
Salaries	113,360	(27)	113,333	113,333	
Legal services	15,000	215	15,215	15,215	
Audit fees	17,500	7,200	24,700	24,700	
Communications / telephone	18,000	(1,108)	16,892	16,892	
Board of Education other purchased services	2,000	888	2,888	2,888	
Other purchased services	2,000	215	2,215	2,215	
Supplies and materials	1,500	(1,368)	132	132	
Board of Education in-house training/meeting supplies	2,000	(1,828)	172	172	
Miscellaneous expenditures	2,000	526	2,526	2,526	
Board of Education dues and fees	7,000	(4,002)	2,998	2,998	
<b>Total general administration</b>	<b>180,360</b>	<b>711</b>	<b>181,071</b>	<b>181,071</b>	
<b>School Administration:</b>					
Salaries of principals/assistant principals	6,157	(2,478)	3,679		3,679
Other purchased services	1,000		1,000		1,000
Supplies and materials	1,300	247	1,547	1,547	
Other objects	2,500	1,521	4,021	4,021	
<b>Total school administration</b>	<b>10,957</b>	<b>(710)</b>	<b>10,247</b>	<b>5,568</b>	<b>4,679</b>
<b>Central services</b>					
Salaries	91,012	(9,915)	81,097	74,750	6,347
Purchased technical services	5,000	3,576	8,576	8,576	
Supplies and materials	2,500		2,500	1,267	1,233
Miscellaneous expenditures	1,000		1,000	108	892
<b>Total central services</b>	<b>99,512</b>	<b>(6,339)</b>	<b>93,173</b>	<b>84,701</b>	<b>8,472</b>

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, 2010**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Administrative Information Technology</b>					
Salaries	\$ 40,000	\$ 3,291	\$ 43,291	\$ 43,291	
Purchased technical services	2,000	3,226	5,226	5,226	
Supplies and materials	3,000	(2,226)	774	650	\$ 124
Miscellaneous expenditures	1,000		1,000	127	873
<b>Total administrative information technology</b>	<b>46,000</b>	<b>4,291</b>	<b>50,291</b>	<b>49,294</b>	<b>997</b>
<b>Required Maintenance School Facilities:</b>					
Cleaning, repair and maintenance services	19,000	1,668	20,668	20,668	
<b>Total required maintenance school facilities</b>	<b>19,000</b>	<b>1,668</b>	<b>20,668</b>	<b>20,668</b>	
<b>Custodial Services:</b>					
Salaries	88,000	(3,184)	84,816	84,816	
Purchased professional & technical services	105,000	(7,811)	97,189	97,189	
Cleaning, repair and maintenance services	5,000	38,938	43,938	43,938	
Other purchased property services	10,000	(4,806)	5,194	5,194	
Insurance	20,000	(3,757)	16,243	16,243	
General Supplies	60,000	1,827	61,827	61,827	
Energy (Electricity)	100,000	(2,653)	97,347	96,505	842
Other objects	3,000		3,000	1,450	1,550
<b>Total custodial services</b>	<b>391,000</b>	<b>18,554</b>	<b>409,554</b>	<b>407,162</b>	<b>2,392</b>
<b>Total operation &amp; maint. of plant services</b>	<b>410,000</b>	<b>20,222</b>	<b>430,222</b>	<b>427,830</b>	<b>2,392</b>
<b>Student Transportation Services:</b>					
Management fee - ESC & CTSA Trans program	2,000	1,456	3,456	3,456	
Contr. serv. (between home & sch) - vendor	21,000	(612)	20,388	20,388	
Contr. serv. (not between home & sch) - vendor	23,000	(14,601)	8,399	8,399	
Contr. serv. (between home & sch) - joint agree.	10,000	(41)	9,959	9,959	
Contr. serv. (special ed students) - ESCs & CTSA	70,000	43,284	113,284	113,284	
<b>Total student transportation services</b>	<b>126,000</b>	<b>29,486</b>	<b>155,486</b>	<b>155,486</b>	
<b>Unallocated Benefits - Employee Benefits:</b>					
Social security contributions	45,000	6,120	51,120	51,120	
Other retirement contributions - regular	23,500	23,310	46,810	46,810	
Unemployment compensation	5,000		5,000		5,000
Workmen's compensation	35,000		35,000	22,604	12,396
Health benefits	437,570	(37,901)	399,669	375,533	24,136
Tuition reimbursement	12,000		12,000	6,200	5,800
Other employee benefits	108,000	(32,103)	75,897	59,342	16,555
<b>Total unallocated benefits - employee benefits</b>	<b>666,070</b>	<b>(40,574)</b>	<b>625,496</b>	<b>561,609</b>	<b>63,887</b>
On-behalf TPAF pension contr. (non-budgeted)				98,901	(98,901)
Reimbursed TPAF social security contr. (non-budgeted)				133,694	(133,694)
<b>Total Undistributed Expenditures</b>	<b>3,249,533</b>	<b>33,745</b>	<b>3,283,278</b>	<b>3,400,980</b>	<b>(117,702)</b>
<b>Total General Current Expense</b>	<b>5,092,419</b>	<b>(32,040)</b>	<b>5,060,379</b>	<b>5,144,838</b>	<b>(84,459)</b>

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, 2010**

(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>
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Grades 1-5	\$ 43,828		\$ 43,828	\$ 42,144	\$ 1,684
Grades 6-8	43,828		43,828	22,630	21,198
Total equipment	87,656		87,656	64,774	22,882
Facilities Acquisition & Construction:					
Construction services				6,423	(6,423)
Total Capital Outlay	87,656		87,656	71,197	16,459
<b>TOTAL EXPENDITURES</b>	<u>5,180,075</u>	<u>\$ (32,040)</u>	<u>5,148,035</u>	<u>5,216,035</u>	<u>(68,000)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(148,540)</u>	<u>32,040</u>	<u>(116,500)</u>	<u>62,247</u>	<u>334,255</u>
Other Financing Sources:					
Operating transfers out		<u>(32,100)</u>	<u>(32,100)</u>	<u>(32,100)</u>	
Total Other Financing Sources		<u>(32,100)</u>	<u>(32,100)</u>	<u>(32,100)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(148,540)</u>	<u>(60)</u>	<u>(148,600)</u>	<u>30,147</u>	<u>334,255</u>
Fund Balance - July 1, 2009	<u>462,617</u>		<u>462,617</u>	<u>462,617</u>	
Fund Balance - June 30, 2010	<u>\$ 314,077</u>	<u>\$ (60)</u>	<u>\$ 314,017</u>	<u>\$ 492,764</u>	<u>\$ 334,255</u>
Recapitulation:					
Reserve for encumbrances				\$ 783	
Capital reserve				1	
Tuition reserve designated to subsequent year's budget				75,000	
Tuition reserve				41,980	
Unreserved:					
Undesignated				250,000	
Designated for subsequent year's expenditures				125,000	
				<u>492,764</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(384,203)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 108,561</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**  
**American Recovery & Reinvestment Act - Education Stabilization Funds**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal sources:					
Education Stabilization Funds		\$ 593,743	\$ 593,743	\$ 593,743	
<b>Total Revenues</b>		<u>593,743</u>	<u>593,743</u>	<u>593,743</u>	
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Grades 1-5		558,612	558,612	558,612	
Grades 6-8		35,131	35,131	35,131	
<b>Total - Regular Programs - Instruction</b>		<u>593,743</u>	<u>593,743</u>	<u>593,743</u>	
<b>Total Expenditures</b>		<u>593,743</u>	<u>593,743</u>	<u>593,743</u>	
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BROOKLAWN SCHOOL DISTRICT  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 American Recovery & Reinvestment Act - Government Services Fund  
 General Fund  
 For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal sources:					
Government Services Funds		\$ 22,985	\$ 22,985	\$ 22,985	
<b>Total Revenues</b>	<u>22,985</u>	<u>22,985</u>	<u>22,985</u>	<u>22,985</u>	
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers Grades 6-8		22,985	22,985	22,985	
<b>Total - Regular Programs - Instruction</b>	<u>22,985</u>	<u>22,985</u>	<u>22,985</u>	<u>22,985</u>	
<b>Total Expenditures</b>	<u>22,985</u>	<u>22,985</u>	<u>22,985</u>	<u>22,985</u>	
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State sources	\$ 74,970		\$ 74,970	\$ 51,359	\$ 23,611
Federal sources	<u>350,066</u>		<u>350,066</u>	<u>199,258</u>	<u>(150,808)</u>
<b>Total Revenues</b>	<u>425,036</u>		<u>425,036</u>	<u>250,617</u>	<u>(127,197)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	149,191		149,191	125,926	23,265
Other salaries for instruction	13,191		13,191	10,586	2,605
Purchased prof. - technical services	38,512		38,512	5,510	33,002
Other purchased services	46,949		46,949		46,949
Tuition	96,154		96,154	96,154	
Supplies	<u>14,727</u>		<u>14,727</u>		<u>14,727</u>
<b>Total Instruction</b>	<u>358,724</u>		<u>358,724</u>	<u>238,176</u>	<u>120,548</u>
Support Services:					
Salaries	12,793		12,793		12,793
Personal services - employee benefits	20,060		20,060	12,441	7,619
Purchased prof. - technical services	7,659		7,659		
Other purchased services	<u>7,600</u>		<u>7,600</u>		<u>7,600</u>
<b>Total Support Services</b>	<u>48,112</u>		<u>48,112</u>	<u>12,441</u>	<u>28,012</u>
Facilities Acq. and Const. Services - instructional equipment					
Instructional Equipment	<u>18,200</u>		<u>18,200</u>		<u>18,200</u>
<b>Total Expenditures</b>	<u>425,036</u>		<u>425,036</u>	<u>250,617</u>	<u>166,760</u>
<b>Total Outflows</b>	<u>425,036</u>		<u>425,036</u>	<u>250,617</u>	<u>166,760</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)</b>	<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, 2010**

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 5,278,282	\$ 250,617
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	378,942	7,362
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(384,203)	(14,850)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 5,273,021	\$ 243,129
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 5,216,035	\$ 250,617
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 5,216,035	\$ 250,617

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, 2010**

	<u>Preschool Education Program</u>	<u>Title I</u>	<u>Title II A</u>	<u>Title II D</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Total</u>
<b>REVENUES:</b>							
State sources	\$ 51,359						\$ 51,359
Federal sources		\$ 91,017	\$ 11,655	\$ 432	\$ 92,928	\$ 3,226	199,258
<b>Total Revenues</b>	<u>51,359</u>	<u>91,017</u>	<u>11,655</u>	<u>432</u>	<u>92,928</u>	<u>3,226</u>	<u>250,617</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers	40,773	74,984	10,169				125,926
Other salaries for instruction	10,586						10,586
Purchased professional & technical svcs		5,078		432			5,510
Tuition					92,928	3,226	96,154
<b>Total Instruction</b>	<u>51,359</u>	<u>80,062</u>	<u>10,169</u>	<u>432</u>	<u>92,928</u>	<u>3,226</u>	<u>238,176</u>
Support Services:							
Personal services-employee benefits		10,955	1,486				12,441
<b>Total Support Services</b>		<u>10,955</u>	<u>1,486</u>				<u>12,441</u>
Facilities acq. and constr. services:							
Instructional equipment							
<b>Total Program Administration</b>							
<b>Total Expenditures</b>	<u>51,359</u>	<u>91,017</u>	<u>11,655</u>	<u>432</u>	<u>92,928</u>	<u>3,226</u>	<u>250,617</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 Preschool Education Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2010**

**DISTRICT WIDE TOTAL**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of teachers	\$ 61,779	\$ 40,773	\$ 21,006
Other salaries for instruction	13,191	10,586	2,605
Other objects			
Total instruction	<u>74,970</u>	<u>51,359</u>	<u>23,611</u>
<b>Support Services:</b>			
Personal services - Employee benefits			
Total support services			
Total Expenditures	<u>\$ 74,970</u>	<u>\$ 51,359</u>	<u>\$ 23,611</u>

**SUMMARY OF LOCATION TOTALS**

Total 2009-2010 Preschool Education Aid allocation	\$ 74,970
Add: Actual Preschool Education Aid Carryover (June 30, 2009)	22,274
Add: Budgeted transfer from the General Fund 2009-10	
Total Preschool Education Aid Funds available for 2009-2010 budget	<u>97,244</u>
Less: 2009-2010 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<u>(74,970)</u>
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2010	22,274
Add: June 30, 2010 Unexpended Preschool Education Aid	<u>23,611</u>
2009-2010 Actual Carryover - Preschool Education Aid	<u>\$ 45,885</u>
2009-2010 Preschool Education Aid Carryover Budgeted in 2010-2011	<u>\$ -</u>

**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, 2010**

**Revenues and Other Financing Sources:**

Interest earned on investments

Total revenues and other financing sources

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-

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**Expenditures and Other Financing (Uses):**

Purchased professional services

Construction services

Operating transfer out

Total expenditures and other financing (uses)

---

-

---

Excess (deficiency) or revenues over (under) expenditures

-

Fund Balance - July 1, 2009

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\$ 436,130

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Fund Balance - June 30, 2010

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\$ 436,130

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**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, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State sources - SCC Grant	\$ 668,682		\$ 668,682	\$ 668,682
Bond proceeds	403,913		403,913	403,913
<b>Total revenues</b>	<u>1,072,595</u>		<u>1,072,595</u>	<u>1,072,595</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional services	121,677		121,677	121,677
Construction services	514,788		514,788	514,788
	<u>636,465</u>		<u>636,465</u>	<u>636,465</u>
<b>Excess (deficiency) or revenues over (under) expenditures</b>	<u>\$ 436,130</u>	<u>\$ -</u>	<u>\$ 436,130</u>	<u>\$ 436,130</u>
<b>Additional project information:</b>				
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 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, 2010**

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ (18,343)	\$ 80,280	\$ 61,937
Accounts receivable:			
State	124		124
Federal	2,951		2,951
Interfund	<u>32,100</u>		<u>32,100</u>
Total Current Assets	<u>16,832</u>	<u>80,280</u>	<u>97,112</u>
Noncurrent Assets:			
Equipment	27,908		27,908
Less - accumulated depreciation	<u>(17,125)</u>		<u>(17,125)</u>
Total Noncurrent Assets	<u>10,783</u>		<u>10,783</u>
Total Assets	<u>27,615</u>	<u>80,280</u>	<u>107,895</u>
<b>LIABILITIES:</b>			
Accounts Payable	5,738		5,738
Total Current Liabilities	<u>5,738</u>		<u>5,738</u>
<b>NET ASSETS:</b>			
Invested in capital assets	10,783		10,783
Unrestricted	<u>11,094</u>	<u>80,280</u>	<u>91,374</u>
Total Net Assets	<u>\$ 21,877</u>	<u>\$ 80,280</u>	<u>\$ 102,157</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 13,751		\$ 13,751
Daily sales non-reimbursable programs:			
Program fees		\$ 30,342	30,342
		<u>30,342</u>	<u>30,342</u>
Total Operating Revenues	<u>13,751</u>	<u>30,342</u>	<u>44,093</u>
<b>OPERATING EXPENSES:</b>			
Salaries and fringe benefits	35,852	20,808	56,660
Supplies and materials	341	226	567
Depreciation	1,533		1,533
Cost of sales	<u>75,500</u>		<u>75,500</u>
Total Operating Expenses	<u>113,226</u>	<u>21,034</u>	<u>134,260</u>
Operating Income (Loss)	<u>(99,475)</u>	<u>9,308</u>	<u>(90,167)</u>
<b>Non-Operating Revenues:</b>			
State sources:			
State school lunch program	2,223		2,223
State school breakfast program	356		356
Federal sources:			
National school lunch program	55,904		55,904
National school breakfast program	5,514		5,514
Total Non-Operating Revenues	<u>63,997</u>		<u>63,997</u>
Income (Loss) before Contributions and Transfers	(35,478)	9,308	(26,170)
Operating Transfers In	<u>32,100</u>		<u>32,100</u>
Changes in Net Assets	(3,378)	9,308	5,930
Net Assets - July 1, 2009	<u>25,255</u>	<u>70,972</u>	<u>96,227</u>
Net Assets - June 30, 2010	<u>\$ 21,877</u>	<u>\$ 80,280</u>	<u>\$ 102,157</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2010**

	<b>Food Service Fund</b>	<b>After School Program</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 13,751	\$ 30,342	\$ 44,093
Cash payments to employees for services	(35,852)	(20,808)	(56,660)
Cash payments to suppliers for goods and services	(70,103)	(226)	(70,329)
Net cash provided by (used for) operating activities	(92,204)	9,308	(82,896)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash received from state sources	2,750		2,750
Cash received from federal sources	65,412		65,412
Operating transfer in			
Net cash provided by noncapital financing activities	68,162		68,162
<b>Cash Flows Provided by Investing Activities:</b>			
Interest earned on cash equivalents			
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	(24,042)	9,308	(14,734)
Cash and cash equivalents - July 1, 2009	5,699	70,972	76,671
Cash and cash equivalents - June 30, 2010	\$ (18,343)	\$ 80,280	\$ 61,937
<b>Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)</b>			
<b>Operating Activities:</b>			
Operating income (loss)	\$ (99,475)	\$ 9,308	\$ (90,167)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	1,533		1,533
Change in assets and liabilities:			
(Increase) decrease in accounts receivables			
Increase (decrease) in accounts payable	5,738		5,738
Net cash provided by (used for) operating activities	\$ (92,204)	\$ 9,308	\$ (82,896)

## 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, 2010**

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation</u>	<u>Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 102	\$ 117,647	\$ 13,809	\$ 6,244	\$ 137,802
<b>Total Assets</b>	<u>102</u>	<u>117,647</u>	<u>\$ 13,809</u>	<u>\$ 6,244</u>	<u>137,802</u>
<b>LIABILITIES:</b>					
Liabilities:					
Payroll deductions payable				\$ 6,244	6,244
Due to student groups			\$ 13,809		13,809
<b>Total Liabilities</b>			<u>\$ 13,809</u>	<u>\$ 6,244</u>	<u>20,053</u>
<b>NET ASSETS:</b>					
Held in trust for unemployment claims	102				102
Held in trust for scholarships		117,647			117,647
<b>Total Net Assets</b>	<u>\$ 102</u>	<u>\$ 117,647</u>			<u>\$ 117,749</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Scholarship Trust</u>			
	<u>Flowers Memorial Funds</u>	<u>Other Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Totals</u>
<b>Additions:</b>				
Employee withholdings			\$ 15,109	\$ 15,109
Interest earnings	\$ 111		14	125
<b>Total Additions</b>	<u>111</u>		<u>15,123</u>	<u>15,234</u>
<b>Deductions:</b>				
Unemployment compensation insurance claims			19,962	19,962
Other expenses		\$ 646		646
<b>Total Deductions</b>		<u>646</u>	<u>19,962</u>	<u>20,608</u>
<b>Change in Net Assets</b>	111	(646)	(4,839)	(5,374)
<b>Net Assets - July 1</b>	<u>88,014</u>	<u>30,168</u>	<u>4,941</u>	<u>123,123</u>
<b>Net Assets - June 30</b>	<u>\$ 88,125</u>	<u>\$ 29,522</u>	<u>\$ 102</u>	<u>\$ 117,749</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2010**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2010</u>
Alice Costello School	\$ 25,279	\$ 4,100	\$ 15,570		\$ 13,809
Total all schools	<u>\$ 25,279</u>	<u>\$ 4,100</u>	<u>\$ 15,570</u>	<u>\$ -</u>	<u>\$ 13,809</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2010**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>ASSETS:</b>				
Cash and cash equivalents	<u>\$ 15,804</u>	<u>\$ 2,534,515</u>	<u>\$ 2,544,075</u>	<u>\$ 6,244</u>
Total Assets	<u>\$ 15,804</u>	<u>\$ 2,534,515</u>	<u>\$ 2,544,075</u>	<u>\$ 6,244</u>
 <b>LIABILITIES:</b>				
Net payroll	\$ 182	\$ 1,474,071	\$ 1,473,982	\$ 271
Payroll deductions and withholdings	<u>15,622</u>	<u>1,060,444</u>	<u>1,070,093</u>	<u>5,973</u>
Total Liabilities	<u>\$ 15,804</u>	<u>\$ 2,534,515</u>	<u>\$ 2,544,075</u>	<u>\$ 6,244</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, 2010**

08

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
			Date	Amount					
Renovations and Improvements to school building	3/01/01	\$ 1,559,000	3/01/11	\$ 65,000	4.950%	\$ 1,374,000		\$ 55,000	\$ 1,319,000
			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	3/01/11	40,000	4.700%	283,000		35,000	248,000
			3/01/12	45,000					
			3/01/13	50,000					
			3/01/14	55,000					
			3/01/15	58,000					
						<u>\$ 1,657,000</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 1,567,000</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 170,786		\$ 170,786	\$ 170,786	
Total Revenues	170,786		170,786	170,786	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	81,314		81,314	81,491	\$ (177)
Redemption of principal	90,000		90,000	90,000	
Total regular debt service	171,314		171,314	171,491	(177)
Excess (Deficiency) of revenues over (under) expenditures	(528)		(528)	(705)	(177)
Other Financing Sources:					
Operating transfers in					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(528)		(528)	(705)	(177)
Fund Balance - July 1, 2009	3,630		3,630	3,630	
Fund Balance - June 30, 2010	\$ 2,574	\$ -	\$ 2,574	\$ 2,925	\$ (177)
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	\$ (528)	\$ -	\$ (528)	\$ (705)	\$ (177)

**Statistical Section**

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

**Fiscal Year Ending June 30,**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Governmental activities:</b>							
Invested in capital assets, net of related debt	\$ 1,053,509	\$ 551,291	\$ 1,286,036	\$ 1,403,354	\$ 1,180,807	\$ 1,153,304	\$ 1,303,133
Restricted for:							
Capital projects		403,914	215,493	173,981	164,237	164,237	164,237
Debt service				10,479	528	3,630	2,925
Other purposes	1	198,012	298,544	358,128	260,804	223,600	242,763
Unrestricted	(159,078)	(71,309)	(107,991)	(69,153)	3,887	(263,398)	(330,188)
<b>Total governmental activities net assets</b>	<u>\$ 894,432</u>	<u>\$ 1,081,908</u>	<u>\$ 1,692,082</u>	<u>\$ 1,876,789</u>	<u>\$ 1,610,263</u>	<u>\$ 1,281,373</u>	<u>\$ 1,382,870</u>
<b>Business-type activities:</b>							
Invested in capital assets, net of related debt	\$ 1,095	\$ 18,082	\$ 16,073	\$ 14,064	\$ 13,771	\$ 12,316	\$ 10,783
Unrestricted	7,664	6,865	24,851	35,518	56,807	83,911	91,374
<b>Total business-type activities net assets</b>	<u>\$ 8,759</u>	<u>\$ 24,947</u>	<u>\$ 40,924</u>	<u>\$ 49,582</u>	<u>\$ 70,578</u>	<u>\$ 96,227</u>	<u>\$ 102,157</u>
<b>District-wide:</b>							
Invested in capital assets, net of related debt	\$ 1,054,604	\$ 569,373	\$ 1,302,109	\$ 1,417,418	\$ 1,194,578	\$ 1,165,620	\$ 1,313,916
Restricted:							
Capital projects	-	403,914	215,493	173,981	164,237	164,237	164,237
Debt service				10,479	528	3,630	2,925
Other purposes	1	198,012	298,544	358,128	260,804	223,600	242,763
Unrestricted	(151,414)	(64,444)	(83,140)	(33,635)	60,694	(179,487)	(238,814)
<b>Total district net assets</b>	<u>\$ 903,191</u>	<u>\$ 1,106,855</u>	<u>\$ 1,733,006</u>	<u>\$ 1,926,371</u>	<u>\$ 1,680,841</u>	<u>\$ 1,377,600</u>	<u>\$ 1,485,027</u>

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

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

**Fiscal Year Ending June 30,**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 1,493,889	\$ 1,507,146	\$ 1,317,625	\$ 1,718,911	\$ 1,562,898	\$ 1,739,096	\$ 1,695,120
Special education	538,864	607,063	417,728	272,996	226,780	222,489	334,411
Other instruction	34,007	21,494	39,781	24,245	29,527	35,216	46,202
Support Services:							
Tuition	846,980	697,979	670,927	635,315	805,380	1,028,648	1,300,917
Student & instruction related services	533,368	540,759	448,193	333,682	371,913	442,906	414,350
School administrative services	8,053	19,167	12,409	12,633	12,869	14,601	5,568
Central Services		143,168	142,333	152,004	151,262	162,372	133,995
General administrative services	257,382	244,654	199,641	194,919	166,962	134,571	181,736
Plant operations and maintenance	195,520	247,335	224,108	226,990	258,021	521,663	427,830
Pupil transportation	79,865	51,099	72,496	44,244	77,269	134,703	155,486
Business and other support services	124,365						
Unallocated employee benefits			771,564	990,191	1,101,140	1,030,181	794,204
Interest on long-term debt	76,428	75,686	93,900	113,369	87,309	84,082	80,400
Unallocated depreciation	31,089	31,089	31,089	31,514	32,496	26,911	120,509
<b>Total governmental activities expenses</b>	<u>4,219,810</u>	<u>4,186,639</u>	<u>4,441,794</u>	<u>4,751,013</u>	<u>4,881,826</u>	<u>5,577,439</u>	<u>5,690,728</u>
Business-type activities:							
Food service	74,279	92,192	103,233	87,655	96,626	97,576	113,226
After school program		13,510	11,343	12,819	25,020	21,319	21,034
<b>Total business-type activities expense</b>	<u>74,279</u>	<u>105,702</u>	<u>114,576</u>	<u>100,474</u>	<u>121,646</u>	<u>118,895</u>	<u>134,260</u>
<b>Total district expenses</b>	<u>\$ 4,294,089</u>	<u>\$ 4,292,341</u>	<u>\$ 4,556,370</u>	<u>\$ 4,851,487</u>	<u>\$ 5,003,472</u>	<u>\$ 5,696,334</u>	<u>\$ 5,824,988</u>
<b>Program Revenues:</b>							
Governmental activities:							
Operating grants and contributions	\$ 723,511	\$ 810,725	\$ 700,173	\$ 904,422	\$ 885,248	\$ 513,351	\$ 475,724
Capital grants and contributions							
<b>Total governmental activities program revenues</b>	<u>723,511</u>	<u>810,725</u>	<u>700,173</u>	<u>904,422</u>	<u>885,248</u>	<u>513,351</u>	<u>475,724</u>

(Continued)

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

**Fiscal Year Ending June 30,**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Business-type activities:</b>							
Charges for services:							
Food service	\$ 17,883	\$ 18,783	\$ 18,674	\$ 23,956	\$ 16,309	\$ 27,007	\$ 13,751
After school program		19,557	28,282	23,685	45,245	36,518	30,342
Operating grants and contributions	33,039	38,341	50,453	43,969	47,069	49,435	63,997
Total business type activities program revenues	<u>50,922</u>	<u>76,681</u>	<u>97,409</u>	<u>91,610</u>	<u>108,623</u>	<u>112,960</u>	<u>108,090</u>
Total district program revenues	<u>\$ 774,433</u>	<u>\$ 887,406</u>	<u>\$ 797,582</u>	<u>\$ 996,032</u>	<u>\$ 993,871</u>	<u>\$ 626,311</u>	<u>\$ 583,814</u>
<b>Net (Expense)/Revenue:</b>							
Governmental activities	\$ (3,496,299)	\$ (3,375,914)	\$ (3,741,621)	\$ (3,846,591)	\$ (3,996,578)	\$ (5,064,088)	\$ (5,215,004)
Business-type activities	(23,357)	(29,021)	(17,167)	(8,864)	(13,023)	(5,935)	(26,170)
Total district-wide net expense	<u>\$ (3,519,656)</u>	<u>\$ (3,404,935)</u>	<u>\$ (3,758,788)</u>	<u>\$ (3,855,455)</u>	<u>\$ (4,009,601)</u>	<u>\$ (5,070,023)</u>	<u>\$ (5,241,174)</u>
<b>General Revenues and Other Changes in Net Assets:</b>							
Governmental activities:							
Property taxes levied for general purposes, net	\$ 990,643	\$ 1,075,663	\$ 1,025,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497
Taxes levied for debt service	65,346	95,686	155,686	152,399	141,308	163,094	170,786
Unrestricted grants and contributions	2,271,399	2,424,717	2,805,023	2,635,188	2,747,301	3,579,183	3,989,023
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	6,760	33,906
Transfers	(25,039)	(26,214)	(33,144)	(17,299)	(32,794)	(31,336)	(32,100)
Total governmental activities	<u>3,326,770</u>	<u>3,658,834</u>	<u>4,351,795</u>	<u>4,031,298</u>	<u>3,945,855</u>	<u>4,735,198</u>	<u>5,179,112</u>
Business-type activities:							
Investment earnings				223	1,225	248	
Transfers	25,039	26,214	33,144	17,299	32,794	31,336	32,100
Total business-type activities	<u>25,039</u>	<u>26,214</u>	<u>33,144</u>	<u>17,522</u>	<u>34,019</u>	<u>31,584</u>	<u>32,100</u>
Total district-wide	<u>\$ 3,351,809</u>	<u>\$ 3,685,048</u>	<u>\$ 4,384,939</u>	<u>\$ 4,048,820</u>	<u>\$ 3,979,874</u>	<u>\$ 4,766,782</u>	<u>\$ 5,211,212</u>
<b>Change in Net Assets:</b>							
Governmental activities	\$ (169,529)	\$ 282,920	\$ 610,174	\$ 184,707	\$ (50,723)	\$ (328,890)	\$ (35,892)
Business-type activities	1,682	(2,807)	15,977	8,658	20,996	25,649	5,930
Total district-wide	<u>\$ (167,847)</u>	<u>\$ 280,113</u>	<u>\$ 626,151</u>	<u>\$ 193,365</u>	<u>\$ (29,727)</u>	<u>\$ (303,241)</u>	<u>\$ (29,962)</u>

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

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

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

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

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

	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Tax levy	\$ 1,050,685	\$ 1,054,655	\$ 1,055,989	\$ 1,055,989	\$ 1,171,349	\$ 1,181,183	\$ 1,169,896	\$ 1,158,805	\$ 1,180,591	\$ 1,188,283
Tuition charges										33,906
Interest earnings	18,783	10,823	8,063	1,416	16,136	31,535	37,174			
Miscellaneous	12,583	10,862	10,954	23,005	71,933	51,922	138,115	54,577	6,760	
State sources	2,006,299	1,921,749	2,214,285	2,682,721	2,870,226	3,613,881	3,352,440	3,463,198	3,879,179	3,648,761
Federal sources	108,652	168,534	289,447	312,189	365,216	206,591	255,394	181,732	213,355	815,986
<b>Total revenue</b>	<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>	<u>5,279,885</u>	<u>5,686,936</u>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	745,430	759,181	866,565	1,019,101	1,030,778	1,240,133	1,549,753	1,582,585	1,664,950	1,601,421
Special education instruction	163,063	164,505	445,184	724,006	544,539	417,728	272,996	226,780	222,489	334,411
Other instruction	15,917	14,116	23,340	28,145	18,882	39,781	24,245	29,527	35,216	46,202
<b>Support Services:</b>										
Tuition	691,242	738,376	678,565	846,980	697,979	670,927	635,315	805,380	1,028,648	1,300,917
Student & instruction related services	236,526	226,848	441,139	610,004	444,287	448,193	333,682	371,913	442,906	414,350
School administrative services	12,316	14,776	12,164	8,053	17,436	12,409	12,633	12,869	14,601	5,568
General and business admin. services	152,128	162,494	176,400	198,874	191,060	187,719	194,919	166,962	134,571	181,071
Central Services					124,446	142,333	139,912	141,012	152,122	133,995
Plant operations and maintenance	138,555	129,018	171,045	175,489	214,548	224,108	226,990	254,186	384,044	427,830
Pupil transportation	68,564	56,986	82,608	79,865	51,099	72,496	44,244	77,269	134,703	155,486
Other support services	431,058	445,252	642,844	748,024	664,496					
Unallocated employee benefits						747,924	990,191	1,101,140	1,030,181	794,204
Capital outlay	92,085		318,707	32,388	7,016	798,963	178,236	32,594	137,619	71,197
<b>Debt service:</b>										
Principal			10,000	15,000	20,000	55,000	60,000	65,000	75,000	90,000
Interest and other charges			76,923	76,428	75,686	93,900	91,346	88,094	84,992	81,491
<b>Total expenditures</b>	<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>	<u>5,542,042</u>	<u>5,638,143</u>
Excess (Deficiency) of revenues over (under) expenditures	450,118	455,071	(366,746)	(487,037)	392,608	(66,502)	198,557	(96,999)	(262,157)	48,793
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing					403,913					
Transfers in			5,272		71,323	5,813	2,640	1,835	195	
Transfers out			(55,594)	(25,039)	(97,537)	(38,957)	(19,939)	(34,629)	(31,531)	(32,100)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(50,322)</u>	<u>(25,039)</u>	<u>377,699</u>	<u>(33,144)</u>	<u>(17,299)</u>	<u>(32,794)</u>	<u>(31,336)</u>	<u>(32,100)</u>
<b>Net change in fund balances</b>	<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>	<u>\$ (293,493)</u>	<u>\$ 16,693</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	2.40%	2.02%	2.34%	3.42%	3.31%	3.11%	2.96%	3.08%

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
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
2009	6,760									6,760
2010	3,477	1,600			1,074	16,339			11,416	33,906
	<u>\$ 148,213</u>	<u>\$ 7,811</u>	<u>\$ 910</u>	<u>\$ 2,321</u>	<u>\$ 78,966</u>	<u>\$ 169,713</u>	<u>\$ 14,819</u>	<u>\$ 4,206</u>	<u>\$ 91,260</u>	<u>\$ 518,219</u>

Source: District records

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

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Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
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
2009	481,400	52,923,400	23,999,100	819,700	1,030,700	79,254,300	156,241	79,410,541	10,594,400	1.496	153,233,434
2010	473,900	53,165,000	24,068,700	819,700	1,030,700	79,558,000	154,513	79,712,513	10,601,700	1.501	Not available

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

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

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

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

J-7

<b>Fiscal Year Ended June 30,</b>	<b>Brooklawn School District Direct Rate</b>			<b>Overlapping Rates</b>		<b>Total Direct and Overlapping Tax Rate</b>
	<b>Basic Rate</b>	<b>General Obligation Debt Service</b>	<b>Total Direct</b>	<b>Borough of Brooklawn</b>	<b>Camden County</b>	
2001	\$ 1.357		\$ 1.357	\$ 1.016	\$ 0.907	\$ 3.280
2002	1.291	\$ 0.066	1.357	1.206	0.972	3.535
2003	1.282	0.075	1.357	1.213	1.009	3.579
2004	1.422	0.084	1.506	1.278	0.976	3.760
2005	1.391	0.122	1.513	1.324	0.956	3.793
2006	1.298	0.198	1.496	1.428	1.041	3.965
2007	1.277	0.193	1.470	1.477	1.090	4.037
2008	1.315	0.178	1.493	1.597	1.127	4.217
2009	1.281	0.215	1.496	1.716	1.197	4.409
2010	1.277	0.224	1.501	1.954	1.234	4.689

**Source:** Municipal Tax Collector

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

J-8

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Taxpayer	2009-2010		Taxpayer	2000-2001	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Brookwrap II, LLC	\$ 2,885,300	3.62%	Brooklawn Shopping Center I	\$ 2,746,000	3.53%
Brooklawn Shopping Center	2,746,000	3.44%	Brooklawn Shopping Center II	2,421,300	3.12%
Jay Sai Corporation	2,178,000	2.73%	Days Inn	2,178,000	2.80%
Brooklawn Realty Associates	1,610,300	2.02%	Ponzio Diner	1,500,000	1.93%
Cohab Realty, LLC	1,165,800	1.46%	Eckerd's	1,165,800	1.50%
Westbrook Lane	1,100,000	1.38%	Westbrook Lane	1,100,000	1.42%
Levin Real Estate, LLC	798,600	1.00%	Superior Aluminum	798,600	1.03%
Materials Handling Supply Co.	681,800	0.86%	Materials Handling Supply Co.	681,800	0.88%
Ming Kui Lau Restaurant	674,700	0.85%	Ming Kui Lau Restaurant	674,700	0.87%
Brooklawn Diner	625,300	0.78%	Brooklawn Diner	625,300	0.80%
<b>Total</b>	<b>\$ 14,465,800</b>	<b>18.15%</b>		<b>\$ 13,891,500</b>	<b>17.87%</b>

Source: Municipal Tax Assessor

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

J-9

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Calendar Year</b>	<b>Collected within the Fiscal Year of the Levy<sup>a</sup></b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>Percentage of Levy</b>	
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%	-
2009	1,180,591	1,180,591	100.00%	-
2010	1,188,283	1,188,283	100.00%	-

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

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

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

J-10

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Capital Leases	Capital Leases	Total District		
2001	\$ 3,526,950	\$ -	\$ -	\$ 3,526,950	5.08%	\$ 1,507
2002	2,564,129	-	-	2,564,129	3.48%	1,099
2003	1,544,000	-	-	1,544,000	2.04%	662
2004	1,529,000	-	-	1,529,000	1.96%	659
2005	1,912,000	-	-	1,912,000	2.38%	829
2006	1,857,000	-	-	1,857,000	2.24%	808
2007	1,797,000	-	-	1,797,000	2.04%	786
2008	1,732,000	-	-	1,732,000	1.90%	761
2009	1,657,000	-	-	1,657,000	1.78%	732
2010	1,567,000	-	-	1,567,000	Unavailable	695

**Sources:**

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

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

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable <sup>b</sup>	Per Capita <sup>c</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding <sup>a</sup>		
2001	\$ 3,526,950	\$ -	\$ 3,526,950	4.54%	\$ 1,507
2002	2,564,129	-	2,564,129	3.29%	1,099
2003	1,544,000	-	1,544,000	1.98%	662
2004	1,529,000	-	1,529,000	1.97%	659
2005	1,912,000	-	1,912,000	2.45%	829
2006	1,857,000	-	1,857,000	2.37%	808
2007	1,797,000	-	1,797,000	2.28%	786
2008	1,732,000	-	1,732,000	2.19%	761
2009	1,657,000	-	1,657,000	2.09%	732
2010	1,567,000	-	1,567,000	1.97%	695

**Sources:**

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

**Brooklawn School District  
Ratios of Overlapping Governmental Activities Debt  
As of December 31, 2009**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Brooklawn	\$ 1,133,018 (1)	100.000%	\$ 1,133,018
Camden County General Obligation Debt	87,511,781 (1)	0.353% (2)	308,917
Subtotal, overlapping debt			<u>1,441,935</u>
Brooklawn School District Direct Debt			<u>1,567,000</u>
<b>Total direct and overlapping debt</b>			<b><u><u>\$ 3,008,935</u></u></b>

**Sources:**

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2009 Equalized Valuation. The source for this computation was the 2009 County Abstract of Ratables, provided by the County Board of Taxation.

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis (1)

2009	\$ 148,750,563
2008	151,209,659
2007	<u>138,473,508</u>
	<u>\$ 438,433,730</u>

Average equalized valuation of taxable property \$ 146,144,577

Debt limit (3% of average equalized valuation) (2)	4,384,337
Net bonded school debt (3)	<u>1,567,000</u>
Legal debt margin	<u>\$ 2,817,337</u>

Fiscal Year

	<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>2009</u>	<u>2010</u>
§ Debt limit	\$ 2,181,064	\$ 2,219,270	\$ 2,310,355	\$ 2,415,757	\$ 2,532,982	\$ 2,721,604	\$ 3,075,793	\$ 3,576,794	\$ 4,098,141	\$ 4,384,337
Total net debt applicable to limit (3)	<u>3,526,950</u>	<u>2,564,129</u>	<u>1,544,000</u>	<u>1,529,000</u>	<u>1,912,000</u>	<u>1,857,000</u>	<u>1,797,000</u>	<u>1,732,000</u>	<u>1,657,000</u>	<u>1,567,000</u>
Legal debt margin	<u>\$ (1,345,886)</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>	<u>\$ 2,441,141</u>	<u>\$ 2,817,337</u>
Total net debt applicable to the limit as a percentage of debt limit	161.71%	115.54%	66.83%	63.29%	75.48%	68.23%	58.42%	48.42%	40.43%	35.74%

Sources:

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

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

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<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2000	2,341	\$ 69,459,811	\$ 29,671	3.9%
2001	2,333	73,748,463	31,611	4.0%
2002	2,332	75,741,028	32,479	5.6%
2003	2,320	78,130,640	33,677	5.9%
2004	2,306	80,308,756	34,826	5.5%
2005	2,299	83,058,272	36,128	3.1%
2006	2,287	88,012,908	38,484	3.4%
2007	2,276	91,158,352	40,052	3.1%
2008	2,263	93,312,542	41,234	4.1%
2009	2,256	e	e	6.6%

**Source:**

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

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

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<b>Function/Program</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Instruction										
Regular	15	17	17	17	17	17	17	17	17	17
Special education	5	5	5	5	5	5	5	5	5	5
Other special education	2	2	2	2	2	2	2	2	2	2
Other instruction	4	4	4	4	4	4	4	4	4	4
Support Services:										
School administrative services	1	1	1	1	1	1	1	1	1	1
General and business administrative services	1	1	1	1	1	1	2	2	2	2
Plant operations and maintenance	2	2	2	2	2	2	2.5	2.5	2.5	2.5
Business and other support services	2	2	2	1.5	1.5	1.5	2	2	2	2
Administrative Information Technology						0.5	1	1	1	1
Food Service	1.5	1.5	1.5	1.5	1.5	1.5	2	2	2	2
Child Care	-	-	-	-	1	1	1	1	1	1
<b>Total</b>	<b>34</b>	<b>36</b>	<b>36</b>	<b>35</b>	<b>36</b>	<b>37</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>

**Source:**  
District Personnel Records

Brooklawn School District  
 Operating Statistics,  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Resident Enrollment</u>	<u>Operating Expenditures <sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff <sup>b</sup></u>	<u>Pupil/Teacher Ratio - Elementary</u>	<u>Average Daily Enrollment (ADE) <sup>c</sup></u>	<u>Average Daily Attendance (ADA) <sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
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%
2009	323	5,244,431	16,236.63	4.85%	34	1:20	323.0	305.9	4.55%	94.71%
2010	311	5,395,455	17,348.73	6.85%	34	1:20	311.0	279.3	-8.70%	89.81%

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Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Alice Costello Elementary School - (1924)										
Square Feet	32,080	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900
Capacity (students)	300	400	400	400	400	400	400	400	400	400
Enrollment	227	241	279	273	292	336	316	308	323	311

**Number of Schools at June 30, 2010**

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

**Source:** District Facilities Office

Brooklawn School District  
 Schedule of Required Maintenance  
 Last Nine Fiscal Years

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
* <u>School Facilities</u>										
Alice Costello School	\$ 7,466	\$ 12,738	\$ 12,031	\$ 3,578	\$ 20,173	\$ 15,405	\$ 14,466	\$ 17,545	\$ 20,668	\$ 124,070
Total School Facilities	<u>\$ 7,466</u>	<u>\$ 12,738</u>	<u>\$ 12,031</u>	<u>\$ 3,578</u>	<u>\$ 20,173</u>	<u>\$ 15,405</u>	<u>\$ 14,466</u>	<u>\$ 17,545</u>	<u>\$ 20,668</u>	<u>\$ 124,070</u>

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

Source: District records

**Brooklawn School District  
Insurance Schedule  
June 30, 2010**

**J-20**

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

- (1) School Alliance Insurance Fund
- (2) Western Surety

**Source: District records**

**Single Audit Section**

# ***INVERSO & STEWART, LLC***

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Registered Municipal Accountants**

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New Jersey Society of CPAs

## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND 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 (School District), in the County of Camden, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. The School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Board of Education of the Brooklawn School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as finding no.: #2010-2.

## Internal Control Over Compliance

Management of the Brooklawn School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

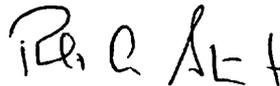
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did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

Brooklawn School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit School District's response and, accordingly, we express no opinion on the response.

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  
October 29, 2010

**BROOKLAWN SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2009			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2010		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education:</b>														
<b>General Fund:</b>														
ARRA - SFSF - ESF (Educ. State Grants)	84.394	N/A	\$ 593,743	7/1/09-6/30/10				\$ 593,743	\$ (593,743)					
ARRA - SFSF - GSF (Government services)	84.397	N/A	22,985	7/1/09-6/30/10				22,985	(22,985)					
<b>Special Revenue Fund:</b>														
<b>Title I</b>														
Fiscal Year 2009	84.010A	NCLB-0580-09	102,679	9/1/08 - 8/31/10	\$ (102,679)						\$ (102,679)			
Fiscal Year 2010	84.010A	NCLB-0580-10	103,463	9/1/09 - 8/31/10				77,243	(91,017)		(26,220)	\$ 12,446		
ARRA	84.389	N/A	38,959	9/1/09 - 8/31/10							(38,959)	38,959		
<b>Title II A</b>														
Fiscal Year 2009	84.367A	NCLB-0580-09	12,251	9/1/08 - 8/31/09	(12,251)			12,251						
Fiscal Year 2010	84.367A	NCLB-0580-10	12,203	9/1/09 - 8/31/10				10,169	(11,655)		(2,034)	548		
<b>Title II D</b>														
Fiscal Year 2009	84.367A	NCLB-0580-09	853	9/1/08 - 8/31/09	(853)			853						
Fiscal Year 2010	84.367A	NCLB-0580-10	1,021	9/1/09 - 8/31/10					(432)		(1,021)	589		
<b>Title IV</b>														
Fiscal Year 2009	84.186A	NCLB-0580-09	1,697	9/1/08 - 8/31/10	(1,697)						(1,697)			
Fiscal Year 2010	84.186A	NCLB-0580-10	1,606	9/1/09 - 8/31/10							(1,606)	1,606		
<b>Individuals With Disabilities Act (I.D.E.A.)</b>														
<b>Part B - Basic</b>														
Fiscal Year 2009	84.027	FT-0580-09	92,653	9/1/08 - 8/31/09	(92,653)			92,653						
Fiscal Year 2010	84.027	FT-0580-10	92,928	9/1/09 - 8/31/10				92,928	(92,928)					
ARRA	84.391	N/A	93,298	9/1/09 - 8/31/10							(93,298)	93,298		
<b>Part B - Preschool</b>														
Fiscal Year 2009	84.173	PS-0580-09	3,222	9/1/08 - 8/31/09	(3,222)			3,222						
Fiscal Year 2010	84.173	PS-0580-10	3,226	9/1/09 - 8/31/10					(3,226)		(3,226)	3,362		
ARRA	84.392	N/A	3,362	9/1/09 - 8/31/10							(3,362)	3,362		
<b>Total U.S. Department of Education</b>					<b>(213,355)</b>			<b>906,047</b>	<b>(815,988)</b>		<b>(274,102)</b>	<b>150,808</b>		
<b>U.S. Department of Agriculture</b>														
<b>Enterprise Fund:</b>														
<b>School Breakfast Program:</b>														
Fiscal Year 2010	10.553	N/A	5,514	7/1/09 - 6/30/10				5,180	(5,514)		(334)			
<b>National School Lunch Program</b>														
Fiscal Year 2009	10.555	N/A	47,378	7/1/08 - 6/30/09	(6,945)			6,945						
Fiscal Year 2008	10.555	N/A	55,904	7/1/09 - 6/30/10				53,287	(55,904)		(2,617)			
<b>Total U.S. Department of Agriculture</b>					<b>(6,945)</b>			<b>65,412</b>	<b>(61,418)</b>		<b>(2,951)</b>			
<b>Total Federal Awards</b>					<b>\$ (220,300)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 971,459</b>	<b>\$ (877,404)</b>	<b>\$ -</b>	<b>\$ (277,053)</b>	<b>\$ 150,808</b>	<b>\$ -</b>

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, 2010**

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2009			Canyover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2010		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>State Department of Education</b>													
General Fund:													
Equalization Aid	09-495-034-5120-078	\$3,278,031	7/1/08- 6/30/09	\$ (378,942)			\$ 378,942						
Equalization Aid	10-495-034-5120-078	3,398,957	7/1/09- 6/30/10				2,398,026	\$ (2,782,229)		\$ (384,203)			
Special Education Categorical Aid	10-495-034-5120-089	202,487	7/1/09- 6/30/10				202,487	(202,487)					
Security Aid	10-495-034-5120-084	75,830	7/1/09- 6/30/10				73,671	(73,671)					
Transportation Aid	10-495-034-5120-014	21,700	7/1/09- 6/30/10				14,105	(14,105)					
School Choice Aid	10-495-034-5120-068	305,064	7/1/09- 6/30/10				305,064	(305,064)					
On-behalf TPAF Pension Contributions	10-495-034-5095-001	98,901	7/1/09- 6/30/10				98,901	(98,901)					
Reimbursed TPAF Social Security Contr.	10-495-034-5095-002	133,694	7/1/09- 6/30/10				119,845	(133,694)		(13,749)			
Reimbursed TPAF Social Security Contr.	09-495-034-5095-002	130,848	7/1/08- 6/30/09	(45,310)			45,310						
<b>Total General Fund</b>				<b>(424,252)</b>			<b>3,638,451</b>	<b>(3,610,151)</b>		<b>(397,952)</b>			
Special Revenue Fund:													
Preschool Education Aid	09-495-034-5120-086	73,625	7/1/08- 6/30/09	(7,362)	\$ 22,274		7,362				\$ 22,274		
Preschool Education Aid	10-495-034-5120-086	74,970	7/1/09- 6/30/10				60,120	(51,359)		(14,850)	23,811		
Early Launch to Learning Initiative	08-495-034-5120-053	33,000	7/1/07- 6/30/08	(13,950)						(13,950)			
<b>Total Special Revenue Fund</b>				<b>(21,312)</b>	<b>22,274</b>		<b>67,482</b>	<b>(51,359)</b>		<b>(28,800)</b>	<b>45,885</b>		
<b>Total State Department of Education</b>				<b>(445,564)</b>	<b>22,274</b>		<b>3,703,933</b>	<b>(3,661,510)</b>		<b>(426,752)</b>	<b>45,885</b>		
<b>NJ Economic Development Authority:</b>													
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- 6/30/10	(419,970)	270,059					(419,970)	270,059		
<b>Total NJ Economic Development Authority:</b>				<b>(419,970)</b>	<b>270,059</b>					<b>(419,970)</b>	<b>270,059</b>		
<b>State Department of Agriculture</b>													
Enterprise Fund:													
National School Lunch Program (State Share) Fiscal Year 2010	10-100-010-3350-023	2,223	7/1/09- 6/30/10				2,120	(2,223)		(103)			
National School Lunch Program (State Share) Fiscal Year 2009	09-100-010-3350-023	2,057	7/1/08- 6/30/09	(295)			295						
School Breakfast Program (State Share) Fiscal Year 2010	10-100-010-3350-021	356	7/1/09- 6/30/10				335	(356)		(21)			
<b>Total State Department of Agriculture</b>				<b>(295)</b>			<b>2,750</b>	<b>(2,579)</b>		<b>(124)</b>			
<b>Total State Financial Assistance</b>				<b>\$ (865,829)</b>	<b>\$ 292,333</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,706,683</b>	<b>\$ (3,664,089)</b>	<b>\$ -</b>	<b>\$ (846,846)</b>	<b>\$ 315,944</b>	<b>\$ -</b>

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, 2010**

**I. GENERAL**

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

**2. BASIS OF ACCOUNTING**

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

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,261) for the general fund and (\$7,488) 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>
<b>General Fund</b>	\$ 616,728	\$ 3,604,890	\$ 4,221,618
<b>Special Revenue Fund</b>	199,258	43,871	243,129
<b>Food Service Fund</b>	<u>61,418</u>	<u>2,579</u>	<u>63,997</u>
<b>Total Awards &amp; Financial Assistance</b>	<u>\$ 877,404</u>	<u>\$ 3,651,340</u>	<u>\$ 4,528,744</u>

**Brooklawn School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2010  
(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, 2010. 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, 2010.

**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, 2010**

**Section 1 – Summary of Auditor’s Results**

**Financial Statement Section**

Type of auditor’s report issued: UNQUALIFIED

Internal control over financial reporting:

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

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

Noncompliance material to general purpose financial statements noted?   X   yes            no

**Federal Awards**

Internal Control over major programs:

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

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

Type of auditor’s report on compliance for major programs: UNQUALIFIED

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?            yes   X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.394</u>	<u>ARRA - Education Stabilization Funds</u>
<u>84.397</u>	<u>ARRA - Government Services Funds</u>
<u>84.027</u>	<u>I.D.E.A. - Basic</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>          </u>	<u>          </u>

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

Auditee qualified as low-risk auditee?            yes   X   no

**BROOKLAWN SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Section 1 – Summary of Auditor’s Results (Continued)**

**State Awards**

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

Auditee qualified as low-risk auditee?                          X       yes                                       no

Internal Control over major programs:

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

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

Type of auditor’s report on compliance for major programs:                   UNQUALIFIED                  

Any audit findings disclosed that are required to be reported  
 in accordance with N.J. OMB Circular 04-04?                          X       yes                                       no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
<u>          10-495-034-5120-078          </u>	<u>          Equalization Aid          </u>
<u>          10-495-034-5095-002          </u>	<u>          TPAF Rimbursed Social Security          </u>
<u>          10-100-010-3350-023          </u>	<u>          National School Lunch Program (State Share)          </u>
<u>          10-495-034-5120-068          </u>	<u>          School Choice          </u>
<u>  </u>	<u>  </u>
<u>  </u>	<u>  </u>
<u>  </u>	<u>  </u>

**BROOKLAWN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

***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.

***Finding #2010-1***

**Criteria or specific requirement:**

Proper control procedures require that the Board Secretary and Treasurer prepare, submit and reconcile their respective reports on a monthly basis.

**Condition:**

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

**Context:**

The Interim Board Secretary did not complete and reconcile his report to the Treasurer's report for the months of February, March and June 2010 on a timely basis.

**Cause:**

Due to part-time status there are time constraints on the Interim Business Administrator.

**Effect:**

Improper financial decisions could be made by the Board of Education if the financial reports are not filed on a timely basis.

**Recommendation:**

The Board Secretary's Report and the Treasurer's Report should be balanced on a monthly basis and be presented to the Board of Education for their approval on a timely basis.

**View of responsible officials and planned corrective action:**

Management agrees with the above finding and will perform procedures to ascertain that all reports are balanced and timely filed.

**BROOKLAWN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

***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**

No findings and/or questioned costs identified.

**STATE AWARDS**

***Finding #2010-2***

**Information on state program:**

Equalization Aid; GMIS No. 10-495-034-5120-078; State Department of Education.

**Criteria or specific requirement:**

N.J.A.C. 6A:23A-13.3(h) requires that the School District obtain approval from the Executive County Superintendent for transfers to capital outlay, excluding equipment, and may be approved only to supplement a capital project previously approved by the voters or for an emergent circumstance. Also, N.J.A.C. 6A:23A-16.10 prohibits the over-expenditure of budgetary line-item accounts.

**Condition:**

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

**Questioned Costs:**

None

**Context:**

The Interim Business Administrator transferred funds to the Capital Outlay – Facilities Acquisition and Construction Services and did not request approval from the Executive County Superintendent. The disallowance of this transfer created an over-expenditure of \$6,422. Also, a late payment fee related to the annual interest payment was charged to the Debt Service – Interest Expense account creating an over-expenditure of \$177.

**Effect:**

Violation of N.J.A.C. 6A:23A-13.3(h) and N.J.A.C. 6A:23A-16.10.

**Cause:**

Oversight on part of the Interim Business Administrator.

**Recommendation:**

The Interim Board Secretary should not approve the issuance of purchase orders that would cause an over-expenditure in the budgetary line-item account to be charged, prior to the Board approving the transfer of funds or the approval of the Executive County Superintendent, if necessary.

**View of responsible officials and planned corrective action:**

Management agrees with the above finding and will perform procedures to ascertain that sufficient funds are available in all budgetary line-item accounts prior to issuance of a purchase order.

**BROOKLAWN SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENED JUNE 30, 2010**

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 #2009-1***

**Condition:**

Various adjustments were required to the balance sheet, budgetary revenues and budgetary expenditure line-item accounts to reflect the proper charges to the general fund and special revenue fund financial statements. The adjustments to budgetary line items created two line item overexpenditures at year-end.

**Current Status:**

This condition remains unchanged as reported in Finding #2010-2.

**Planned Corrective Action:**

The School District is currently developing its corrective action plan to address this finding.

***Finding #2009-2***

**Condition:**

The Board Secretary's Reports were not reconciled to the Treasurer's reports on a monthly basis, nor were they presented to the Board of Education on a timely basis for their approval. In addition the final year-end reports were not filed with the County Superintendent prior to August 1.

**Current Status:**

This condition remains unchanged as reported in Finding #2010-1.

**Planned Corrective Action:**

The School District is currently developing its corrective action plan to address this finding.

***Finding #2009-3***

**Condition:**

Numerous items of noncompliance were noted regarding minute book management:

**Current Status:**

This condition has been corrected.

**FEDERAL AWARDS**

A Federal single audit was not required.

**BROOKLAWN SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENED JUNE 30, 2010  
(Continued)**

**STATE AWARDS**

***Finding #2009-2***

**Condition:**

The Board Secretary's Reports were not reconciled to the Treasurer's reports on a monthly basis, nor were they presented to the Board of Education on a timely basis for their approval. In addition the final year-end reports were not filed with the County Superintendent prior to August 1.

**Current Status:**

This condition remains unchanged as reported in Finding #2010-1.

**Planned Corrective Action:**

The School District is currently developing its corrective action plan to address this finding.

***Finding #2009-4***

**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.

**Current Status:**

This condition has been corrected.

***Finding #2009-5***

**Condition:**

Quotes were not requested for numerous purchases even though the total cost on those items exceeded \$2,625.00.

**Current Status:**

This condition has been corrected.