SCHOOL DISTRICT
OF

BROOKLAWN

Brooklawn Board of Education
Brooklawn, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

Comprehensive Annual Financial Report

of the

Brooklawn Board of Education

Brooklawn, New Jersey

For the Fiscal Year Ended June 30, 2014

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 30, 2014

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, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

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

The district completed the 2012-2013 school year with an average daily enrollment of 366 students. As you can see from the chart below, the trend in the district had been steady enrollment growth for the years ended June 30, 2002 through June 30, 2006. Since that time, however, enrollment has dipped a bit. Going forward, with the increased emphasis on school choice and the closing of several local parochial schools, we expect enrollment to begin trending upward. This is evident in the year ended June 30, 2013, as enrollment increased by thirty-eight students

Pupil Enrollments

SCHOOL YEAR	AVERAGE DAILY ENROLLMENT
2004-2005	292.3
2005-2006	336.7
2006-2007	321.5
2007-2008	308.0
2008-2009	323.0
2009-2010	311.2
2010-2011	302.6
2011-2012	340.9
2012-2013	366.0
2013-2014	338.0

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. A SNAPSHOT OF OUR SCHOOLS

Despite its small enrollment, the Alice Costello School with just 340 students is certainly a school worthy of recognition and demonstrates that bigger is not necessarily better.

In December 2003 the Alice Costello School was one of the "Benchmark" Schools in New Jersey and honored by Governor James McGreevey and Commissioner of Education William Librera for exceptional academic achievement at a ceremony in Trenton. The School District continues to attract students through the Inter-District School Choice Program and enrollment continues to increase.

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

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

In January 2014 the voters approved a $1,985,000 Bond Referendum for the purchase and renovation of the former St. Maurice Church and Rectory. The Rectory will be used for administrative offices and the Church will be converted into five classrooms and a meeting area. The project is expected to be completed by September 2015.

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,

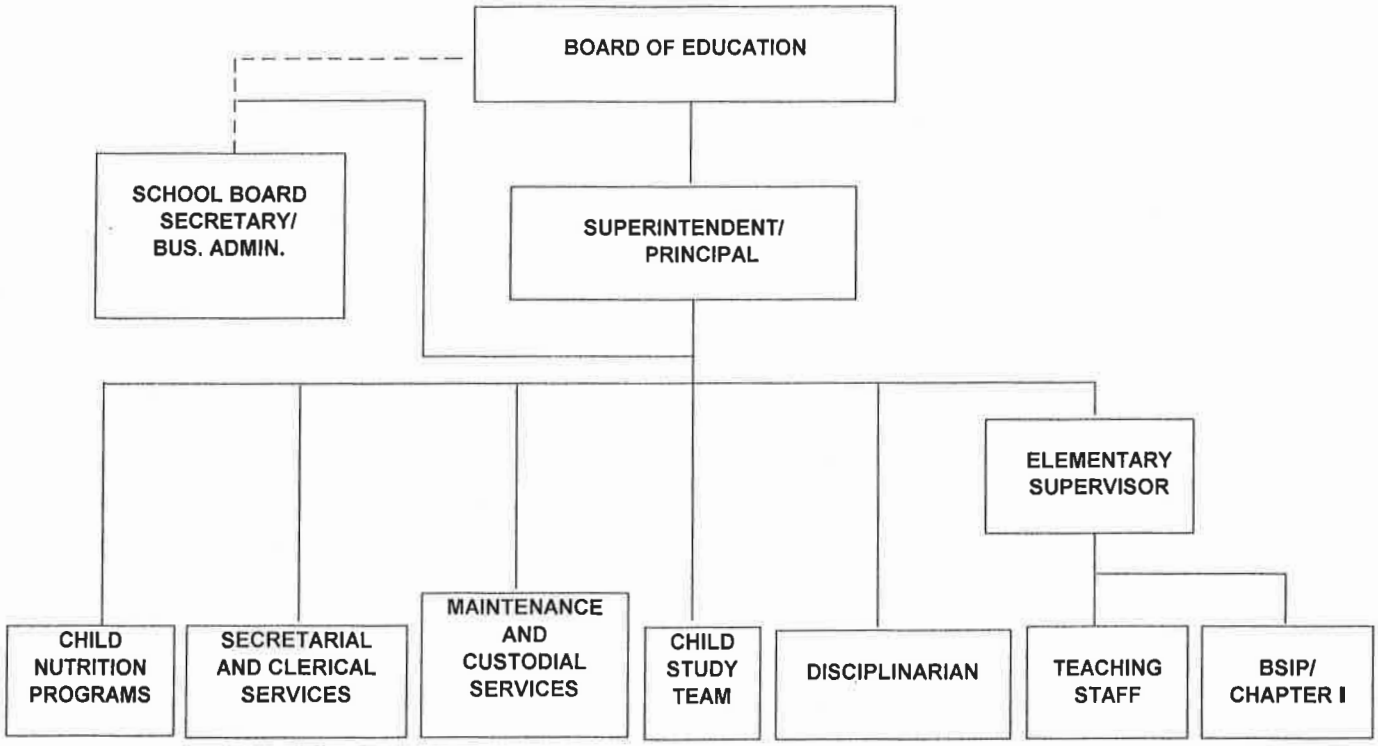
John Kelmayer
Superintendent

Robert Delengowski
Business Administrator/Board Secretary

BROOKLAWN PUBLIC SCHOOL DISTRICT

Organizational Chart

2/95



BROOKLAWN SCHOOL DISTRICT

Roster of Officials
June 30, 2014

Members of the Board of Education:	**Term Expires**
Bruce Darrow, President	2014
Mark Dickerman, Vice President	2016
John Azzari	2014
Tracy Farrow	2016
Micheal Gillen	2015
Lisa Hirst	2015
Mike Ostrom	2014

Other Officials:

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

BROOKLAWN SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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

Attorney

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

Broker of Record

Richard Hardenbergh Insurance Agency
PO Box 1000
Voorhees, NJ 08043

Official Depository

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

Financial Section

INVERSO & STEWART, LLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Brooklawn School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Brooklawn School District, in the County of Camden, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brooklawn School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget 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, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 19, 2014 on my consideration of the Brooklawn School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Brooklawn School District's internal control over financial reporting and compliance.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
November 19, 2014

INVERSO & STEWART, LLC
Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Brooklawn School District, in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated November 19, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Brooklawn School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as findings no: 2014-1, 2014-2 and 2014-3.

The Brooklawn School District's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
November 19, 2014

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, 2014

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, 2014. 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 $1,874,067 *(net position).*

- Governmental activities have unrestricted net position deficit of $416,580. The accounting treatments in the governmental funds for compensated absences payable, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this minimal balance.

- The total net position of the School District increased by $131,678, or a 7.56% increase from the prior fiscal year-end balance. The majority of this increase is attributable to the increase in state aid and the payment of long-term debt obligations.

- Fund balance of the School District's governmental funds increased by $113,352 resulting in an ending fund balance of $701,009.

- Business-type activities have unrestricted net position of $88,102 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 $130,139 which is the result of current year payments on existing debt obligations and the increase in compensated absences.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued interest expense on long-term debt, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2015. 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 2014.

The assets of the primary government activities exceeded liabilities by $1,775,074 with an unrestricted deficit balance of $416,580. The net position of the primary government does not include internal balances. As mentioned earlier, deficit unrestricted net position is primarily due to the accounting treatment for compensated absences payable, accrued interest expense and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance. Therefore, this deficit balance alone does not indicate that the district is facing financial difficulties.

A net investment of $1,291,410 in land, improvements, buildings and equipment which provide the services to the School District's students, represents most of the School District's net position. Net position of $900,244 has been restricted as follows:

Restricted for Future Budget Appropriations	$ 192,912
Restricted for Future Maintenance Costs	125,000
Restricted for Future Debt Service Costs	8,510
Restricted for Future Capital Projects	371,148
Restricted for Subsequent Year's Budget	202,674
Total	$ 900,244

Brooklawn School District
Comparative Summary of Net Position
As of June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		District-Wide	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current assets	$ 2,088,954	$ 768,878	$ 95,194	$ 84,842	$ 2,184,148	$ 853,720
Capital assets	2,348,410	2,464,179	10,891	12,907	2,359,301	2,477,086
Total assets	4,437,364	3,233,057	106,085	97,749	4,543,449	3,330,806
LIABILITIES						
Current liabilities	1,569,670	346,087	7,092	1,571	1,576,762	347,658
Noncurrent liabilities	1,092,620	1,240,759			1,092,620	1,240,759
Total liabilities	2,662,290	1,586,846	7,092	1,571	2,669,382	1,588,417
Net Position	$ 1,775,074	$ 1,646,211	$ 98,993	$ 96,178	$ 1,874,067	$ 1,742,389
Net Position Consists of:						
Net investment in Capital Assets	$ 1,291,410	$ 1,257,179	$ 10,891	$ 12,907	$ 1,302,301	$ 1,270,086
Restricted Assets	900,244	766,443			900,244	766,443
Unrestricted Assets	(416,580)	(377,411)	88,102	83,271	(328,478)	(294,140)
Net Position	$ 1,775,074	$ 1,646,211	$ 98,993	$ 96,178	$ 1,874,067	$ 1,742,389

Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		District-Wide	
	2014	2013	2014	2013	2014	2013
Revenues:						
Charges for services			$ 37,074	$ 38,295	$ 37,074	$ 38,295
Operating grants and contributions	$ 705,003	$ 715,913	95,600	108,416	800,603	824,329
Property taxes	1,231,602	1,149,227			1,231,602	1,149,227
State aid - unrestricted	4,678,067	4,293,482			4,678,067	4,293,482
Other revenues	76,793	75,030			76,793	75,030
Total Revenues	6,691,465	6,233,652	132,674	146,711	6,824,139	6,380,363
Expenses:						
Governmental Activities:						
Instruction	2,127,044	2,072,382			2,127,044	2,072,382
Tuition	1,604,498	1,583,965			1,604,498	1,583,965
Related services	469,599	489,193			469,599	489,193
Administrative services	374,015	347,271			374,015	347,271
Operations and Maintenance	450,098	306,147			450,098	306,147
Transportation	177,586	160,721			177,586	160,721
Employee benefits	1,150,633	1,039,560			1,150,633	1,039,560
Interest on debt	59,531	66,116			59,531	66,116
Other	116,869	116,907			116,869	116,907
Business-Type Activities:						
Food Service			140,993	165,638	140,993	165,638
After School Program			21,595	18,416	21,595	18,416
Total Expenses	6,529,873	6,182,262	162,588	184,054	6,692,461	6,366,316
Increase (Decrease) in Net Position before transfers	161,592	51,390	(29,914)	(37,343)	131,678	14,047
Contributed capital asset					-	
Prior period adjustment						-
Transfers	(32,729)	(41,788)	32,729	41,788	-	-
Change in Net Position	128,863	9,602	2,815	4,445	131,678	14,047
Net Position, July 1	1,646,211	1,636,609	96,178	91,733	1,742,389	1,728,342
Net Position, June 30	$ 1,775,074	$1,646,211	$ 98,993	$ 96,178	$ 1,874,067	$ 1,742,389

Governmental Activities

Governmental activities increased the net position of the School District by $128,863 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Long-term debt obligations were reduced $150,000 through the budget process.

Business-type Activities

- Business-type activities increased the School District's net position by $2,815. The increase came as a result of the district transferring $32,729 to the food service fund from the operating fund to offset the loss of $35,321.

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 $701,009, an increase of $113,352 in comparison with the prior year. The majority of the increase can be attributed to results of operations in the debt service fund.

The unassigned fund balance for the School District at the end of the fiscal year includes a combination of an unassigned deficit fund balance for the General Fund of $199,235, an unassigned fund balance for the Capital Projects Fund of $53,147 and an unassigned fund balance of $4,574 in the Debt Service Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as follows: 1) appropriated as a revenue source in the subsequent year's budget ($206,610), 2) reserved for future maintenance projects ($125,000), 3) reserved for future capital projects ($318,001), and 4) reserve for future budget appropriation ($192,912).

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

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

General Fund Budgetary Highlights

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

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was $250,000 while total fund balance (budgetary basis) was $1,088,587.

unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to $5,959,397. Unreserved fund balance (budgetary basis) represents 4.20% of expenditures while total fund balance (budgetary basis) represents 18.27% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2014, totaled $2,359,301 (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 $117,785, or a 4.75% decrease.

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

- Depreciation expense for the current fiscal year was $144,788.

Capital Asset (net of accumulated depreciation)
June 30, 2014 and 2013

	Governmental Activities		Business-Typel Activities		District-Wide	
	2014	2013	2014	2013	2014	2013
Land	$ 38,000	$ 38,000			$ 38,000	$ 38,000
Const. in Progress					-	-
Site Improvements	59,790	63,666			59,790	63,666
Building and Building Improvements	2,175,230	2,261,391			2,175,230	2,261,391
Equipment	75,390	101,122	$ 10,891	$ 12,907	86,281	114,029
Total	$ 2,348,410	$ 2,464,179	$ 10,891	$ 12,907	$ 2,359,301	$ 2,477,086

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, 2014, the School District had total bonded debt outstanding of $1,057,000 backed by the full faith and credit of the School District.

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

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was $4,071,363 and the legal debt margin was $3,014,363.

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

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

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2014-15 fiscal year.

- The district received an increase in state aid for the 2014-2015 fiscal year. The district has been a part of the school choice program since its inception as a pilot program in 2002. Currently school choice students make up approximately one-third of the school's enrollment.

- The Board of Education will continue to monitor expenditures throughout this fiscal year. As we begin budget preparations for the 2015-2016 school year, the Board will closely monitor the district's monetary requirements in conjunction with current economic factors in an effort to prevent an additional burden on the taxpayers of the Brooklawn School District.

Requests for Information

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

Basic Financial Statements

District-Wide Financial Statements

BROOKLAWN SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	$ 1,403,218	$ 89,758	$ 1,492,976
Receivables, net	367,735	5,436	373,171
Restricted cash and cash equivalents	318,001		318,001
Capital assets, net (Note 5)	2,348,410	10,891	2,359,301
Total Assets	4,437,364	106,085	4,543,449
LIABILITIES:			
Accounts payable	353,874	5,521	359,395
Due to grantor		1,571	1,571
Temporary note payable	800,000		800,000
Unearned revenue	19,966		19,966
Other liabilities	214,105		214,105
Accrued interest payable	13,725		13,725
Noncurrent Liabilities (Note 6):			
Due within one year	168,000		168,000
Due beyond one year	1,092,620		1,092,620
Total Liabilities	2,662,290	7,092	2,669,382
NET POSITION:			
Net Investment in Capital Assets	1,291,410	10,891	1,302,301
Restricted for:			
Capital projects	371,148		371,148
Debt service	8,510		8,510
Other purposes	520,586		520,586
Unrestricted	(416,580)	88,102	(328,478)
Total Net Position	$ 1,775,074	$ 98,993	$ 1,874,067

BROOKLAWN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:							
Instruction:							
Regular	$ 1,818,367		$ 231,150		$ (1,587,217)		$ (1,587,217)
Special Education	260,154				(260,154)		(260,154)
Other instruction	48,523				(48,523)		(48,523)
Support Services:							
Tuition	1,604,498		107,149		(1,497,349)		(1,497,349)
Student & instruction related services	469,599				(469,599)		(469,599)
General administrative services	232,535				(232,535)		(232,535)
School administrative services	3,534				(3,534)		(3,534)
Central services	137,946				(137,946)		(137,946)
Plant operations and maintenance	450,098				(450,098)		(450,098)
Pupil transportation	177,586				(177,586)		(177,586)
Unallocated employee benefits	1,150,633		366,704		(783,929)		(783,929)
Interest on long-term debt	59,531				(59,531)		(59,531)
Unallocated depreciation and amortization	116,869				(116,869)		(116,869)
Total Governmental Activities	6,529,873	-	705,003	-	(5,824,870)	-	(5,824,870)
Business-Type Activities:							
Food service	140,993	$ 10,072	95,600			$ (35,321)	(35,321)
After school program	21,595	27,002				5,407	5,407
Total Business-Type Activities	162,588	37,074	95,600			(29,914)	(29,914)
Total Primary Government	$ 6,692,461	$ 37,074	$ 800,603	$ -	(5,824,870)	(29,914)	(5,854,784)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					1,017,497		1,017,497
Taxes levied for debt service					214,105		214,105
Federal and State aid not restricted					4,678,067		4,678,067
Miscellaneous Income					76,793		76,793
Special Items:							
Contributed capital assets							
Transfers					(32,729)	32,729	
Total general revenues, special items, extraordinary items and transfers					5,953,733	32,729	5,986,462
Change in Net Position					128,863	2,815	131,678
Net Position - July 1, 2013					1,646,211	96,178	1,742,389
Net Position - June 30, 2014					$ 1,775,074	$ 98,993	$ 1,874,067

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

Fund Financial Statements

BROOKLAWN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 539,533	$ 55,175	$ 800,000	$ 8,510	$ 1,403,218
Receivables, net					
District tax				214,105	214,105
State aid	29,092		104,253		133,345
Federal aid		20,285			20,285
Interfund	44,233		48,127		92,360
Restricted cash and cash equivalents	318,001				318,001
Total Assets	$ 930,859	$ 75,460	$ 952,380	$ 222,615	$ 2,181,314
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 243,380	$ 55,494	$ 55,000		$ 353,874
Interfund payable	48,127		44,233		92,360
Temporary note payable			800,000		800,000
Other liabilities				$ 214,105	214,105
Unearned revenues		19,966			19,966
Total Liabilities	291,507	75,460	899,233	214,105	1,480,305
Fund Balances:					
Restricted for:					
Capital reserve	318,001				318,001
Maintenance reserve	125,000				125,000
Excess surplus	192,912				192,912
Excess surplus - designated for subsequent year's budget	117,674				117,674
Assigned to:					
Subsequent year's budget	85,000			3,936	88,936
Unassigned	(199,235)		53,147	4,574	(141,514)
Total Fund Balances	639,352		53,147	8,510	701,009
Total Liabilities and Fund Balances	$ 930,859	$ 75,460	$ 952,380	$ 222,615	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $4,146,210 and the accumulated depreciation is $1,797,800.		2,348,410
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	$ (1,057,000)	
Accrued Interest Payable	(13,725)	
Compensated Absences Payable	(203,620)	
		(1,274,345)
Net position of governmental activities		$ 1,775,074

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, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	$ 1,017,497			$ 214,105	$ 1,231,602
Miscellaneous	76,793				76,793
Total local sources	1,094,290			214,105	1,308,395
State sources	4,912,876	$ 86,122	$ 104,253		5,103,251
Federal sources		279,819			279,819
Total Revenues	6,007,166	365,941	104,253	214,105	6,691,465
EXPENDITURES:					
Current expense:					
Regular instruction	1,552,873	223,288			1,776,161
Special education instruction	260,154				260,154
Other instruction	48,523				48,523
Support services and undistributed costs:					
Tuition	1,497,349	107,149			1,604,498
Student & instruction related services	469,599				469,599
General administrative services	232,535				232,535
School administrative services	3,534				3,534
Central services	135,529				135,529
Plant operations and maintenance	311,089				311,089
Pupil transportation	177,586				177,586
Unallocated employee benefits	1,122,991	27,642			1,150,633
Capital outlay	66,779		99,233		166,012
Debt service:					
Principal				150,000	150,000
Interest and other charges				59,531	59,531
Total Expenditures	5,878,541	358,079	99,233	209,531	6,545,384
Excess (Deficiency) of Revenues over (under) Expenditures	128,625	7,862	5,020	4,574	146,081
Other Financing Sources (Uses):					
Transfers in			48,127		48,127
Transfers out	(80,856)				(80,856)
Total Other Financing Sources (Uses)	(80,856)		48,127		(32,729)
Net Change in Fund Balances	47,769	7,862	53,147	4,574	113,352
Fund Balances - July 1, 2013	591,583	(7,862)		3,936	587,657
Fund Balances - June 30, 2014	$ 639,352	$ -	$ 53,147	$ 8,510	$ 701,009

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, 2014

Total Net Change in Fund Balances - Governmental Funds (from B-2)		$ 113,352
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Depreciation expense	$ (142,772)	
Fixed assets additions	27,003	(115,769)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		150,000
Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt.		1,141
In the statement of activities, certain operating expenses, (e.g. compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)		(19,861)
Change in Net Position of Governmental Activities		$ 128,863

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

BROOKLAWN SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities Enterprise Funds		
	Food Service Fund	After School Program	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 9,232	$ 80,526	$ 89,758
Accounts receivable:			
State	200		200
Federal	5,236		5,236
Total Current Assets	14,668	80,526	95,194
Noncurrent Assets:			
Equipment	35,153		35,153
Less - accumulated depreciation	(24,262)		(24,262)
Total Noncurrent Assets	10,891		10,891
Total Assets	25,559	80,526	106,085
LIABILITIES:			
Due to State	1,571		1,571
Accounts payable	5,521		5,521
Total Current Liabilities	7,092		7,092
NET POSITION:			
Net investment in capital assets	10,891		10,891
Unrestricted	7,576	80,526	88,102
Total Net Position	$ 18,467	$ 80,526	$ 98,993

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

BROOKLAWN SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities Enterprise Funds		
	Food Service Fund	After School Program	Totals
OPERATING REVENUES:			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	$ 10,072		$ 10,072
Daily sales non-reimbursable programs:			
Program fees		$ 27,002	27,002
Other revenue			-
Total Operating Revenues	10,072	27,002	37,074
OPERATING EXPENSES:			
Salaries and fringe benefits	41,799	21,265	63,064
Purchased services			-
Supplies and materials	377	330	707
Depreciation	2,016		2,016
Cost of sales	96,801		96,801
Total Operating Expenses	140,993	21,595	162,588
Operating Income (Loss)	(130,921)	5,407	(125,514)
Non-Operating Revenues:			
State sources:			
State school lunch program	1,785		1,785
Federal sources:			
National school lunch program	87,268		87,268
National school breakfast program	6,547		6,547
Total Non-Operating Revenues	95,600		95,600
Income (Loss) before Contributions and Transfers	(35,321)	5,407	(29,914)
Contribution of capital asset			-
Operating transfer In	32,729		32,729
Changes in Net Position	(2,592)	5,407	2,815
Net Position - July 1, 2013	21,059	75,119	96,178
Net Position - June 30, 2014	$ 18,467	$ 80,526	$ 98,993

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, 2014

	Business-Type Activities Enterprise Funds		
	Food Service Fund	After School Program	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	$ 10,072	$ 27,002	$ 37,074
Cash payments to employees for services	(41,799)	(21,265)	(63,064)
Cash payments to suppliers for goods and services	(91,657)	(330)	(91,987)
Net cash provided by (used for) operating activities	(123,384)	5,407	(117,977)
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	1,652		1,652
Cash received from federal sources	92,440		92,440
Cash received from overclaim - due to State			-
Operating transfer in	32,729		32,729
Net cash provided by noncapital financing activities	126,821		126,821
Cash Flows Provided by Investing Activities:			
Interest earned on cash equivalents			
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	3,437	5,407	8,844
Cash and cash equivalents - July 1, 2013	5,795	75,119	80,914
Cash and cash equivalents - June 30, 2014	$ 9,232	$ 80,526	$ 89,758
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:			
Operating income (loss)	$ (130,921)	$ 5,407	$ (125,514)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	2,016		2,016
Change in assets and liabilities:			
Increase (decrease) in accounts payable	5,521		5,521
Net cash provided by (used for) operating activities	$ (123,384)	$ 5,407	$ (117,977)

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

BROOKLAWN SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Trust Funds			
		Private Purpose		
	Unemployment Compensation Trust	Flowers Memorial Fund	Other Trust Funds	Agency Funds
ASSETS:				
Cash and cash equivalents	$ 11,764	$ 88,170	$ 8,561	$ 14,376
Total Assets	11,764	88,170	8,561	$ 14,376
LIABILITIES:				
Interfund payable				$ 435
Due to student groups				13,941
Total Liabilities				$ 14,376
NET ASSETS:				
Held in trust for unemployment claims and other purposes	$ 11,764			
Reserved for scholarships		$ 88,170	$ 8,561	

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

BROOKLAWN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

		Private Purpose	
	Unemployment Compensation Trust	Flowers Memorial Fund	Other Funds
ADDITIONS:			
Contributions:			
Employee	$ 1,842		
Board contribution			
Total Contributions	1,842		
Investment earnings:			
Interest	29		
Net investment earnings	29		
Total Additions	1,871		
DEDUCTIONS:			
Unemployment claims	2,736		
Other expenses			
Scholarships awarded			
Total Deductions	2,736		
Change in Net Position	(865)		
Net Position - July 1, 2013	12,629	$ 88,170	$ 8,561
Net Postion- June 30, 2014	$ 11,764	$ 88,170	$ 8,561

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Brooklawn School District ("School District") is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 8. Students in grades 9 through 12 attend, on a tuition basis, the Gloucester City High School District. The Brooklawn School District has an approximate enrollment at June 30, 2014 of 366 students.

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

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

Basis of Presentation

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

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

The School District's enterprise funds are:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for their approval. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected in the balance sheet as unearned revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2014 and 2013 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

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

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

> **Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2014.
>
> **Restricted** – This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
>
> **Committed** – This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.
>
> **Assigned** – This fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.
>
> **Unassigned** – This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

1. 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 the food service program and tuition fees for the before and after school program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

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

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

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

Recently Issued Accounting Pronouncements - In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement 25", which revises existing standards of financial reporting for most pension plans. This Statement which is effective for periods beginning after June 15, 2013, will not have any effect on the District's financial statements.

In June 2012 the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement which is effective for periods beginning after June 15, 2014, will have a significant impact on the District's financial statements.

In January 2013, the GASB issued Statement 69, "Government Combinations and Disposals of Government Operations". This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement which is effective for periods beginning after December 15, 2013, will not have any effect on the District's financial statements.

In April 2013, the GASB issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees" This Statement which is effective for periods beginning after June 15, 2013, will not have any effect on the District's financial statements.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68". This Statement is required to be applied in conjunction with the provisions of GASB Statement No. 68 and is effective for periods beginning after June 15, 2014. The provisions of this statement will have a significant impact on the District's financial statements.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of $2,345,215 as of June 30, 2014, $250,000 was insured under FDIC and the remaining balance of $2,095,215 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Balance July 1, 2013		$ 193,001
Increased by:		
2013-14 Budget	$ 125,000	
Board Resolution		
		125,000
		318,001
Decreased by:		
Budget Withdrawal		
Board Resolution		
		-
Balance June 30, 2014		$ 318,001

The June 30, 2014 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2014 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2014 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Fund	Total
Intergovernmental					
State	$ 29,092		$ 104,253	$ 200	$ 133,545
Federal		$ 20,285		5,236	25,521
Total	$ 29,092	$ 20,285	$ 104,253	$ 5,436	$ 159,066

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities:				
Land	$ 38,000			$ 38,000
Construction in Progress				-
Total Capital Assets not being Depreciation	38,000	-	-	38,000
Land Improvements	142,964	$ 4,400		147,364
Building and Improvements	3,397,579	17,313		3,414,892
Equipment	785,718	5,290	(245,054)	545,954
Total Historical Cost	4,364,261	27,003	(245,054)	4,146,210
Less Accumulated Depreciation:				
Land Improvements	(79,298)	(8,276)		(87,574)
Building and Improvements	(1,136,188)	(103,474)		(1,239,662)
Equipment	(684,596)	(31,022)	245,054	(470,564)
Total Accumulated Depreciation	(1,900,082)	(142,772)	245,054	(1,797,800)
Governmental Activities Capital Assets, Net	$ 2,464,179	$ (115,769)	$ -	$ 2,348,410
Business-Type Activities:				
Equipment	35,153			35,153
Less - Accumulated Depreciation	(22,246)	(2,016)		(24,262)
Business-Type Activities Capital Assets, Net	12,907	(2,016)	-	10,891

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of $142,772 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	$ 25,220
General Administration	2,349
Unallocated	115,203
Total depreciation expense	$ 142,772

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2014, the following changes occurred in long-term obligations:

Governmental Activities:	Principal Outstanding June 30, 2013	Additions	Reductions	Principal Outstanding June 30, 2014	Due Within One Year
Compensated Absences	$ 183,759	$ 19,861	$ -	$ 203,620	
General Obligation Bonds	1,207,000		150,000	1,057,000	$ 168,000
	$ 1,390,759	$ 19,861	$ 150,000	$ 1,260,620	$ 168,000

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

2001 General Obligation Bonds dated March 1, 2001 in the amount of $999,000 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 $58,000 due in annual installments through March 15, 2015, bearing interest rate of 4.70 %.

As of June 30, 2014, principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	$ 168,000	$ 52,176	$ 220,176
2016	115,000	44,005	159,005
2017	135,000	38,313	173,313
2018	145,000	31,631	176,631
2019	155,000	24,453	179,453
2020-2021	339,000	25,394	364,394
	$ 1,057,000	$ 215,972	$ 1,272,972

As of June 30, 2014 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.

7. OPERATING LEASES

At June 30, 2014, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were $16,309 for the fiscal year ended June 30, 2014. The future minimum lease payments for these leases are as follows:

Year Ended	Amount
June 30, 2015	$ 16,309
Total future minimum lease payments	$ 16,309

8. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114, 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

Public Employees' Retirement System (PERS)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Interest on Deferred Amount	Total Liability Paid by District
2014	$ 7,710	$ 33,896	$ 708	$ 2,078	$ 44,392
2013	11,865	28,368	2,395	2,017	44,645
2012	14,829	29,659	2,834	1,992	49,314

* 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, 2009. The Brooklawn School District chose to defer $13,934 and will repay this amount plus interest over a 15 year period beginning April 1, 2012. The amount to be repaid will fluctuate each year based on the pension system investment earnings on the unfunded liability. Since the School District is permitted to pay off the deferred amount at any time, the deferred amount has not been recorded as a long-term liability and will be funded on a pay-as-you-go basis.

Defined Contribution Retirement Program (DCRP)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

Fiscal Year	Total Liability	Employee Contribution	Paid by School District
2014	$ 7,023	$ 4,544	$ 2,479
2013	3,009	1,947	1,062
2012	1,866	1,255	611

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

9. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed $1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2014 was $133,648, which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2014, the School District has recognized as revenues and expenditures $81,511 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and $143,726 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

11. RISK MANAGEMENT

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

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

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

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

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

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

11. RISK MANAGEMENT (Continued)

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

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2014	$ -	$ 29	$ 1,842	$ 2,736	$ 11,764
2013	-		10,110	1,938	12,629
2012	14,891		4,878	15,414	4,457

12. DEFERRED COMPENSATION

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

13. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2014, the liability for compensated absences in the governmental activities was $203,620.

14. CONTINGENCIES

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

At June 30, 2014, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

15. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of $199,235 in the General Fund as of June 30, 2014 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of $199,235 is equal to or less than the June state aid payment.

16. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2014. The following interfund balances were recorded on the various balance sheets as of June 30, 2014:

Fund	Interfunds Receivable	Interfunds Payable
General	$ 44,233	$ 48,127
Capital Projects	48,127	44,233
	$ 92,360	$ 92,360

17. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2014, a deficit of $416,580 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances, June 30, 2014:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	$ (199,235)
Liabilies:	
Accrued Interest Payable	(13,725)
Compensated Absences	(203,620)
Unrestricted Net Position (Deficit)	$ (416,580)

18. FUND BALANCES

RESTRICTED

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

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is $192,912 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, $117,674 of excess fund balance generated during the 2012-2013 fiscal year has been restricted and designated for utilization in the 2014-2015 budget.

General Fund:

Capital Reserve – As of June 30, 2014, the balance in the capital reserve account is $318,001. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2014, the balance in the maintenance reserve account is $125,000. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

ASSIGNED

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

General Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2015, $85,000 of general fund balance.

Debt Service Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2015, $3,936 of debt service fund balance.

UNASSIGNED

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

General Fund – As of June 30, 2014, the fund balance of the general fund was a deficit of $199,235, thus resulting in the fund balance classification of unassigned. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 15).

Capital Projects Fund – As of June 30, 2014, the unassigned fund balance amount was $53,147.

Debt Service Fund – As of June 30, 2014, the unassigned fund balance amount was $4,574.

19. SUSEQUENT EVENTS

On September 1, 2014 the District issued $1,985,000 in School Bonds. The proceeds of the Bonds will provide new money to finance the acquisition of property, refund the Board's Temporary Note originally issued in the aggregate principal amount of $800,000, dated March 14, 2014 and maturing on September 12, 2014, and pay costs and expenses incidental to the issuance and delivery of the Bonds.

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	$ 1,017,497	$ -	$ 1,017,497	$ 1,017,497	$ -
Unrestricted misc. revenues	8,000		8,000	76,793	68,793
Total local sources	1,025,497		1,025,497	1,094,290	68,793
State sources:					
School Choice aid	803,649		803,649	803,649	
Categorical special education aid	227,900		227,900	227,900	
Equalization aid	3,428,151		3,428,151	3,428,151	
Security aid	18,488		18,488	18,488	
Transportation aid	5,747		5,747	5,747	
Under Adequacy Aid	98,367		98,367	98,367	
On-behalf TPAF pension contrib. (non-budgeted)				81,511	81,511
On-behalf post retirement med (non-budgeted)				133,648	133,648
Reimbursed TPAF social security contribution (non-budgeted)				143,726	143,726
Total state sources	4,582,302		4,582,302	4,941,187	358,885
TOTAL REVENUES	5,607,799		5,607,799	6,035,477	427,678
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool		7,880	7,880	7,880	
Kindergarten	100,025	4,732	104,757	104,757	
Grades 1-5	728,103	(12,721)	715,382	714,165	1,217
Grades 6-8	501,264	(14,746)	486,518	486,285	233
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	90,410		90,410	90,253	157
Purchased technical services	5,000	2,550	7,550	7,550	
Other purchased services	24,864	12,379	37,243	37,243	
General supplies	60,000	3,037	63,037	63,037	
Textbooks	35,000	4,769	39,769	39,769	
Other objects	3,000		3,000	1,934	1,066
Total instruction	1,547,666	7,880	1,555,546	1,552,873	2,673
Special Education Instruction:					
Behavorial Disabilities:					
Salaries of teachers	45,684	(40,096)	5,588		5,588
Other salaries for instruction	22,581		22,581		22,581
General supplies	2,000		2,000		2,000
Total behavorial disabilities	70,265	(40,096)	30,169		30,169

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, 2014

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource room/resource center:					
Salaries of teachers	$ 222,312	$ (4,127)	$ 218,185	$ 194,724	$ 23,461
Other salaries for instruction	60,893	4,127	65,020	65,020	
General supplies	3,000		3,000	410	2,590
Total resource room/resource center	286,205		286,205	260,154	26,051
Total Special Education - Instruction	356,470	(40,096)	316,374	260,154	56,220
School-Sponsored Cocurricular Act - Instruction:					
Salaries	25,625	3,965	29,590	29,590	
Purchased services	4,000	(3,840)	160	160	
Supplies and materials	4,000	(125)	3,875	880	2,995
Other objects	1,000		1,000		1,000
Total school-sponsored cocurr. act. - instruct.	34,625		34,625	30,630	3,995
School-Sponsored Athletics - Instruction:					
Salaries	12,300	37	12,337	12,337	
Purchased services	6,000	(37)	5,963	4,192	1,771
Supplies and materials	2,500		2,500	1,260	1,240
Other objects	1,500		1,500	104	1,396
Total school-sponsored athletics - instruct.	22,300		22,300	17,893	4,407
Total Instruction	1,961,061	(32,216)	1,928,845	1,861,550	67,295
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	1,074,064	37,524	1,111,588	1,111,588	
Tuition to other LEAs within the state - spec	178,102	(17,499)	160,603	160,603	
Tuition to County Voc School District - reg.	20,706	240	20,946	20,946	
Tuition to CCSD & Regional Day Schools	120,860	(7,445)	113,415	113,415	
Tuition to priv. sch. for the disabled in state	76,345	14,452	90,797	90,797	
Total undistributed expenditures - instruction	1,470,077	27,272	1,497,349	1,497,349	
Attendance and Social Work Services:					
Purchased professional and technical services	800		800	500	300
Total attendance and social work services	800		800	500	300
Health Services:					
Salaries	68,369	150	68,519	68,519	
Purchased professional and technical services	1,500	201	1,701	1,701	
Supplies and materials	4,200	(351)	3,849	3,244	605
Total health services	74,069		74,069	73,464	605
Speech, OT, PT & Related Services:					
Purchased professional and educational services	190,000	3,932	193,932	193,932	
Total speech, ot, pt, & related services	190,000	3,932	193,932	193,932	

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, 2014

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child Study Teams:					
Salaries of other professional staff	$ 76,079	$ 6,361	$ 82,440	$ 82,440	$ -
Salaries of secretarial and clerical assistants	13,053	(557)	12,496	12,496	
Miscellaneous purchased services	10,000	(5,055)	4,945	4,945	
Supplies and materials	3,000	263	3,263	3,263	
Total other support services student - special	102,132	1,012	103,144	103,144	
Improvement of Instructional Services:					
Salaries of supervisor of instruction		21,250	21,250	21,250	
Salaries of other professional staff	47,048	338	47,386	47,386	
Other salaries	5,000	(5,000)			
Other purchased services	8,000	(873)	7,127	7,127	
Supplies and materials	4,000	(4,000)			
Other objects					
Total improvement of instructional services	64,048	11,715	75,763	75,763	
Educational Media Services/School Library:					
Salaries	20,425	(9,344)	11,081	10,885	196
Purchased professional and technical services	2,500		2,500	1,885	615
Supplies and materials	10,000		10,000	1,715	8,285
Total educational media services/school library	32,925	(9,344)	23,581	14,485	9,096
Improvement of Instructional Staff Training Services:					
Other purchased services	20,000	(11,715)	8,285	8,124	161
Supplies and materials	5,000		5,000	187	4,813
Total improvement of instructional staff train. serv.	25,000	(11,715)	13,285	8,311	4,974
General Administration:					
Salaries	139,584	21,249	160,833	160,833	
Legal services	17,000	(3,602)	13,398	13,398	
Audit fees	27,000	(2,600)	24,400	24,400	
Communications / telephone	16,000	(5,194)	10,806	10,806	
Board of Education other purchased services	1,000	346	1,346	1,346	
Other purchased services	2,000	7,967	9,967	9,967	
Supplies and materials	1,000	(795)	205	205	
BOE in-house training/meeting supplies	1,000	(128)	872	872	
Miscellaneous expenditures	4,000	3,789	7,789	7,789	
Board of Education dues and fees	3,000	(81)	2,919	2,919	
Total general administration	211,584	20,951	232,535	232,535	
School Administration:					
Other purchased services	3,000	(116)	2,884	1,559	1,325
Supplies and materials	500	116	616	616	
Other objects	2,000		2,000	1,359	641
Total school administration	5,500		5,500	3,534	1,966
Central services					
Salaries	94,620	(7,289)	87,331	87,331	
Purchased technical services	10,000	3,150	13,150	13,150	
Misc. Purchased Services	500	(500)			
Supplies and materials	1,000	1,453	2,453	2,453	
Miscellaneous Expenditures	500	(143)	357	147	210
Total central services	106,620	(3,329)	103,291	103,081	210

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

(CONTINUED TO NEXT PAGE)

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative Information Technology					
Salaries	$ 10,000	$ 8,496	$ 18,496	$ 18,496	$ -
Purchased professional services	7,000	(2,425)	4,575	4,575	
Purchased technical services	3,000	(277)	2,723	2,723	
Supplies and materials	8,000	(1,346)	6,654	6,654	
Other objects	1,000	(1,000)			
Total administrative information technology	29,000	3,448	32,448	32,448	
Required Maintenance School Facilities:					
Cleaning, repair and maintenance services	23,000	145	23,145	23,145	
Total required maintenance school facilities	23,000	145	23,145	23,145	
Custodial Services:					
Salaries	112,980	10,445	123,425	123,425	
Purchased professional & technical services	12,000	(1,247)	10,753	7,628	3,125
Cleaning, repair and maintenance services	25,000	(7,274)	17,726	15,142	2,584
Other purchased property services	22,000	(4,751)	17,249	9,219	8,030
Insurance	30,000		30,000	22,225	7,775
Miscellaneous purchased services	10,000		10,000	7,115	2,885
General Supplies	57,000	(30,500)	26,500	23,109	3,391
Energy (Electricity)	80,000	(3,168)	76,832	76,832	
Other objects	2,500	1,580	4,080	3,249	831
Total custodial services	351,480	(34,915)	316,565	287,944	28,621
Total operation & maint. of plant services	374,480	(34,770)	339,710	311,089	28,621
Student Transportation Services:					
Management fee - ESC & CTSA Trans program	2,000	3,615	5,615	5,615	
Contr. serv. (between home & sch) - vendor	25,000	1,835	26,835	26,835	
Contr. serv. (not between home & sch) - vendor	35,000	(30,089)	4,911	4,911	
Contr. serv. (between home & sch) - joint agree.	12,000	(1,984)	10,016	10,016	
Contr. serv. (special ed students) - vendor	75,000	48,260	123,260	123,260	
Contr. serv. - Aid in Lieu Payments - NonPublic	12,000	(5,051)	6,949	6,949	
Total student transportation services	161,000	16,586	177,586	177,586	
Unallocated Benefits - Employee Benefits:					
Social security contributions	50,000	6,069	56,069	56,069	
Other retirement contributions - PERS	50,000	(3,068)	46,932	46,932	
Unemployment compensation	10,000	(6,069)	3,931		3,931
Workmen's compensation	28,000	(4,854)	23,146	23,146	
Health benefits	637,463	(7,711)	629,752	629,752	
Tuition reimbursement	15,000	(15,000)			
Other employee benefits	10,000		10,000	8,207	1,793
Total unallocated benefits - employee benefits	800,463	(30,633)	769,830	764,106	5,724
On-behalf TPAF pension contr. (non-budgeted)				81,511	(81,511)
On-behalf TPAF post retirement med. (non-budgeted)				133,648	(133,648)
Reimbursed TPAF social security contr. (non-budgeted)				143,726	(143,726)
Total Undistributed Expenditures	3,647,698	(4,875)	3,642,823	3,950,212	(307,389)
Total General Current Expense	5,608,759	(37,091)	5,571,668	5,811,762	(240,094)

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

(CONTINUED TO NEXT PAGE)

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	$ 6,000	$ -	$ 6,000	$ -	$ 6,000
Grades 6-8	6,000		6,000		6,000
Undistributed expenditures - instruction	20,000	1,251	21,251	14,378	6,873
Total equipment	32,000	1,251	33,251	14,378	18,873
Facilitites Acquisition & Construction:					
Construction services	96,100	(12,287)	83,813	25,629	58,184
Buildings and Other Lease Purchase Agreements Assessment for Debt Service on SDA Funding	26,772		26,772	26,772	
Total facilities, acquisition & construction	122,872	(12,287)	110,585	52,401	58,184
Total Capital Outlay	154,872	(11,036)	143,836	66,779	77,057
TOTAL EXPENDITURES	5,763,631	(48,127)	5,715,504	5,878,541	(163,037)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(155,832)	48,127	(107,705)	156,936	264,641
Other Financing Sources:					
Operating transfers out - Capital Projects Fund		(48,127)	(48,127)	(48,127)	
Operating transfers out - Enterprise Fund	(46,000)		(46,000)	(32,729)	13,271
Total Other Financing Sources	(46,000)	(48,127)	(94,127)	(80,856)	13,271
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(201,832)		(201,832)	76,080	277,912
Fund Balance - July 1, 2013	1,012,507		1,012,507	1,012,507	
Fund Balance - June 30, 2014	$ 810,675	$ -	$ 810,675	$ 1,088,587	$ 277,912

Recapitulation of Fund Balance:	
Restricted Fund Balance:	
Capital reserve	$ 318,001
Maintenance reserve	125,000
Excess surplus	192,912
Excess surplus - designated for subsequent year's budget	117,674
Assigned Fund Balance:	
Designated for subsequent year's expenditures	85,000
Unassigned Fund Balance	250,000
	1,088,587
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	(449,235)
Fund Balance per Governmental Funds (GAAP)	$ 639,352

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

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	$ 91,317	$ -	$ 91,317	$ 78,260	$ (13,057)
Federal sources	157,447	136,969	294,416	279,819	(14,597)
Total Revenues	248,764	136,969	385,733	358,079	(27,654)
EXPENDITURES:					
Instruction:					
Salaries of teachers	127,252	81,178	208,430	201,028	7,402
Other salaries for instruction	22,400		22,400	22,260	140
Supplies					
Tuition	86,195	20,954	107,149	107,149	
Total instruction	235,847	102,132	337,979	330,437	7,542
Support Services:					
Personal services - employee benefits	12,917	34,837	47,754	27,642	20,112
Purchased prof. - technical services					
Total support services	12,917	34,837	47,754	27,642	20,112
Facilities Acq. and Const. Services - instructional equipment					
Instructional equipment					
Non-instructional equipment					
Total Expenditures	248,764	136,969	385,733	358,079	27,654
Total Outflows	248,764	136,969	385,733	358,079	27,654
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	---	---	---	---	---

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

BROOKLAWN SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2014

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	$ 6,035,477	$ 358,079
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	420,924	7,862
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(449,235)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 6,007,166	$ 365,941
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	$ 5,878,541	$ 358,079
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	$ 5,878,541	$ 358,079

Other Supplementary Information

Special Revenue Fund

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year ended June 30, 2014

	Preschool Education Program	Title I	Title II A	IDEA Basic	IDEA Preschool	Total
REVENUES:						
State sources	$ 78,260					$ 78,260
Federal sources		$165,949	$ 6,721	$ 103,856	$ 3,293	279,819
Total Revenues	78,260	165,949	6,721	103,856	3,293	358,079
EXPENDITURES:						
Instruction:						
Salaries of teachers	56,000	139,383	5,645			201,028
Other salaries for instruction	22,260					22,260
Tuition				103,856	3,293	107,149
Total Instruction	78,260	139,383	5,645	103,856	3,293	330,437
Support Services:						
Personal services-employee benefits		26,566	1,076			27,642
Purchased professional & technical svcs						-
Total Support Services	-	26,566	1,076			27,642
Facilities acq. and constr. services:						
Non-Instructional equipment						
Total facilities acq and const services						
Total Expenditures	78,260	165,949	6,721	103,856	3,293	358,079
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---		---	---

BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Statement of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2014

DISTRICT WIDE TOTAL

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of teachers	$ 56,000	$ 56,000	
Other salaries for instruction	22,400	22,260	$ 140
Purchased professional technical services			
General supplies			
Total instruction	78,400	78,260	140
Support Services:			
Personal services - Employee benefits	12,917		12,917
Total support services	12,917		12,917
Total Expenditures	$ 91,317	$ 78,260	$ 13,057

SUMMARY OF LOCATION TOTALS

Total 2013-14 Preschool Education Aid allocation	$ 76,890
Add: Actual Preschool Education Aid Carryover (June 30, 2013)	14,428
Add: Budgeted transfer from the General Fund 2013-14	
Total Preschool Education Aid Funds available for 2013-14 budget	91,318
Less: 2013-14 Budgeted Preschool Education Aid (including prior year budgeted carryover)	(91,317)
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2014	1
Add: June 30, 2014 Unexpended Preschool Education Aid	13,057
2013-14 Actual Carryover - Preschool Education Aid	$ 13,058
2013-14 Preschool Education Aid Carryover Budgeted in 2014-15	$ 1

Capital Projects Fund

BROOKLAWN SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2014

Revenues and Other Financing Sources:	
State sources - SDA Grant	$ 104,253
Transfer from Capital Outlay	48,127
Total revenues and other financing sources	152,380
Expenditures and Other Financing (Uses):	
Purchased professional and technical services	44,233
Equipment	55,000
Total expenditures and other financing (uses)	99,233
Excess (deficiency) or revenues over (under) expenditures	53,147
Fund Balance - July 1, 2013	
Fund Balance - June 30, 2014	$ 53,147

BROOKLAWN SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Install Security System - Costello Elementary School
From Inception and for the Fiscal Year ended June 30, 2014

	Prior Periods	Current Year	Total	Revised Authorized Costs
Revenues and Other Financing Sources:				
State sources - SDA Grant	$ -	$ 104,253	$ 104,253	$ 104,253
Transfer from capital outlay		48,127	48,127	48,127
Total revenues		152,380	152,380	152,380
Expenditures and Other Financing Uses:				
Purchased professional and technical services				
Equipment		55,000	55,000	55,000
		55,000	55,000	55,000
Excess (deficiency) or revenues over (under) expenditures	$ -	$ 97,380	$ 97,380	$ 97,380

Additional project information:

Project Number	0580-010-14-1009-GO4
Grant Date	01/06/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	$ 152,380
Additional Authorized Cost	
Revised Authorized Cost	$ 152,380
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	0.00%
Original target completion date	01/31/14
Revised target completion date	N/A

BROOKLAWN SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Acquisition of Property and Renovations
From Inception and for the Fiscal Year ended June 30, 2014

	Prior Periods	Current Year	Total	Revised Authorized Costs
Revenues and Other Financing Sources:				
State sources - SDA Grant	$ -	$ -	$ -	$ -
Transfer from capital outlay				-
Total revenues				
Expenditures and Other Financing Uses:				
Purchased professional and technical services		44,233	44,233	
Construction services				
		44,233	44,233	
Excess (deficiency) or revenues over (under) expenditures	$ -	$ (44,233)	$ (44,233)	$ -

Additional project information:	
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	01/28/14
Bonds Authorized	$ 1,985,000
Bonds Issued	09/01/14
Original Authorized Cost	$ 1,985,000
Additional Authorized Cost	
Revised Authorized Cost	$ 1,985,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	0.00%
Original target completion date	09/01/15
Revised target completion date	

Proprietary Funds

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Position
June 30, 2014

	Food Service Fund	After School Program	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 9,232	$ 80,526	$ 89,758
Accounts receivable:			
State	200		200
Federal	5,236		5,236
Total Current Assets	14,668	80,526	95,194
Noncurrent Assets:			
Equipment	35,153		35,153
Less - accumulated depreciation	(24,262)		(24,262)
Total Noncurrent Assets	10,891		10,891
Total Assets	25,559	80,526	106,085
LIABILITIES:			
Due to State	1,571		1,571
Accounts payable	5,521		5,521
Total Current Liabilities	7,092		7,092
NET POSITION:			
Net investment in capital assets	10,891		10,891
Unrestricted	7,576	80,526	88,102
Total Net Position	$ 18,467	$ 80,526	$ 98,993

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2014

	Food Service Fund	After School Program	Totals
OPERATING REVENUES:			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	$ 10,072		$ 10,072
Daily sales non-reimbursable programs:			
Program fees		$ 27,002	27,002
Other revenue			-
Total Operating Revenues	10,072	27,002	37,074
OPERATING EXPENSES:			
Salaries and fringe benefits	41,799	21,265	63,064
Purchased services			-
Supplies and materials	377	330	707
Depreciation	2,016		2,016
Cost of sales	96,801		96,801
Total Operating Expenses	140,993	21,595	162,588
Operating Income (Loss)	(130,921)	5,407	(125,514)
Non-Operating Revenues:			
State sources:			
State school lunch program	1,785		1,785
Federal sources:			
National school lunch program	87,268		87,268
National school breakfast program	6,547		6,547
Total Non-Operating Revenues	95,600		95,600
Income (Loss) before Contributions and Transfers	(35,321)	5,407	(29,914)
Contribution of capital asset			-
Operating Transfers In/(out)	32,729		32,729
Changes in Net Position	(2,592)	5,407	2,815
Net Position - July 1, 2013	21,059	75,119	96,178
Net Position - June 30, 2014	$ 18,467	$ 80,526	$ 98,993

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

	Food Service Fund	After School Program	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	$ 10,072	$ 27,002	$ 37,074
Cash payments to employees for services	(41,799)	(21,265)	(63,064)
Cash payments to suppliers for goods and services	(91,657)	(330)	(91,987)
Net cash provided by (used for) operating activities	(123,384)	5,407	(117,977)
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	1,652		1,652
Cash received from federal sources	92,440		92,440
Cash received from overclaim - due to State			-
Operating transfer in	32,729		32,729
Net cash provided by noncapital financing activities	126,821		126,821
Cash Flows Provided by Investing Activities:			
Interest earned on cash equivalents			
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	3,437	5,407	8,844
Cash and cash equivalents - July 1, 2013	5,795	75,119	80,914
Cash and cash equivalents - June 30, 2014	$ 9,232	$ 80,526	$ 89,758
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:			
Operating income (loss)	$ (130,921)	$ 5,407	$ (125,514)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	2,016		2,016
Change in assets and liabilities:			
Increase (decrease) in accounts payable	5,521		5,521
Net cash provided by (used for) operating activities	$ (123,384)	$ 5,407	$ (117,977)

Fiduciary Funds

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2014

	Trust Funds		Agency Funds		
	Unemployment Compensation	Scholarship Funds	Student Activity	Payroll	Total
ASSETS:					
Cash and cash equivalents	$ 11,764	$ 96,731	$ 13,941	$ 435	$ 122,871
Total Assets	11,764	96,731	$ 13,941	$ 435	122,871
LIABILITIES:					
Liabilities:					
Payroll deductions payable					$ -
Interfund payable				$ 435	435
Due to student groups			$ 13,941		13,941
Total Liabilities			$ 13,941	$ 435	14,376
NET POSITION:					
Held in trust for unemployment claims	$ 11,764				11,764
Held in trust for scholarships		$ 96,731			96,731
Total Net Position	$ 11,764	$ 96,731			$ 108,495

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2014

	Scholarship Trust			
	Flowers Memorial Funds	Other Trust Funds	Unemployment Compensation Trust Fund	Totals
Additions:				
Employee withholdings			$ 1,842	$ 1,842
Board contribution			-	-
Interest earnings			29	29
Total Additions			1,871	1,871
Deductions:				
Unemployment compensation insurance claims			2,736	2,736
Other expenses				
Total Deductions			2,736	2,736
Change in Net Position			(865)	(865)
Net Position - July 1, 2013	$ 88,170	$ 8,561	12,629	109,360
Net Position - June 30, 2014	$ 88,170	$ 8,561	$ 11,764	$ 108,495

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Accounts Payable	Balance June 30, 2014
Alice Costello School	$ 14,112	$ 2,159	$ 2,330		$ 13,941
Total all schools	$ 14,112	$ 2,159	$ 2,330	$ -	$ 13,941

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
ASSETS:				
Cash and cash equivalents	$ 756	$ 2,893,696	$ 2,894,017	$ 435
Total Assets	$ 756	$ 2,893,696	$ 2,894,017	$ 435
LIABILITIES:				
Net payroll	$ 298	$ 1,593,844	$ 1,594,142	$ -
Payroll deductions and withholdings	458	1,299,417	1,299,875	
Interfund payable		435		435
Total Liabilities	$ 756	$ 2,893,696	$ 2,894,017	$ 435

Long-Term Debt Schedules

BROOKLAWN SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2014

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
Renovations and Improvements to school building	3/01/01	$ 1,559,000	3/01/15	$ 110,000	4.950%	$ 1,094,000		$ 95,000	$ 999,000
			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	3/01/15	58,000	4.700%	113,000		55,000	58,000
						$ 1,207,000	$ -	$ 150,000	$ 1,057,000

BROOKLAWN SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	$ 214,105		$ 214,105	$ 214,105	
Total Revenues	214,105		214,105	214,105	
EXPENDITURES:					
Regular debt service:					
Interest	69,105	$ (5,000)	64,105	59,531	$ 4,574
Redemption of principal	145,000	5,000	150,000	150,000	
Total regular debt service	214,105		214,105	209,531	4,574
Excess (Deficiency) of revenues over (under) expenditures				4,574	4,574
Other Financing Sources:					
Operating transfers in					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):				4,574	4,574
Fund Balance - July 1, 2013	3,936		3,936	3,936	
Fund Balance - June 30, 2014	$ 3,936	$ -	$ 3,936	$ 8,510	$ 4,574
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	$ -	$ -	$ -	$ 4,574	$ 4,574

Statistical Section

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	$ 551,291	$ 1,286,036	$ 1,403,354	$ 1,180,807	$ 1,153,304	$ 1,303,133	$ 1,225,113	$ 1,237,298	$ 1,257,179	$ 1,291,410
Restricted for:										
Capital projects	403,914	215,493	173,981	164,237	164,237	164,237	1	1	193,001	371,148
Debt service			10,479	528	3,630	2,925	76,407	73,322	3,936	8,510
Other purposes	198,012	298,544	358,128	260,804	223,600	242,763	461,230	721,082	569,506	520,586
Unrestricted	(71,309)	(107,991)	(69,153)	3,887	(263,398)	(330,188)	(285,784)	(383,529)	(377,411)	(416,580)
Total governmental activities net position	$ 1,081,908	$ 1,692,082	$ 1,876,789	$ 1,610,263	$ 1,281,373	$ 1,382,870	$ 1,476,967	$ 1,648,174	$ 1,646,211	$ 1,775,074
Business-type activities:										
Net investment in capital assets	$ 18,082	$ 16,073	$ 14,064	$ 13,771	$ 12,316	$ 10,783	$ 9,250	$ 14,923	$ 12,907	$ 10,891
Unrestricted	6,865	24,851	35,518	56,807	83,911	91,374	59,948	76,810	83,271	88,102
Total business-type activities net position	$ 24,947	$ 40,924	$ 49,582	$ 70,578	$ 96,227	$ 102,157	$ 69,198	$ 91,733	$ 96,178	$ 98,993
District-wide:										
Net investment in capital assets	$ 569,373	$ 1,302,109	$ 1,417,418	$ 1,194,578	$ 1,165,620	$ 1,313,916	$ 1,234,363	$ 1,252,221	$ 1,270,086	$ 1,302,301
Restricted:										
Capital projects	403,914	215,493	173,981	164,237	164,237	164,237	1	1	193,001	371,148
Debt service			10,479	528	3,630	2,925	76,407	73,322	3,936	8,510
Other purposes	198,012	298,544	358,128	260,804	223,600	242,763	461,230	721,082	569,506	520,586
Unrestricted	(64,444)	(83,140)	(33,635)	60,694	(179,487)	(238,814)	(225,836)	(306,719)	(294,140)	(328,478)
Total district net position	$ 1,106,855	$ 1,733,006	$ 1,926,371	$ 1,680,841	$ 1,377,600	$ 1,485,027	$ 1,546,165	$ 1,739,907	$ 1,742,389	$ 1,874,067

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
Instruction:										
Regular	$ 1,507,146	$ 1,317,625	$ 1,718,911	$ 1,562,898	$ 1,739,096	$ 1,695,120	$ 1,588,913	$ 1,477,517	$ 1,671,573	$ 1,818,367
Special education	607,063	417,728	272,996	226,780	222,489	334,411	320,713	570,061	345,949	260,154
Other instruction	21,494	39,781	24,245	29,527	35,216	46,202	39,222	43,596	54,860	48,523
Support Services:										
Tuition	697,979	670,927	635,315	805,380	1,028,648	1,300,917	1,225,519	1,361,038	1,583,965	1,604,498
Student & instruction related services	540,759	448,193	333,682	371,913	442,906	414,350	410,652	484,014	489,193	469,599
School administrative services	19,167	12,409	12,633	12,869	14,601	5,568	3,618	4,675	5,485	3,534
Central Services	143,168	142,333	152,004	151,262	162,372	133,995	188,224	120,318	121,436	137,946
General administrative services	244,654	199,641	194,919	166,962	134,571	181,736	186,227	200,620	220,350	232,535
Plant operations and maintenance	247,335	224,108	226,990	256,021	521,663	427,830	333,079	317,796	306,147	450,098
Pupil transportation	51,099	72,496	44,244	77,269	134,703	155,486	107,724	135,271	160,721	177,586
Business and other support services										
Unallocated employee benefits		771,564	990,191	1,101,140	1,030,181	794,204	819,337	887,433	1,039,560	1,150,633
Interest on long-term debt	75,686	93,900	113,369	87,309	84,082	80,400	75,672	70,534	66,116	59,531
Unallocated depreciation	31,089	31,089	31,514	32,496	26,911	120,509	120,450	121,004	116,907	116,869
Total governmental activities expenses	4,186,639	4,441,794	4,751,013	4,881,826	5,577,439	5,690,728	5,419,350	5,793,877	6,182,262	6,529,873
Business-type activities:										
Food service	92,192	103,233	87,655	96,626	97,576	113,226	107,205	152,850	165,638	140,993
After school program	13,510	11,343	12,819	25,020	21,319	21,034	17,945	19,746	18,416	21,595
Total business-type activities expense	105,702	114,576	100,474	121,646	118,895	134,260	125,150	172,596	184,054	162,588
Total district expenses	$ 4,292,341	$ 4,556,370	$ 4,851,487	$ 5,003,472	$ 5,696,334	$ 5,824,988	$ 5,544,500	$ 5,966,473	$ 6,366,316	$ 6,692,461
Program Revenues:										
Governmental activities:										
Operating grants and contributions	$ 810,725	$ 700,173	$ 904,422	$ 885,248	$ 513,351	$ 475,724	$ 612,967	$ 683,913	$ 715,913	$ 705,003
Capital grants and contributions										
Total governmental activities program revenues	810,725	700,173	904,422	885,248	513,351	475,724	612,967	683,913	715,913	705,003

(Continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Food service	$ 18,783	$ 18,674	$ 23,956	$ 16,309	$ 27,007	$ 13,751	$ 12,600	$ 18,725	$ 11,881	$ 10,072
After school program	19,557	28,282	23,685	45,245	36,518	30,342	40,505	35,895	26,414	27,002
Operating grants and contributions	38,341	50,453	43,969	47,069	49,435	63,997	71,186	85,071	108,416	95,600
Total business type activities program revenues	76,681	97,409	91,610	108,623	112,960	108,090	124,291	139,691	146,711	132,674
Total district program revenues	$ 887,406	$ 797,582	$ 996,032	$ 993,871	$ 626,311	$ 583,814	$ 737,258	$ 823,604	$ 862,624	$ 837,677
Net (Expense)/Revenue:										
Governmental activities	$ (3,375,914)	$ (3,741,621)	$ (3,846,591)	$ (3,996,578)	$ (5,064,088)	$ (5,215,004)	$ (4,806,383)	$ (5,109,964)	$ (5,466,349)	$ (5,824,870)
Business-type activities	(29,021)	(17,167)	(8,864)	(13,023)	(5,935)	(26,170)	(859)	(32,905)	(37,343)	(29,914)
Total district-wide net expense	$ (3,404,935)	$ (3,758,788)	$ (3,855,455)	$ (4,009,601)	$ (5,070,023)	$ (5,241,174)	$ (4,807,242)	$ (5,142,869)	$ (5,503,692)	$ (5,854,784)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	$ 1,075,663	$ 1,025,497	$ 1,017,497	$ 1,017,497	$ 1,017,497	$ 1,017,497	$ 1,017,497	$ 1,017,497	$ 1,017,497	$ 1,017,497
Taxes levied for debt service	95,686	155,686	152,399	141,308	163,094	170,786	178,845	188,906	131,730	214,105
Unrestricted grants and contributions	2,424,717	2,805,023	2,635,188	2,747,301	3,579,183	3,989,023	3,712,301	4,048,830	4,293,482	4,678,067
State aid restricted for capital purposes		315,276	68,724	17,966						
Investment earnings	14,129	31,535	2,640							
Miscellaneous income	74,853	51,922	172,149	54,577	6,760	33,906	124,185	77,199	75,030	76,793
Prior year state aid receivable canceled							(87,829)			
Transfers	(26,214)	(33,144)	(17,299)	(32,794)	(31,336)	(32,100)	(44,519)	(51,261)	(41,788)	(32,729)
Total governmental activities	3,658,834	4,351,795	4,031,298	3,945,855	4,735,198	5,179,112	4,900,480	5,281,171	5,475,951	5,953,733
Business-type activities:										
Investment earnings			223	1,225	248					
Contibuted capital assets								4,179		
Transfers	26,214	33,144	17,299	32,794	31,336	32,100	(32,100)	51,261	41,788	32,729
Total business-type activities	26,214	33,144	17,522	34,019	31,584	32,100	(32,100)	55,440	41,788	32,729
Total district-wide	$ 3,685,048	$ 4,384,939	$ 4,048,820	$ 3,979,874	$ 4,766,782	$ 5,211,212	$ 4,868,380	$ 5,336,611	$ 5,517,739	$ 5,986,462
Change in Net Position:										
Governmental activities	$ 282,920	$ 610,174	$ 184,707	$ (50,723)	$ (328,890)	$ (35,892)	$ 94,097	$ 171,207	$ 9,602	$ 128,863
Business-type activities	(2,807)	15,977	8,658	20,996	25,649	5,930	(32,959)	22,535	4,445	2,815
Total district-wide	$ 280,113	$ 626,151	$ 193,365	$ (29,727)	$ (303,241)	$ (29,962)	$ 61,138	$ 193,742	$ 14,047	$ 131,678

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Restricted for:										
Capital reserve	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 193,001	$ 318,001
Maintenance reserve										125,000
Future tuition payments	75,000	75,000	150,000	150,000	150,000	116,980	41,980	110,000	110,000	
Excess surplus	72,846	110,698	87,264	23,540			294,250	141,832	117,674	192,912
Excess surplus - designated for subsequent year's budget									141,832	117,674
Assigned to:										
Year-end Encumbrances			10,166		60	783				
Designated for subsequent year's budget	50,166	112,846	110,698	87,264	73,540	125,000	125,000	469,250	200,000	85,000
Unassigned	(16,073)	(34,616)	124,877	122,072	(139,926)	(134,203)	(114,141)	(175,227)	(170,924)	(199,235)
Total general fund	$ 181,940	$ 263,929	$ 483,006	$ 382,877	$ 83,675	$ 108,561	$ 347,090	$ 545,856	$ 591,583	$ 639,352
All Other Governmental Funds										
Reserved:										
Capital projects fund	$ 403,913	$ 215,492	$ 173,980	$ 164,236	$ 164,236	$ 164,236				$ 53,147
Unreserved, reported in:										
Special revenue fund				(9,969)	(7,362)	(14,850)			$ (7,862)	
Debt service fund		6,786	10,479	528	3,630	2,925	$ 76,407	$ 73,322	3,936	8,510
Total all other governmental funds	$ 403,913	$ 222,278	$ 184,459	$ 154,795	$ 160,504	$ 152,311	$ 76,407	$ 73,322	$ (3,926)	$ 61,657

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax levy	$ 1,171,349	$ 1,181,183	$ 1,169,896	$ 1,158,805	$ 1,180,591	$ 1,188,283	$ 1,196,342	$ 1,206,403	$ 1,149,227	$ 1,231,602
Tuition charges						33,906				
Interest earnings	16,136	31,535	37,174							
Miscellaneous	71,933	51,922	138,115	54,577	6,760		124,185	77,199	75,030	76,793
State sources	2,870,226	3,613,881	3,352,440	3,463,198	3,879,179	3,648,761	4,033,558	4,335,173	4,782,740	5,103,251
Federal sources	365,216	206,591	255,394	181,732	213,355	815,986	291,710	397,570	226,655	279,819
Total revenue	4,494,860	5,085,112	4,953,019	4,858,312	5,279,885	5,686,936	5,645,795	6,016,345	6,233,652	6,691,465
Expenditures										
Instruction										
Regular Instruction	1,030,778	1,240,133	1,549,753	1,582,585	1,664,950	1,601,421	1,598,003	1,413,015	1,665,224	1,776,161
Special education instruction	544,539	417,728	272,996	226,780	222,489	334,411	320,713	570,061	345,949	260,154
Other instruction	18,882	39,781	24,245	29,527	35,216	46,202	39,222	43,596	54,860	48,523
Support Services:										
Tuition	697,979	670,927	635,315	805,380	1,028,648	1,300,917	1,225,519	1,361,038	1,583,965	1,604,498
Student & instruction related services	444,287	448,193	333,682	371,913	442,906	414,350	410,652	484,014	489,193	469,599
School administrative services	17,436	12,409	12,633	12,869	14,601	5,568	3,618	4,675	5,485	3,534
General and business admin.services	191,060	187,719	194,919	166,962	134,571	181,071	186,227	118,569	217,933	232,535
Central Services	124,446	142,333	139,912	141,012	152,122	133,995	118,581	200,620	121,436	135,529
Plant operations and maintenance	214,548	224,108	226,990	254,186	384,044	427,830	300,462	284,186	288,784	311,089
Pupil transportation	51,099	72,496	44,244	77,269	134,703	155,486	107,724	135,271	160,721	177,586
Other support services	664,496									
Unallocated employee benefits		747,924	990,191	1,101,140	1,030,181	794,204	819,337	887,433	1,039,560	1,150,633
Capital outlay	7,016	798,963	178,236	32,594	137,619	71,197	38,817	74,934	49,159	166,012
Debt service:										
Principal	20,000	55,000	60,000	65,000	75,000	90,000	105,000	120,000	135,000	150,000
Interest and other charges	75,686	93,900	91,346	88,094	84,992	81,491	76,947	71,991	66,116	59,531
Total expenditures	4,102,252	5,151,614	4,754,462	4,955,311	5,542,042	5,638,143	5,350,822	5,769,403	6,223,385	6,545,384
Excess (Deficiency) of revenues over (under) expenditures	392,608	(66,502)	198,557	(96,999)	(262,157)	48,793	294,973	246,942	10,267	146,081
Other Financing sources (uses)										
Proceeds from borrowing	403,913									
Prior year state aid receivable canceled							(87,829)			
Transfers in	71,323	5,813	2,640	1,835	195		76,584			48,127
Transfers out	(97,537)	(38,957)	(19,939)	(34,629)	(31,531)	(32,100)	(121,103)	(51,261)	(41,788)	(80,856)
Total other financing sources (uses)	377,699	(33,144)	(17,299)	(32,794)	(31,336)	(32,100)	(132,348)	(51,261)	(41,788)	(32,729)
Net change in fund balances	$ 770,307	$ (99,646)	$ 181,258	$ (129,793)	$ (293,493)	$ 16,693	$ 162,625	$ 195,681	$ (31,521)	$ 113,352
Debt service as a percentage of noncapital expenditures	2.34%	3.42%	3.31%	3.11%	2.96%	3.08%	3.43%	3.37%	3.26%	3.28%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Lost Books	Miscellaneous Sales	Refunds of Prior Year Expenditures	Prior Year Orders Adjustment	Class Gift	Medical Reimbursements	Miscellaneous	Total
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
2011	1,737	2,550	595	5,000	100,578				13,725	124,185
2012	10,520	300	305	5,000	52,137		1,300		7,637	77,199
2013	9,292	977	75	5,000	52,195				7,491	75,030
2014	4,525	24,061	40	5,000	35,503				7,664	76,793
	$ 138,435	$ 30,238	$ 1,925	$ 21,771	$ 292,040	$ 169,175	$ 4,099	$ 4,206	$ 68,239	$ 730,128

Source: District records

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

Fiscal Year Ended June 30,		Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2005		$ 775,500	$ 52,260,900	$ 22,897,000	$ 819,700	$ 1,030,700	$ 77,783,800	$ 259,792	$ 78,043,592	$ 10,003,300	1.513	$ 89,853,274
2006		773,100	52,498,900	22,918,600	819,700	1,030,700	78,041,000	265,412	78,306,412	10,006,600	1.496	100,418,362
2007		458,300	52,298,600	24,059,500	819,700	1,030,700	78,666,800	175,399	78,842,199	10,340,800	1.470	122,248,411
2008		466,300	52,830,000	23,754,500	819,700	1,030,700	78,901,200	161,442	79,062,642	10,374,900	1.493	140,135,925
2009		481,400	52,923,400	23,999,100	819,700	1,030,700	79,254,300	156,241	79,410,541	10,594,400	1.496	153,233,434
2010		473,900	53,165,000	24,068,700	819,700	1,030,700	79,558,000	154,513	79,712,513	10,601,700	1.501	150,715,128
2011	R	875,800	94,588,400	41,407,400	1,460,500	2,247,600	140,579,700	244,335	140,824,035	17,529,400	0.857	146,583,222
2012		875,800	94,600,000	41,664,000	1,460,500	2,247,600	140,847,900	226,767	141,074,667	17,534,400	0.814	149,580,759
2013		885,800	94,761,100	41,335,000	1,460,500	2,247,600	140,690,000	229,477	140,919,477	17,425,300	0.722	135,054,697
2014		890,800	94,788,400	41,884,100	1,460,500	2,247,600	141,271,400		141,271,400	17,420,300	0.925	126,686,232

Source:

Municipal Tax Assessor

Note:

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

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

b Tax rates are per $100 of assessed valuation.

R Revaluation

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

J-7

Fiscal Year Ended June 30,	Brooklawn School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Brooklawn	Camden County	
2005	$ 1.391	$ 0.122	$ 1.513	$ 1.324	$ 0.956	$ 3.793
2006	1.298	0.198	1.496	1.428	1.041	3.965
2007	1.277	0.193	1.470	1.477	1.090	4.037
2008	1.315	0.178	1.493	1.597	1.127	4.217
2009	1.281	0.215	1.496	1.716	1.197	4.409
2010	1.277	0.224	1.501	1.954	1.234	4.689
2011	0.747	0.110	0.857	1.177	0.741	2.775
2012	0.704	0.110	0.814	1.229	0.814	2.857
2013	0.722	-	0.722	1.287	0.798	2.807
2014	0.720	0.205	0.925	1.345	0.765	3.035

Source: Municipal Tax Collector

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

	2014			2005	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Brookwrap II, LLC	$ 8,400,000	5.95%	Brooklawn Shopping Center I	$ 2,746,000	3.52%
Brookwrap II, LLC	3,506,400	2.48%	Brooklawn Shopping Center II	2,421,300	3.10%
Jay Sai Corporation	3,450,000	2.44%	Days Inn	2,178,000	2.79%
Cohab Realty, LLC	2,098,300	1.49%	Ponzio Diner	1,500,000	1.92%
Westbrook Lane	2,089,100	1.48%	Eckerd's	1,165,800	1.49%
Brooklawn Realty Associates	1,763,100	1.25%	Westbrook Lane	1,100,000	1.41%
Levin Real Estate, LLC	1,349,000	0.95%	Superior Aluminum	798,600	1.02%
Materials Handling Supply Co.	1,248,300	0.88%	Materials Handling Supply Co.	681,800	0.87%
Ming Kui Lau Restaurant	1,148,400	0.81%	Ming Kui Lau Restaurant	674,700	0.86%
Ambler Motel LLC	845,500	0.60%	Brooklawn Diner	625,300	0.80%
Total	$ 25,898,100	18.33%		$ 13,891,500	17.78%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy[a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	$ 1,171,349	$ 1,171,349	100.00%	-
2006	1,181,183	1,181,183	100.00%	-
2007	1,169,896	1,169,896	100.00%	-
2008	1,158,805	1,158,805	100.00%	-
2009	1,180,591	1,180,591	100.00%	-
2010	1,188,283	1,188,283	100.00%	-
2011	1,196,342	1,196,342	100.00%	-
2012	1,206,403	1,206,403	100.00%	-
2013	1,149,227	1,149,227	100.00%	-
2014	1,231,602	1,017,497	82.62%	$ 214,105

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities			
	General Obligation Bonds	Capital Leases	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [b]
2005	$ 1,912,000	$ -	$ -	$ 1,912,000	2.23%	832
2006	1,857,000	-	-	1,857,000	2.05%	812
2007	1,797,000	-	-	1,797,000	1.87%	790
2008	1,732,000	-	-	1,732,000	1.81%	765
2009	1,657,000	-	-	1,657,000	1.74%	734
2010	1,567,000	-	-	1,567,000	1.89%	802
2011	1,462,000	-	-	1,462,000	1.69%	748
2012	1,342,000	-	-	1,342,000	1.51%	689
2013	1,207,000	-	-	1,207,000	d	621
2014	1,057,000	-	-	1,057,000	d	d

Sources:

a District Records
b Personal Income has been estimated based upon the municipal population and per capita personal income.
c Per Capita Personal Inome Data provided by the NJ Dept. of Labor and Workforce.
d Not Available.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding [a]	Percentage of Net Assessed Valuation Taxable [b]	Per Capita [c]
2005	$ 1,912,000	$ -	$ 1,912,000	2.45%	$ 832
2006	1,857,000	-	1,857,000	2.37%	812
2007	1,797,000	-	1,797,000	2.28%	790
2008	1,732,000	-	1,732,000	2.19%	765
2009	1,657,000	-	1,657,000	2.09%	734
2010	1,567,000	-	1,567,000	1.97%	802
2011	1,462,000	-	1,462,000	1.04%	748
2012	1,342,000	-	1,342,000	0.95%	689
2013	1,207,000	-	1,207,000	0.86%	621
2014	1,057,000	-	1,057,000	0.75%	d

Sources:

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

Brooklawn School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2013

Governmental Unit	Debt Outstanding		Estimated Percentage Applicable		Estimated Share of Overlapping Debt
Debt repaid with property taxes:					
Borough of Brooklawn	$ 1,486,826	(1)	100.000%		$ 1,486,826
Camden County General Obligation Debt	192,822,584	(1)	0.360%	(2)	693,776
Subtotal, overlapping debt					2,180,602
Brooklawn School District Direct Debt					1,207,000
Total direct and overlapping debt					$ 3,387,602

Sources:

(1) Entity's Audit Report

(2) The County percentage is based upon a calculation reflecting the Borough's share of the 2013 Equalized Valuation. The source for this computation was the 2013 County Abstract of Ratables, provided by the County Board of Taxation.

Brooklawn School District
Legal Debt Margin Information,
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized valuation basis (1)	
2013	$ 125,202,456
2012	133,924,028
2011	148,009,792
	$ 407,136,276
Average equalized valuation of taxable property	$ 135.712.092
Debt limit (3% of average equalized valuation) (2)	4,071,363
Net bonded school debt (3)	1,057,000
Legal debt margin	$ 3,014,363

Fiscal Year

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 2,532,982	$ 2,721,604	$ 3,075,793	$ 3,576,794	$ 4,098,141	$ 4,384,337	$ 4,495,335	$ 4,463,336	$ 4,315,070	$ 4,071,363
Total net debt applicable to limit (3)	1,912,000	1,857,000	1,797,000	1,732,000	1,657,000	1,567,000	1.462.000	1.342.000	1,207,000	1.057.000
Legal debt margin	$ 620,982	$ 864,604	$ 1,278,793	$ 1,844,794	$ 2,441,141	$ 2,817,337	$ 3.033.335	$ 3.121.336	$ 3,108,070	$ 3.014.363
Total net debt applicable to the limit as a percentage of debt limit	75.48%	68.23%	58.42%	48.42%	40.43%	35.74%	32.52%	30.07%	27.97%	25.96%

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

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2005	2,299	$ 85,784,886	$ 37,314	3.1%
2006	2,287	90,476,007	39,561	3.4%
2007	2,276	93,306,896	40,996	3.1%
2008	2,263	95,634,380	42,260	4.1%
2009	2,256	95,297,952	42,242	6.6%
2010	1,955	83,003,435	42,457	6.9%
2011	1,954	86,677,486	44,359	6.8%
2012	1,947	88,666,380	45,540	6.9%
2013	1,944	e	e	14.6%
2014	e	e	e	e

Source:

[a] Population information provided by the NJ Dept of Labor and Workforce Development

[b] Personal income has been established based upon the municipal population and per capita personal income presented.

[c] Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.

[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

[e] Information not available

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Regular	17	17	17	17	17	17	17	20	20	20
Special education	5	5	5	5	5	5	5	6	6	7
Other special education	2	2	2	2	2	2	2	5	5	6
Other instruction	4	4	4	4	4	4	4	3	3	3
Support Services:										
School administrative services	1	1	1	1	1	1	1	1	1	2
General and business administrative services	1	1	2	2	2	2	2	2	2	2
Plant operations and maintenance	2	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Business and other support services	1.5	1.5	2	2	2	2	2	2	2	2
Administrative Information Technology		0.5	1	1	1	1	1	1	1	1
Food Service	1.5	1.5	2	2	2	2	2	2	2	2
Child Care	1	1	1	1	1	1	1	1	1	1
Total	36	37	40	40	40	40	40	45.5	45.5	48.5

Source:
District Personnel Records

Brooklawn School District
Operating Statistics,
Last Ten Fiscal Years

Fiscal Year	Resident Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio - Elementary	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	292	$ 3,999,550	$ 13,697	-6.91%	34	1:20	292.3	280.8	6.79%	96.07%
2006	336	4,203,751	12,511	-8.66%	34	1:20	336.7	319.5	15.18%	94.89%
2007	316	4,424,880	14,003	11.92%	34	1:20	331.5	306.3	1.54%	92.40%
2008	308	4,769,623	15,486	10.59%	34	1:20	308.0	292.6	-7.09%	95.00%
2009	323	5,244,431	16,237	4.85%	34	1:20	323.0	305.9	4.55%	94.71%
2010	311	5,395,455	17,349	6.85%	34	1:20	311.0	279.3	-8.70%	89.81%
2011	303	5,130,058	16,931	-2.41%	34	1:20	302.6	288.4	3.26%	95.31%
2012	341	5,502,478	16,136	-4.69%	30	1:20	340.9	326.0	13.04%	95.63%
2013	363	5,973,110	16,455	1.97%	30	1:20	365.6	346.6	6.32%	94.80%
2014	342	6,169,841	18,040	9.64%	30	1:20	336.5	321.0	-7.39%	95.39%

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
District Building										
Elementary										
Alice Costello Elementary School - (1924)										
Square Feet	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900
Capacity (students)	400	400	400	400	400	400	400	400	400	400
Enrollment	292	336	316	308	323	311	303	341	366	336

Number of Schools at June 30, 2014
- Elementary = 1
- Middle School = 1
- Senior High School = 0
- Other = 0

Source: District Facilities Office

Brooklawn School District
Schedule of Required Maintenance
Last Ten Fiscal Years

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

* School Facilities	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Alice Costello School	$ 3,578	$ 20,173	$ 15,405	$ 14,466	$ 17,545	$ 20,668	$ 5,795	$ 19,887	$ 20,000	$ 23,145	$ 160,662
Total School Facilities	$ 3,578	$ 20,173	$ 15,405	$ 14,466	$ 17,545	$ 20,668	$ 5,795	$ 19,887	$ 20,000	$ 23,145	$ 160,662

* 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, 2014

	Coverage	Self-insured Retention	Deductible
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of liability per occurrence	$ 250,000,000		$ 100,000
Boiler and Machinery	100,000,000	$ 100,000	
General and Automobile Liability	5,000,000		1,000
Workers' Compensation	Statutory		
Educators Legal Liability	5,000,000		
Crime Coverage	100,000		500
Pollution Liability	1,000,000		10,000
Student Accident Coverage (2)	1,000,000		
Catastrphic Student Accident Coverage (3)	2,500,000		
Surety Bonds (4)			
Treasurer	161,000		
Board Secretary	35,000		

(1) School Alliance Insurance Fund
(2) Berkley Life & Heath Insurance Company
(3) United States Fire Insurance Company
(4) Western Surety

Source: District records

Single Audit Section

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New Jersey Society of CPAs

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

I have audited Brooklawn School District (School District), in the County of Camden, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement,* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2014. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and OMB 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.* Those standards, OMB Circular A-133 and State of New Jersey OMB's Circular 04-04 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major State Program

In my opinion, the Brooklawn School District, in the County of Camden, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Brooklawn School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Brooklawn's School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the New Jersey OMB's Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
November 19, 2014

BROOKLAWN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

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, 2013 (Accounts Receivable)	Balance June 30, 2013 Deferred Revenue	Balance June 30, 2013 Due to Grantor	Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2014 (Accounts Receivable)	Balance June 30, 2014 Deferred Revenue	Balance June 30, 2014 Due to Grantor
U.S. Department of Education														
Special Revenue Fund:														
Title I														
Fiscal Year 2014	84.010A	NCLB-0580-14	180,546	7/1/13 - 6/30/14					$ 180,546	$ (165,949)			$ 14,597	
Fiscal Year 2013	84.010A	NCLB-0580-13	124,146	9/1/12 - 8/31/13	$ (118,861)				118,861					
Fiscal Year 2011	84.010A	NCLB-0580-11	104,072	9/1/10 - 8/31/11			$ 4,155				$ (4,155)			
ARRA	84.389	N/A	38,959	9/1/09 - 8/31/11	(34,687)				14,402			$ (20,285)		
Title II A														
Fiscal Year 2014	84.367A	NCLB-0580-14	6,721	7/1/13 - 6/30/14					6,721	(6,721)				
Fiscal Year 2013	84.367A	NCLB-0580-13	6,887	9/1/12 - 8/31/13	(6,887)				6,887					
Individuals With Disabilities Act (I.D.E.A.)														
Part B - Basic														
Fiscal Year 2014	84.027	FT-0580-14	103,856	7/1/13 - 6/30/14					103,856	(103,856)				
Fiscal Year 2013	84.027	FT-0580-13	97,518	9/1/12 - 8/31/13	(97,518)				97,518					
ARRA	84.391	N/A	93,298	9/1/09 - 8/31/11			905				(905)			
Part B - Preschool														
Fiscal Year 2014	84.173	PS-0580-14	3,293	7/1/13 - 6/30/14					3,293	(3,293)				
Fiscal Year 2013	84.173	PS-0580-13	3,389	9/1/12 - 8/31/13	(3,389)				3,389					
Total U.S. Department of Education					(261,342)		5,060		535,473	(279,819)	(5,060)	(20,285)	14,597	
U.S. Department of Agriculture														
Enterprise Fund:														
School Breakfast Program:														
Fiscal Year 2014	10.553	N/A	6,547	7/1/13 - 6/30/14					6,331	(6,546)		(215)		
Fiscal Year 2013	10.553	N/A	10,998	7/1/12 - 6/30/13	(461)				461					
National School Lunch Program														
Fiscal Year 2014	10.555	N/A	87,268	7/1/13 - 6/30/14					82,248	(87,269)		(5,021)		
Fiscal Year 2013	10.555	N/A	97,034	7/1/12 - 6/30/13	(3,400)				3,400					
Total U.S. Department of Agriculture					(3,861)				92,440	(93,815)		(5,236)		
Total Federal Awards					$ (265,203)	$ -	$ 5,060	$ -	$ 627,913	$ (373,634)	$ (5,060)	$ (25,521)	$ 14,597	$ -

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, 2014

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2013 (Accounts Receivable)	Balance, June 30, 2013 Deferred Revenue	Balance, June 30, 2013 Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2014 (Accounts Receivable)	Balance, June 30, 2014 Deferred Revenue	Balance, June 30, 2014 Due to Grantor
State Department of Education													
General Fund:													
Equalization Aid	14-495-034-5120-078	$ 3,428,151	7/1/13- 6/30/14					$ 3,092,065	$ (3,428,151)		$ (336,086)		
Equalization Aid	13-495-034-5120-078	3,397,769	7/1/12- 6/30/13	$ (333,444)				333,444					
Special Education Categorical Aid	14-495-034-5120-089	227,900	7/1/13- 6/30/14					205,557	(227,900)		(22,343)		
Special Education Categorical Aid	13-495-034-5120-089	218,499	7/1/12- 6/30/13	(21,443)				21,443					
Security Aid	14-495-034-5120-084	18,488	7/1/13- 6/30/14					16,676	(18,488)		(1,812)		
Security Aid	13-495-034-5120-084	18,478	7/1/12- 6/30/13	(1,813)				1,813					
Transportation Aid	14-495-034-5120-014	5,747	7/1/13- 6/30/14					5,184	(5,747)		(563)		
Transportation Aid	13-495-034-5120-014	6,134	7/1/12- 6/30/13	(602)				602					
School Choice Aid	14-495-034-5120-068	803,649	7/1/13- 6/30/14					724,862	(803,649)		(78,787)		
School Choice Aid	13-495-034-5120-068	648,299	7/1/12- 6/30/13	(63,622)				63,622					
Under Adequacy Aid	14-495-034-5120-083	98,367	7/1/13- 6/30/14					88,723	(98,367)		(9,644)		
On-behalf TPAF Pension Contributions	14-495-034-5095-006	81,511	7/1/13- 6/30/14					81,511	(81,511)		-		
On-behalf TPAF Post Retirement Medical	14-495-034-5095-001	133,648	7/1/13- 6/30/14					133,648	(133,648)		-		
Reimbursed TPAF Social Security Contr.	14-495-034-5095-002	143,726	7/1/13- 6/30/14					114,633	(143,726)		(29,093)		
Reimbursed TPAF Social Security Contr.	13-495-034-5095-002	140,631	7/1/12- 6/30/13	(9,270)				9,270					
Total General Fund				(430,194)	-	-	-	4,893,053	(4,941,187)	-	(478,328)	-	-
Special Revenue Fund:													
Preschool Education Aid	14-495-034-5120-086	76,890	7/1/13- 6/30/14				$ 14,428	69,201	(78,260)		(7,689)	$ 13,058	
Preschool Education Aid	13-495-034-5120-086	78,616	7/1/12- 6/30/13	(7,862)	$ 14,428		(14,428)	7,862					
Total Special Revenue Fund				(7,862)	14,428			77,063	(78,260)	-	(7,689)	13,058	
Capital Projects Fund:													
Costello Elementary School	0580-010-14-1009-GO4	104,253	1/6/14-6/30/14						(104,253)		(104,253)		
Total Capital Projects Fund									(104,253)		(104,253)		
Total State Department of Education				(438,056)	14,428	-	-	4,970,116	(5,123,700)	-	(590,270)	13,058	-
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)													
Fiscal Year 2014	14-100-010-3350-023	1,685	7/1/13- 6/30/14					1,585	(1,785)		(200)		
Fiscal Year 2013	13-100-010-3350-023	1,955	7/1/12- 6/30/13	(67)				67					
Total State Department of Agriculture				(67)	-	-	-	1,652	(1,785)	-	(200)	-	-
Total State Financial Assistance				$ (438,123)	$ 14,428	$ -	$ -	$ 4,971,768	$ (5,125,485)	$ -	$ (590,470)	$ 13,058	$ -

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, 2014

I. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of 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 ($28,311) for the general fund and $7,862 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:

Fund	Federal	State	Total
General	$ 279,819	$ 4,912,876	$ 5,192,695
Special Revenue	-	86,122	86,122
Capital Projects		104,253	104,253
Food Service	93,815	1,785	95,600
Total	$ 373,634	$ 5,105,036	$ 5,478,670

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Brooklawn School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2014
(Continued)

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2014. 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, 2014.

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, 2014

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

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? ____ yes X none reported

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

Federal Awards **NOT APPLICABLE**

Internal Control over major programs:

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

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster

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

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

BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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: Unmodified

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

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
14-495-034-5120-078	Equalization Aid
14-495-034-5120-068	School Choice
14-100-010-3350-023	National School Lunch Program (State Share)

BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 *Govemment Auditing Standards* and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Finding #2014-1

Criteria or specific requirement:
The minimum surety bond requirements for the Treasurer is set forth in N.J.A.C. 6A:23A-16.4.

Condition:
The Treasurer's bond was not sufficient for the 2013-2014 school year.

Context:
The surety bond for the Treasurer is $161,000 and required amount is $162,613.

Effect:
Noncompliance with N.J.A.C. 6A:23A-16.4.

Cause:
Oversight

Recommendation:
The Treasurer's bond should be increased to be in accordance with state regulations.

View of Responsible Officials and Planned Corrective Action:
The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding #2014-2

Criteria or specific requirement:
The Board Secretary's Financial Report should reflect proper balances for balance sheet accounts, revenues and expenditures.

Condition:
Various adjustments were required to the balance sheet, revenues and expenditures to reflect the proper balances in the financial statements.

Context:
Inadequate controls over financial statement preparation.

Effect:
Improper financial decisions may be taken if the financial statements do not reflect proper balances.

Cause :
Oversight

Recommendation:
The financial records including all assets, liabilities, revenues and expenditures should be reviewed on a monthly basis for accuracy.

View of Responsible Officials and Planned Corrective Action:
The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section 2 -- Schedule of Financial Statement Findings (Continued)

Finding #2014-3

Criteria or specific requirement:
The New Jersey Department of Education requires that reimbursement to the State of New Jersey for pension and social security for federally funded programs be submitted by October 1.

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

Context:
As of the audit date the reimbursement has not been filed.

Effect:
Noncompliance with state regulations.

Cause:
Oversight

Recommendation:
That the reimbursement to the State of New Jersey for pension and social security for federally funded programs be filed timely.

View of Responsible Officials and Planned Corrective Action:
The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal and State programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

No findings and/or questioned costs identified.

BROOKLAWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENED JUNE 30, 2014

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey OMB's Circular 04-04.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

There were no prior year audit findings.