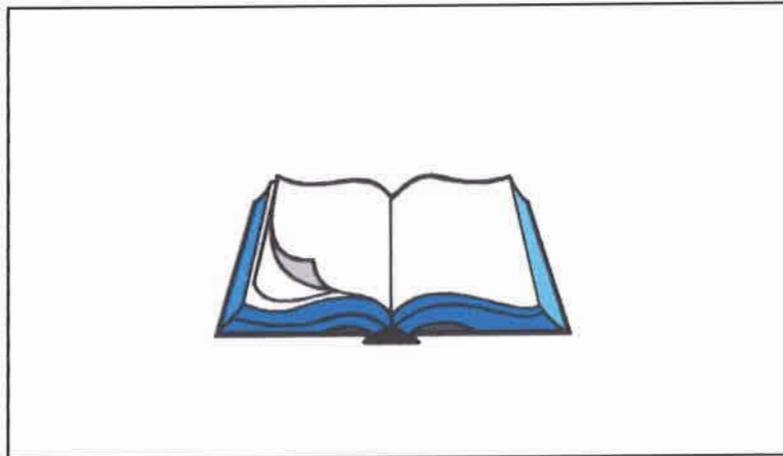


**SCHOOL DISTRICT  
OF  
BROOKLAWN**



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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual  
Financial Report**

**of the**

**Brooklawn Board of Education**

**Brooklawn, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**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 22, 2015

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, 2015, 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
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
2014-2015	344.5

## **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.

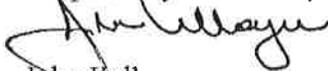
## **11. OTHER INFORMATION:**

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 Kellmayer  
Superintendent

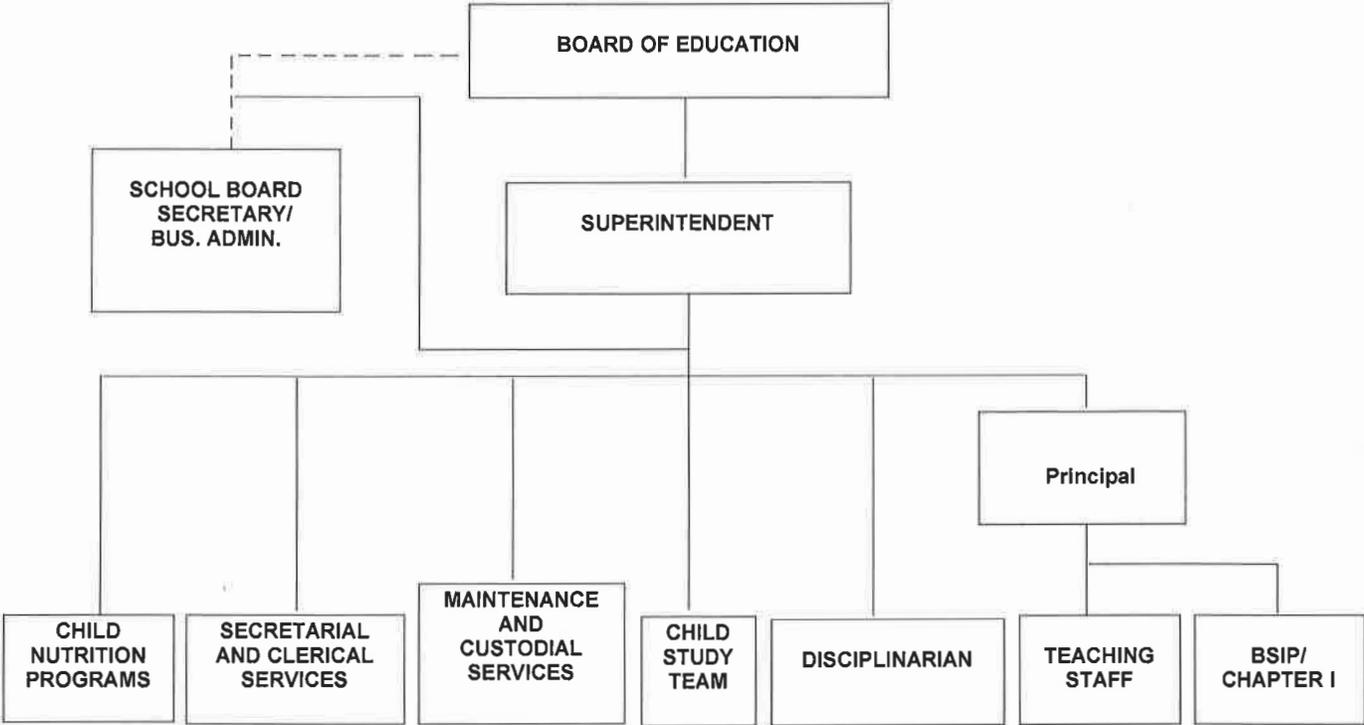


Robert Delengowski  
Business Administrator/Board Secretary

# BROOKLAWN PUBLIC SCHOOL DISTRICT

## Organizational Chart

2/95



# BROOKLAWN SCHOOL DISTRICT

## Roster of Officials

June 30, 2015

### Members of the Board of Education:

### Term Expires

Tracy Farrow, President	2016
Mark Dickerman, Vice President	2016
John Clotworthy	2017
Michael Gillen	2015
Jeffery Haller	2017
Christian McGrory	2015
Christina Shaw	2017

### Other Officials:

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

**BROOKLAWN SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

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

**Attorney**

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

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: [lscpas@concentric.net](mailto:lscpas@concentric.net)

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

**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Brooklawn School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, 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, 2015, 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.

## **Emphasis of Matter**

As discussed in Note 8 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. My opinion is not modified with respect to this matter.

## **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 and/or 15-08, as applicable, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated November 22, 2015 on my consideration of the Brooklawn School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Brooklawn School District's internal control over financial reporting and compliance.

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



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
November 22, 2015

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

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: [iscpas@concentric.net](mailto:iscpas@concentric.net)

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

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

**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, 2015, 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 22, 2015.

***Internal Control Over Financial Reporting***

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Brooklawn School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no: 2015-001.

**The Brooklawn School District's Response to Findings**

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

**Purpose of this Report**

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

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



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
November 22, 2015

**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, 2015**

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, 2015. 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 \$686,597 (*net position*).
- Governmental activities have unrestricted net position deficit of \$1,466,003. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this minimal balance.
- The total net position of the School District decreased by \$158,569, or an 18.76% decrease from the prior fiscal year-end balance. The majority of this decrease is attributable to the decrease in state aid and the increase in long-term debt obligations.
- Fund balance of the School District's governmental funds increased by \$1,085,197 resulting in an ending fund balance of \$1,786,206.
- Business-type activities have unrestricted net position of \$84,213 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Services Program and After School Program).
- The School District's long-term obligations increased by \$1,814,537 which is the result of current year issuance of serial bonds, payments on existing debt obligations and the decrease in compensated absences.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

## Notes to the Basic Financial Statements

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

### Other Information

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

### District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued interest expense on long-term debt, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2016. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2016.

The assets of the primary government activities exceeded liabilities by \$593,508 with an unrestricted deficit balance of \$1,466,003. The net position of the primary government does not include internal balances. As mentioned earlier, deficit unrestricted net position is primarily due to the accounting treatment for compensated absences payable, net pension liability, accrued interest expense and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance. Therefore, this deficit balance alone does not indicate that the district is facing financial difficulties.

A net investment of \$102,369 in land, improvements, buildings and equipment which provide the services to the School District's students, represents most of the School District's net position. Net position of \$1,957,142 has been restricted as follows:

Restricted for Future Budget Appropriations	\$ 63,388
Restricted for Future Maintenance Costs	125,000
Restricted for Future Debt Service Costs	4,574
Restricted for Future Capital Projects	1,496,268
Restricted for Subsequent Year's Budget	<u>267,912</u>
Total	<u>\$ 1,957,142</u>

**Brooklawn School District  
Comparative Summary of Net Position  
As of June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current assets	\$ 1,911,855	\$ 2,088,954	\$ 85,784	\$ 95,194	\$ 1,997,639	\$ 2,184,148
Capital assets	2,976,369	2,348,410	8,876	10,891	2,985,245	2,359,301
Total assets	<u>4,888,224</u>	<u>4,437,364</u>	<u>94,660</u>	<u>106,085</u>	<u>4,982,884</u>	<u>4,543,449</u>
Deferred Outflows of Resources	162,054				162,054	-
<b>LIABILITIES</b>						
Current liabilities	291,482	1,569,670	1,571	7,092	293,053	1,576,762
Noncurrent liabilities	4,097,508	1,092,620			4,097,508	1,092,620
Total liabilities	<u>4,388,990</u>	<u>2,662,290</u>	<u>1,571</u>	<u>7,092</u>	<u>4,390,561</u>	<u>2,669,382</u>
Deferred Inflows of Resources	67,780				67,780	-
Net Position	<u>\$ 593,508</u>	<u>\$ 1,775,074</u>	<u>\$ 93,089</u>	<u>\$ 98,993</u>	<u>\$ 686,597</u>	<u>\$ 1,874,067</u>
Net Position Consists of:						
Net investment in Capital Assets	\$ 102,369	\$ 1,291,410	\$ 8,876	\$ 10,891	\$ 111,245	\$ 1,302,301
Restricted Assets	1,957,142	900,244			1,957,142	900,244
Unrestricted Assets	(1,466,003)	(416,580)	84,213	88,102	(1,381,790)	(328,478)
Net Position	<u>\$ 593,508</u>	<u>\$ 1,775,074</u>	<u>\$ 93,089</u>	<u>\$ 98,993</u>	<u>\$ 686,597</u>	<u>\$ 1,874,067</u>

**Governmental Activities**

Governmental activities decreased the net position of the School District by \$152,665 during the current fiscal year. Key elements of the decrease in net position for governmental activities are as follows:

- Long-term debt obligations increased by \$1,814,537.
- A net increase in capital assets of \$627,959
- Results of operations in the Governmental Funds increased the net position by \$1,085,197.

**Business-type Activities**

- Business-type activities decreased the School District's net position by \$5,904. The decrease came as a result of operations in the food service fund (\$3,504) and the After School Program (\$2,400) resulting in a loss of \$5,904.

**Comparative Schedule of Changes in Net Position  
As of and for the Fiscal Year Ended June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Charges for services	\$ -	\$ -	\$ 40,018	\$ 37,074	\$ 40,018	\$ 37,074
Operating grants and contributions	785,610	705,003	95,843	95,600	881,453	800,603
Property taxes	1,233,323	1,231,602			1,233,323	1,231,602
State aid - unrestricted	4,334,437	4,678,067			4,334,437	4,678,067
Other revenues	31,105	76,793			31,105	76,793
<b>Total Revenues</b>	<b>6,384,475</b>	<b>6,691,465</b>	<b>135,861</b>	<b>132,674</b>	<b>6,520,336</b>	<b>6,824,139</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	2,368,628	2,127,044			2,368,628	2,127,044
Tuition	1,062,733	1,604,498			1,062,733	1,604,498
Related services	631,893	469,599			631,893	469,599
Administrative services	343,447	374,015			343,447	374,015
Operations and Maintenance	441,042	450,098			441,042	450,098
Transportation	155,558	177,586			155,558	177,586
Employee benefits	1,261,888	1,150,633			1,261,888	1,150,633
Interest on debt	89,270	59,531			89,270	59,531
Other	149,207	116,869			149,207	116,869
<b>Business-Type Activities:</b>						
Food Service			146,829	140,993	146,829	140,993
After School Program			28,410	21,595	28,410	21,595
<b>Total Expenses</b>	<b>6,503,666</b>	<b>6,529,873</b>	<b>175,239</b>	<b>162,588</b>	<b>6,678,905</b>	<b>6,692,461</b>
Increase (Decrease) in Net Position before transfers	(119,191)	161,592	(39,378)	(29,914)	(158,569)	131,678
Contributed capital asset					-	-
Prior period adjustment						
Transfers	(33,474)	(32,729)	33,474	32,729	-	-
<b>Change in Net Position</b>	<b>(152,665)</b>	<b>128,863</b>	<b>(5,904)</b>	<b>2,815</b>	<b>(158,569)</b>	<b>131,678</b>
Net Position, July 1, restated	746,173	1,646,211	98,993	96,178	845,166	1,742,389
<b>Net Position, June 30</b>	<b>\$ 593,508</b>	<b>\$1,775,074</b>	<b>\$ 93,089</b>	<b>\$ 98,993</b>	<b>\$ 686,597</b>	<b>\$ 1,874,067</b>

**Financial Analysis of the Governmental Funds**

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,786,206, an increase of \$1,085,197 in comparison with the prior year. The majority of the increase can be attributed to results of operations in the capital projects fund.

The unassigned fund balance for the School District at the end of the fiscal year includes a combination of an unassigned deficit fund balance for the General Fund of \$170,936 and an unassigned fund balance for the Capital Projects Fund of \$1,178,667. 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 (\$272,486), 2) reserved for future maintenance projects (\$125,000), 3) reserved for future capital projects (\$317,601), and 4) reserve for future budget appropriation (\$63,388).

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 \$1,023,901. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$5,828,831. Unreserved fund balance (budgetary basis) represents 4.29% of expenditures while total fund balance (budgetary basis) represents 17.57% 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, 2015, totaled \$2,985,245 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total increase in the District's investment in capital assets for the current fiscal year was \$625,944, or a 26.53% increase.

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

- Depreciation expense for the current fiscal year was \$163,639
- Purchase of assets totaled \$789,583.

**Capital Asset (net of accumulated depreciation)  
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
Land	\$ 110,000	\$ 38,000	\$ -	\$ -	\$ 110,000	\$ 38,000
Const. in Progress						
Site Improvements	51,404	59,790			51,404	59,790
Building and Building Improvements	2,694,554	2,175,230			2,694,554	2,175,230
Equipment	120,411	75,390	8,876	10,891	129,287	86,281
<b>Total</b>	<b>\$ 2,976,369</b>	<b>\$ 2,348,410</b>	<b>\$ 8,876</b>	<b>\$ 10,891</b>	<b>\$ 2,985,245</b>	<b>\$ 2,359,301</b>

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, 2015, the School District had total bonded debt outstanding of \$2,874,000 backed by the full faith and credit of the School District.

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

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$3,785,949 and the legal debt margin was \$911,949.

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 2015-16 fiscal year.

- The district received no increase in state aid for the 2015-2016 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 2016-2017 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, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,060,989	\$ 81,837	\$ 1,142,826
Receivables, Net	533,265	3,947	537,212
Restricted Cash and Cash Equivalents	317,601		317,601
Capital Assets, Net (Note 5)	<u>2,976,369</u>	<u>8,876</u>	<u>2,985,245</u>
Total Assets	<u>4,888,224</u>	<u>94,660</u>	<u>4,982,884</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources from pensions	<u>162,054</u>		<u>162,054</u>
<b>LIABILITIES:</b>			
Accounts Payable	120,573		120,573
Due to Grantor		1,571	1,571
Unearned Revenue	5,076		5,076
Accrued Interest Payable	50,833		50,833
Noncurrent Liabilities:			
Due Within One Year	115,000		115,000
Due Beyond One Year	2,960,157		2,960,157
Net pension liability	<u>1,137,351</u>		<u>1,137,351</u>
Total Liabilities	<u>4,388,990</u>	<u>1,571</u>	<u>4,390,561</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows of resources from pensions	<u>67,780</u>		<u>67,780</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	102,369	8,876	111,245
Restricted for:			
Capital Projects	1,496,268		1,496,268
Debt Service	4,574		4,574
Other Purposes	456,300		456,300
Unrestricted	<u>(1,466,003)</u>	<u>84,213</u>	<u>(1,381,790)</u>
Total Net Position	<u>\$ 593,508</u>	<u>\$ 93,089</u>	<u>\$ 686,597</u>

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

**BROOKLAWN SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,799,388	\$ -	\$ 240,068	\$ -	\$ (1,559,320)	\$ -	\$ (1,559,320)
Special Education	503,864		96,160		(407,704)		(407,704)
Other instruction	65,376				(65,376)		(65,376)
Support Services:							
Tuition	1,062,733				(1,062,733)		(1,062,733)
Student & instruction related services	631,893		39,977		(591,916)		(591,916)
General administrative services	215,300				(215,300)		(215,300)
School administrative services	3,788				(3,788)		(3,788)
Central services	124,359				(124,359)		(124,359)
Plant operations and maintenance	441,042				(441,042)		(441,042)
Pupil transportation	155,558				(155,558)		(155,558)
Unallocated employee benefits	1,261,888		409,405		(852,483)		(852,483)
Interest on long-term debt	89,270				(89,270)		(89,270)
Unallocated depreciation and amortization	149,207				(149,207)		(149,207)
Total Governmental Activities	<u>6,503,666</u>	<u>-</u>	<u>785,610</u>	<u>-</u>	<u>(5,718,056)</u>	<u>-</u>	<u>(5,718,056)</u>
Business-Type Activities:							
Food service	146,829	14,008	95,843			(36,978)	(36,978)
After school program	28,410	26,010				(2,400)	(2,400)
Total Business-Type Activities	<u>175,239</u>	<u>40,018</u>	<u>95,843</u>			<u>(39,378)</u>	<u>(39,378)</u>
Total Primary Government	<u>\$ 6,678,905</u>	<u>\$ 40,018</u>	<u>\$ 881,453</u>	<u>\$ -</u>	<u>(5,718,056)</u>	<u>(39,378)</u>	<u>(5,757,434)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					1,017,497		1,017,497
Taxes levied for debt service					215,826		215,826
Federal and State aid not restricted					4,334,437		4,334,437
Miscellaneous Income					31,105		31,105
Special Items:							
Contributed capital assets							
Transfers					(33,474)	33,474	
Total general revenues, special items, extraordinary items and transfers					<u>5,565,391</u>	<u>33,474</u>	<u>5,598,865</u>
Change in Net Position					<u>(152,665)</u>	<u>(5,904)</u>	<u>(158,569)</u>
Net Position - July 1, 2014, as restated (Note 19)					<u>746,173</u>	<u>98,993</u>	<u>845,166</u>
Net Position - June 30, 2015					<u>\$ 593,508</u>	<u>\$ 93,089</u>	<u>\$ 686,597</u>

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

**Fund Financial Statements**

**BROOKLAWN SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

<b>ASSETS</b>	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,060,989	\$ -	\$ 1,060,989
Receivables, Net					
District Tax				140,826	140,826
State Aid	14,910		104,253		119,163
Federal Aid		273,276			273,276
Interfund	351,252		13,425		364,677
Restricted Cash and Cash Equivalents	317,601				317,601
<b>Total Assets</b>	<b>\$ 683,763</b>	<b>\$ 273,276</b>	<b>\$ 1,178,667</b>	<b>\$ 140,826</b>	<b>\$ 2,276,532</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	67,373	53,200			120,573
Interfund Payable	13,425	215,000		136,252	364,677
Unearned Revenues		5,076			5,076
<b>Total Liabilities</b>	<b>80,798</b>	<b>273,276</b>		<b>136,252</b>	<b>490,326</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve	317,601				317,601
Maintenance Reserve	125,000				125,000
Excess Surplus	63,388				63,388
Excess Surplus - Designated for Subsequent Year's Budget	192,912				192,912
<b>Assigned to:</b>					
Subsequent Year's Budget	75,000			4,574	79,574
Unassigned	(170,936)		1,178,667		1,007,731
<b>Total Fund Balances</b>	<b>602,965</b>		<b>1,178,667</b>	<b>4,574</b>	<b>1,786,206</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 683,763</b>	<b>\$ 273,276</b>	<b>\$ 1,178,667</b>	<b>\$ 140,826</b>	

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 \$4,935,793 and the accumulated depreciation is \$1,959,424. 2,976,369

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

Deferred Outflows of resources from Pensions	162,054	
Net Pension Liability	(1,137,351)	
Deferred Inflows of resources from Pensions	(67,780)	(1,043,077)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

General Obligation Bonds	\$ (2,874,000)	
Accrued Interest Payable	(50,833)	
Compensated Absences Payable	(201,157)	(3,125,990)

Net position of governmental activities \$ 593,508

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, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,017,497	\$ -	\$ -	\$ 215,826	\$ 1,233,323
Miscellaneous	31,105				31,105
Total local sources	1,048,602			215,826	1,264,428
State sources	4,743,842	79,816			4,823,658
Federal sources		296,389			296,389
Total Revenues	5,792,444	376,205		215,826	6,384,475
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	1,551,577	240,068			1,791,645
Special education instruction	407,704	96,160			503,864
Other instruction	65,376				65,376
Support services and undistributed costs:					
Tuition	1,062,733				1,062,733
Student & instruction related services	591,916	39,977			631,893
General administrative services	215,300				215,300
School administrative services	3,788				3,788
Central services	122,148				122,148
Plant operations and maintenance	328,413				328,413
Pupil transportation	155,558				155,558
Unallocated employee benefits	1,247,712				1,247,712
Capital outlay	42,732		859,480		902,212
Debt service:					
Principal				168,000	168,000
Interest and other charges				52,162	52,162
Total Expenditures	5,794,957	376,205	859,480	220,162	7,250,804
Excess (Deficiency) of Revenues over (under) Expenditures	(2,513)		(859,480)	(4,336)	(866,329)
<b>Other Financing Sources (Uses):</b>					
Proceeds of Bonds			1,985,000		1,985,000
Transfers out	(33,874)			400	(33,474)
Total Other Financing Sources (Uses)	(33,874)		1,985,000	400	1,951,526
Net Change in Fund Balances	(36,387)		1,125,520	(3,936)	1,085,197
Fund Balances - July 1, 2014	639,352		53,147	8,510	701,009
Fund Balances - June 30, 2015	\$ 602,965	\$ -	\$ 1,178,667	\$ 4,574	\$ 1,786,206

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, 2015**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,085,197

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	\$ (161,624)	
Fixed assets additions	<u>789,583</u>	627,959

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. 168,000

The issuance of serial bonds increases long-term liabilities, however has no effect on fund balance. (1,985,000)

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. (14,176)

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. (37,108)

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 (+) 2,463

Change in Net Position of Governmental Activities \$ (152,665)

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, 2015**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>After School Program</b>	<b>Total</b>
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 3,711	\$ 78,126	\$ 81,837
Accounts receivable:			
State	66		66
Federal	3,881		3,881
	7,658	78,126	85,784
Total Current Assets			
Noncurrent Assets:			
Equipment	35,153		35,153
Less - accumulated depreciation	(26,277)		(26,277)
	8,876		8,876
Total Noncurrent Assets			
Total Assets	16,534	78,126	94,660
<b>LIABILITIES:</b>			
Due to State	1,571		1,571
Accounts payable			-
	1,571		1,571
Total Current Liabilities			
<b>NET POSITION:</b>			
Net investment in capital assets	8,876		8,876
Unrestricted	6,087	78,126	84,213
	14,963	78,126	93,089
Total Net Position	\$ 14,963	\$ 78,126	\$ 93,089

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, 2015**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>After School Program</b>	<b>Totals</b>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 14,008	\$ -	\$ 14,008
Daily sales non-reimbursable programs:			
Program fees		26,010	26,010
	<u>14,008</u>	<u>26,010</u>	<u>40,018</u>
Total Operating Revenues			
	<u>14,008</u>	<u>26,010</u>	<u>40,018</u>
<b>OPERATING EXPENSES:</b>			
Salaries and fringe benefits	46,395	25,997	72,392
Supplies and materials		2,413	2,413
Depreciation	2,015		2,015
Cost of sales	98,419		98,419
	<u>146,829</u>	<u>28,410</u>	<u>175,239</u>
Total Operating Expenses			
	<u>146,829</u>	<u>28,410</u>	<u>175,239</u>
Operating Income (Loss)	<u>(132,821)</u>	<u>(2,400)</u>	<u>(135,221)</u>
<b>Non-Operating Revenues:</b>			
State sources:			
State school lunch program	1,685		1,685
Federal sources:			
National school lunch program	87,876		87,876
National school breakfast program	6,282		6,282
	<u>95,843</u>		<u>95,843</u>
Total Non-Operating Revenues			
	<u>95,843</u>		<u>95,843</u>
Income (Loss) before Contributions and Transfers	(36,978)	(2,400)	(39,378)
Operating transfer In	33,474		33,474
	<u>(3,504)</u>	<u>(2,400)</u>	<u>(5,904)</u>
Changes in Net Position			
Net Position - July 1, 2014	18,467	80,526	98,993
	<u>18,467</u>	<u>80,526</u>	<u>98,993</u>
Net Position - June 30, 2015	<u>\$ 14,963</u>	<u>\$ 78,126</u>	<u>\$ 93,089</u>

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

**BROOKLAWN SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 14,008	\$ 26,010	\$ 40,018
Cash payments to employees for services	(46,395)	(25,997)	(72,392)
Cash payments to suppliers for goods and services	<u>(103,940)</u>	<u>(2,413)</u>	<u>(106,353)</u>
Net cash provided by (used for) operating activities	<u>(136,327)</u>	<u>(2,400)</u>	<u>(138,727)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash received from state sources	1,819		1,819
Cash received from federal sources	95,513		95,513
Operating transfer in	<u>33,474</u>		<u>33,474</u>
Net cash provided by noncapital financing activities	<u>130,806</u>		<u>130,806</u>
<b>Cash Flows Provided by Investing Activities:</b>			
Interest earned on cash equivalents			
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	(5,521)	(2,400)	(7,921)
Cash and cash equivalents - July 1, 2014	<u>9,232</u>	<u>80,526</u>	<u>89,758</u>
Cash and cash equivalents - June 30, 2015	<u>\$ 3,711</u>	<u>\$ 78,126</u>	<u>\$ 81,837</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)</b>			
<b>Operating Activities:</b>			
Operating income (loss)	\$ (132,821)	\$ (2,400)	\$ (135,221)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	2,015		2,015
Change in assets and liabilities:			
Increase (decrease) in accounts payable	(5,521)		(5,521)
Net cash provided by (used for) operating activities	<u>\$ (136,327)</u>	<u>\$ (2,400)</u>	<u>\$ (138,727)</u>

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, 2015**

	Trust Funds			Agency Funds
	Unemployment Compensation Trust	Private Purpose		
		Flowers Memorial Fund	Other Trust Funds	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 4,240	\$ 64,332	\$ 8,561	\$ 14,072
 Total Assets	<u>\$ 4,240</u>	<u>\$ 64,332</u>	<u>\$ 8,561</u>	<u>\$ 14,072</u>
 <b>LIABILITIES:</b>				
Payroll deductions payable	\$ -	\$ -	\$ -	\$ 746
Accounts payable	276			
Due to student groups				13,326
 Total Liabilities	<u>276</u>			<u>\$ 14,072</u>
 <b>NET ASSETS:</b>				
Held in trust for unemployment claims	<u>\$ 3,964</u>			
Held in trust for other purposes		<u>\$ 64,332</u>	<u>\$ 8,561</u>	

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

**BROOKLAWN SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Unemployment Compensation Trust	Private Purpose	
		Flowers Memorial Fund	Other Funds
<b>ADDITIONS:</b>			
Contributions:			
Employee	\$ 3,995	\$ -	\$ -
Board contribution	6,000		
Total Contributions	<u>9,995</u>		
Investment earnings:			
Interest	13		
Net investment earnings	<u>13</u>		
Total Additions	<u>10,008</u>		
<b>DEDUCTIONS:</b>			
Unemployment claims	17,808		
Other expenses		23,838	
Scholarships awarded			
Total Deductions	<u>17,808</u>	<u>23,838</u>	
Change in Net Position	(7,800)	(23,838)	
Net Position - July 1, 2014	<u>11,764</u>	<u>88,170</u>	<u>8,561</u>
Net Postion- June 30, 2015	<u>\$ 3,964</u>	<u>\$ 64,332</u>	<u>\$ 8,561</u>

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**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, 2015 of 345 students.

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

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

**Basis of Presentation**

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

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

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

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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

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

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

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

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

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

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

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

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

The School District's enterprise funds are:

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

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

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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

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

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

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

**Measurement Focus**

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

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

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

**Basis of Accounting**

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

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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

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

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

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

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

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

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

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

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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

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

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

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

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

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

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2015 and 2014 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, 2015.

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

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

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

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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

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

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

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

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

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

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

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

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

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

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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

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

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

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

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

**Nonspendable** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2015.

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

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

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

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

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

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

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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

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

**Recently Issued Accounting Pronouncements** – In February 2015, the GASB issued Statement 72, Fair Value Measurement and Application. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This Statement is effective for financial statements for periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

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

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

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

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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

**Recently Issued Accounting Pronouncements (Continued)** - In June 2015, the GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement is effective for financial statements for periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$1,632,747 as of June 30, 2015, \$250,000 was insured under FDIC and the remaining balance of \$1,382,747 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, 2014 to June 30, 2015 fiscal year is as follows:

Balance July 1, 2014		\$	318,001
Increased by:			
2013-14 Budget			
Board Resolution			
			318,001
Decreased by:			
Transfer to Debt			
Service Fund	\$	400	
			400
Balance June 30, 2015		\$	317,601

The June 30, 2015 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**4. ACCOUNTS RECEIVABLES**

Accounts receivables at June 30, 2015 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, 2015 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	\$ 14,910	\$ -	\$ 104,253	\$ 66	\$ 119,229
Federal		273,276		3,881	277,157
<b>Total</b>	<b>\$ 14,910</b>	<b>\$ 273,276</b>	<b>\$ 104,253</b>	<b>\$ 3,947</b>	<b>\$ 396,386</b>

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Governmental Activities:</b>				
Land	\$ 38,000	\$ 72,000	\$ -	\$ 110,000
Construction in Progress				-
Total Capital Assets not being Depreciated	38,000	72,000	-	110,000
Land Improvements	147,364			147,364
Building and Improvements	3,414,892	651,407		4,066,299
Equipment	545,954	66,176		612,130
Total Historical Cost	4,146,210	789,583	-	4,935,793
Less Accumulated Depreciation:				
Land Improvements	(87,574)	(8,386)		(95,960)
Building and Improvements	(1,239,662)	(132,083)		(1,371,745)
Equipment	(470,564)	(21,155)		(491,719)
Total Accumulated Depreciation	(1,797,800)	(161,624)	-	(1,959,424)
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 2,348,410</b>	<b>\$ 627,959</b>	<b>\$ -</b>	<b>\$ 2,976,369</b>
<b>Business-Type Activities:</b>				
Equipment	\$ 35,153	\$ -	\$ -	\$ 35,153
Less - Accumulated Depreciation	(24,262)	(2,015)		(26,277)
<b>Business-Type Activities Capital Assets, Net</b>	<b>10,891</b>	<b>(2,015)</b>	<b>-</b>	<b>8,876</b>

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense in the amount of \$161,624 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 10,206
General Administration	2,211
Unallocated	149,207
<b>Total depreciation expense</b>	<b>\$ 161,624</b>

**6. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

<b>Governmental Activities:</b>	<u>Principal Outstanding June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2015</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 203,620	\$ -	\$ 2,463	\$ 201,157	\$ -
General Obligation Bonds	1,057,000	1,985,000	168,000	2,874,000	115,000
	<u>\$ 1,260,620</u>	<u>\$ 1,985,000</u>	<u>\$ 170,463</u>	<u>\$ 3,075,157</u>	<u>\$ 115,000</u>

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

2001 General Obligation Bonds dated March 1, 2001 in the amount of \$889,000 due in annual installments through March 1, 2021, bearing interest rate of 4.95%.

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

As of June 30, 2015, principal and interest due on bonds outstanding is as follows:

2016	\$ 115,000	\$ 126,071	\$ 241,071
2017	220,000	93,100	313,100
2018	220,000	84,818	304,818
2019	230,000	76,141	306,141
2020	240,000	66,968	306,968
2021-2025	659,000	229,001	888,001
2026-2030	575,000	140,662	715,662
2031-2035	615,000	49,856	664,856
	<u>\$ 2,874,000</u>	<u>\$ 866,617</u>	<u>\$ 3,740,617</u>

As of June 30, 2015 the School District had no authorizations to issue additional bonded debt.

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

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**7. OPERATING LEASES**

At June 30, 2015, 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, 2015. The future minimum lease payments for these leases are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2016	\$ 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 P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

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

For the year ended June 30, 2015, the District recognized pension expense of \$554,127 and revenue of \$554,127 for support provided by the State. Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district.

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**8. PENSION PLANS (Continued)**

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

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

	06/30/14	06/30/13
Collective deferred outflows of resources	\$ 2,306,623,861	\$ -
Collective deferred inflows of resources	1,763,205,593	-
Collective net pension liability (Non-Employer – State of New Jersey)	53,446,745,367	50,539,213,484
State's portion of the net pension liability that was associated with the district	10,297,958	9,355,455
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	.0192676990%	.0185112797%

*Actuarial assumptions* – The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**8. PENSION PLANS (Continued)**

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	06.00%	0.50%
Core Fixed Income	00.00%	2.19%
Core Bonds	01.00%	1.38%
Short-Term Bonds	00.00%	1.00%
Intermediate Term Bonds	11.20%	2.60%
Long-Term Bonds	00.00%	3.23%
Mortgages	02.50%	2.84%
High Yield Bonds	05.50%	4.15%
Non US Fixed Income	00.00%	1.41%
Inflation Indexed Bonds	02.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	00.00%	5.62%
Mid Cap US Equities	00.00%	6.39%
Small Cap US Equities	00.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	06.50%	8.90%
Private Equity	08.25%	9.15%
Hedge Funds/Absolute Ret	12.25%	3.85%
Real Estate (Property)	03.20%	4.43%
Real Estate (REITS)	00.00%	5.58%
Commodities	02.50%	3.60%
Long Credit Bonds	00.00%	3.74%

*Discount rate.* The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

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

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**8. PENSION PLANS (Continued)**

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

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

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Chapter 19, P.L. 2009</u>	<u>Total Liability Paid by District</u>
2015	\$ 8,337	\$ 38,565	\$ 3,177	\$ 2,126	\$ 52,205
2014	7,710	33,896	708	2,078	44,392
2013	11,865	28,368	2,395	2,017	44,645

\* 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.

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

For the year ended June 30, 2015, the District recognized pension expense of \$72,093. At June 30, 2015, the District reported a liability of \$1,137,351 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$
Changes of assumptions	35,764	
Net difference between projected and actual earnings on pension plan investments		67,780
Changes in proportion and differences between District contributions and proportionate share of contributions	74,085	
District contributions subsequent to the measurement Date	52,205	
Total	\$ 162,054	\$ 67,780

\$52,205 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net liability in the year ended June 30, 2015.

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**8. PENSION PLANS (Continued)**

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

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

For the year ended:	Net Deferred Outflow of Resources:
2016	\$ 6,532
2017	6,532
2018	6,532
2019	6,532
2020	6,532
2021	6,532
2022	2,877
Total	\$ 42,069

**Additional Information**

Collective balances at June 30, 2014 and 2013 are as follows:

	6/30/2014	6/30/2013
Collective deferred outflows of resources	\$ 952,194,675	\$ (1)
Collective deferred inflows of resources	\$ 1,479,224,662	\$ (1)
Collective net pension liability	\$ 18,722,735,003	\$ 19,111,986,911
District's Proportion	.0060747060%	.0056158125%

(1) – Information not available.

*Actuarial assumptions* – The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 3.01%
- Salary Increases:
  - 2012-2021: 2.15-4.40% based on age
  - Thereafter: 3.15-5.40% based on age
- Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**8. PENSION PLANS (Continued)**

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	06.00%	00.80%
Core Bonds	01.00%	02.49%
Intermediate Term Bonds	11.20%	02.26%
Mortgages	02.50%	02.17%
High Yield Bonds	05.50%	04.82%
Inflation Indexed Bonds	02.50%	03.51%
Broad US Equities	25.90%	08.22%
Developed Foreign Equities	12.70%	08.12%
Emerging Market Equities	06.50%	09.91%
Private Equity	08.25%	13.02%
Hedge Funds/Absolute Ret	12.25%	04.92%
Real Estate (Property)	03.20%	05.80%
Commodities	02.50%	05.35%

*Discount rate.* The discount rate used to measure the State's total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.39%) or 1 percentage point higher (6.39%) than the current rate:

	<u>1% Decrease (4.39%)</u>	<u>Current Discount Rate (5.39%)</u>	<u>1% Increase (6.39%)</u>
District's proportionate share of the net pension liability	\$ 1,430,826	\$ 1,137,351	\$ 890,906

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

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**8. PENSION PLANS (Continued)**

**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:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2015	\$ 5,429	\$ 5,429
2014	2,479	2,479
2013	1,062	1,062

**9. POST-RETIREMENT BENEFITS**

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

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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, 2015 was \$160,253, which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**10. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2015, the School District has recognized as revenues and expenditures \$100,946 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$148,206 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**11. RISK MANAGEMENT**

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

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

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

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

The Fund publishes its own financial report which can be obtained at: School Alliance Insurance Fund, c/o PEGAS, 51 Everett Drive, Suite B-40 West Windsor, New Jersey, 08550.

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 6,000	\$ 13	\$ 3,995	\$ 17,808	\$ 3,964
2014	-	29	1,842	2,736	11,764
2013	-		10,110	1,938	12,629

**12. DEFERRED COMPENSATION**

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

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**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, 2015, the liability for compensated absences in the governmental activities was \$201,157.

**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, 2015, 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 \$170,936 in the General Fund as of June 30, 2015 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 \$170,936 is equal to or less than the June state aid payment.

**Brooklawn School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**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, 2016. The following interfund balances were recorded on the various balance sheets as of June 30, 2015:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 351,252	\$ 13,425
Special Revenue		215,000
Capital Projects	13,425	
Debt Service		136,252
	<u>\$ 364,677</u>	<u>\$ 364,677</u>

**17. DEFICIT UNRESTRICTED NET POSITION**

As of June 30, 2015, a deficit of \$1,466,003 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, 2015:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ (170,936)
Liabilities:	
Accrued Interest Payable	(50,833)
Net Pension Differences	(1,043,077)
Compensated Absences	(201,157)
Unrestricted Net Position (Deficit)	<u>\$ (1,466,003)</u>

**18. FUND BALANCES**

*RESTRICTED*

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

**General Fund:**

**Excess Surplus** – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$63,388 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$192,912 of excess fund balance generated during the 2013-2014 fiscal year has been restricted and designated for utilization in the 2015-2016 budget.

**General Fund:**

**Capital Reserve** – As of June 30, 2015, the balance in the capital reserve account is \$317,601. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

**Brooklawn School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**18. FUND BALANCES (Continued)**

**Maintenance Reserve Account** – As of June 30, 2015, 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, \$75,000 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, \$4,574 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, 2015, the fund balance of the general fund was a deficit of \$170,936, 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, 2015, the unassigned fund balance amount was \$1,178,667.

**19. RESTATEMENT OF NET POSITION**

**Governmental Activities**

Net position on the government-wide Statement of Activities as of July 1, 2014, has been restated for implementation of GASB-68.

The government-wide and fund financial statements were restated as follows:

	<b>Government -wide Statements</b>
	<b>Governmental Activities</b>
Net Position as of June 30, 2014, as previously reported	\$ 1,775,074
Prior Period Adjustment - Implementation GASB 68:	-
Net Pension Liability	(1,073,293)
Deferred Outflows - District's Contribution made during fiscal year 2014	44,392
Net Position as Restated, July 1, 2014	\$ 746,173

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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local Tax Levy	\$ 1,017,497	\$ -	\$ 1,017,497	\$ 1,017,497	\$ -
Unrestricted misc. revenues	8,000		8,000	31,105	23,105
<b>Total local sources</b>	<u>1,025,497</u>		<u>1,025,497</u>	<u>1,048,602</u>	<u>23,105</u>
State sources:					
School Choice aid	661,507	(159,284)	502,223	377,223	(125,000)
Categorical special education aid	227,900		227,900	227,900	
Equalization aid	3,428,151		3,428,151	3,428,151	
Security aid	18,488		18,488	18,488	
Transportation aid	5,747		5,747	5,747	
Under Adequacy Aid	98,367		98,367	98,367	
Additional Adjustment Aid	142,142		142,142	142,142	
PARCC Readiness Aid	4,060		4,060	4,060	
Per Pupil Growth Aid	4,060		4,060	4,060	
On-behalf TPAF pension contrib. (non-budgeted)				100,946	100,946
On-behalf post retirement med (non-budgeted)				160,253	160,253
Reimbursed TPAF social security contribution (non-budgeted)				148,206	148,206
<b>Total state sources</b>	<u>4,590,422</u>	<u>(159,284)</u>	<u>4,431,138</u>	<u>4,715,543</u>	<u>284,405</u>
<b>TOTAL REVENUES</b>	<u>5,615,919</u>	<u>(159,284)</u>	<u>5,456,635</u>	<u>5,764,145</u>	<u>307,510</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool		11,108	11,108	11,108	
Kindergarten	108,036	(15,861)	92,175	92,175	
Grades 1-5	740,594	(23,904)	716,690	716,690	
Grades 6-8	509,053	795	509,848	509,527	321
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	45,040	13,465	58,505	58,505	
Purchased technical services	9,000	(9,000)			
Other purchased services	25,000	4,099	29,099	29,099	
General supplies	69,322	53,047	122,369	122,369	
Textbooks	37,000	(26,703)	10,297	10,297	
Other objects	3,000	(1,193)	1,807	1,807	
<b>Total instruction</b>	<u>1,546,045</u>	<u>5,853</u>	<u>1,551,898</u>	<u>1,551,577</u>	<u>321</u>
Special Education Instruction:					
Behavioral Disabilities:					
Salaries of teachers	45,760	(45,760)			
Other salaries for instruction	23,400	(23,400)			
General supplies	2,000	(2,000)			
<b>Total behavioral disabilities</b>	<u>71,160</u>	<u>(71,160)</u>			

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

(CONTINUED TO NEXT PAGE)

**BROOKLAWN SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2015**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource room/resource center:					
Salaries of teachers	\$ 187,166	\$ 51,197	\$ 238,363	\$ 238,363	\$ -
Other salaries for instruction	119,694	40,585	160,279	160,279	
General supplies	3,000	6,062	9,062	9,062	
Total resource room/resource center	309,860	97,844	407,704	407,704	
Total Special Education - Instruction	381,020	26,684	407,704	407,704	
School-Sponsored Cocurricular Act - Instruction:					
Salaries	27,000	17,003	44,003	44,003	
Purchased services	4,000	(3,950)	50	50	
Supplies and materials	4,000	(1,691)	2,309	2,309	
Other objects	1,000	(1,000)			
Total school-sponsored cocurr. act. - instruct.	36,000	10,362	46,362	46,362	
School-Sponsored Athletics - Instruction:					
Salaries	12,300	(2,700)	9,600	9,600	
Purchased services	6,000	940	6,940	6,940	
Supplies and materials	4,000	(1,526)	2,474	2,474	
Other objects	1,500	(1,500)			
Total school-sponsored athletics - instruct.	23,800	(4,786)	19,014	19,014	
Total Instruction	1,986,865	38,113	2,024,978	2,024,657	321
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	743,041	18,608	761,649	761,649	
Tuition to other LEAs within the state - spec	195,183	(38,634)	156,549	156,549	
Tuition to County Voc School District - reg.	21,112		21,112	21,112	
Tuition to CCSD & Regional Day Schools	119,380	3,900	123,280	123,280	
Tuition to priv. sch. for the disabled in state	56,806	(23,658)	33,148	143	33,005
Total undistributed expenditures - instruction	1,135,522	(39,784)	1,095,738	1,062,733	33,005
Attendance and Social Work Services:					
Purchased professional and technical services		500	500	500	
Total attendance and social work services		500	500	500	
Health Services:					
Salaries	70,367	1,345	71,712	70,937	775
Purchased professional and technical services	1,500	(581)	919	919	
Supplies and materials	4,000	(764)	3,236	3,236	
Total health services	75,867		75,867	75,092	775
Speech, OT, PT & Related Services:					
Purchased professional and educational services	195,000	61,099	256,099	256,099	
Total speech, ot, pt, & related services	195,000	61,099	256,099	256,099	

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, 2015**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Child Study Teams:</b>					
Salaries of other professional staff	\$ 84,669	\$ (300)	\$ 84,369	\$ 84,369	\$ -
Salaries of secretarial and clerical assistants	13,025	1,402	14,427	14,427	
Purchased professional and educational services		5,000	5,000	5,000	
Miscellaneous purchased services	8,000	8,265	16,265	16,265	
Supplies and materials	4,000	(1,912)	2,088	2,088	
<b>Total other support services student - special</b>	<b>109,694</b>	<b>12,455</b>	<b>122,149</b>	<b>122,149</b>	
<b>Improvement of Instructional Services:</b>					
Salaries of supervisor of instruction	25,250	(2,525)	22,725	22,725	
Salaries of other professional staff	57,624	(5,832)	51,792	51,792	
Other salaries	5,000	(5,000)			
Other purchased services	8,000		8,000	8,000	
Supplies and materials	3,000	1,054	4,054	4,054	
<b>Total improvement of instructional services</b>	<b>98,874</b>	<b>(12,303)</b>	<b>86,571</b>	<b>86,571</b>	
<b>Educational Media Services/School Library:</b>					
Salaries	7,600	(5,383)	2,217	2,217	
Purchased professional and technical services	3,000	(2,450)	550	550	
Supplies and materials	8,000	(732)	7,268	7,268	
<b>Total educational media services/school library</b>	<b>18,600</b>	<b>(8,565)</b>	<b>10,035</b>	<b>10,035</b>	
<b>Improvement of Instructional Staff Training Services:</b>					
Salaries of supervisor of instruction	25,250	4,041	29,291	29,291	
Other purchased services	13,000	(821)	12,179	12,179	
Supplies and materials	4,000	(4,000)			
<b>Total improvement of instructional staff train. serv.</b>	<b>42,250</b>	<b>(780)</b>	<b>41,470</b>	<b>41,470</b>	
<b>General Administration:</b>					
Salaries	150,500	(10,217)	140,283	140,283	
Legal services	18,000	8,671	26,671	26,671	
Audit fees	27,000	(2,000)	25,000	25,000	
Communications / telephone	16,000	(5,289)	10,711	10,711	
Board of Education other purchased services	1,500	(364)	1,136	1,136	
Other purchased services	2,000	(335)	1,665	1,665	
Supplies and materials	1,200	(734)	466	466	
BOE in-house training/meeting supplies	1,000	(848)	152	152	
Miscellaneous expenditures	4,000	2,297	6,297	6,297	
Board of Education dues and fees	3,500	(581)	2,919	2,919	
<b>Total general administration</b>	<b>224,700</b>	<b>(9,400)</b>	<b>215,300</b>	<b>215,300</b>	
<b>School Administration:</b>					
Other purchased services	6,000	(1,238)	4,762		4,762
Supplies and materials	500	(468)	32	32	
Other objects	3,000	756	3,756	3,756	
<b>Total school administration</b>	<b>9,500</b>	<b>(950)</b>	<b>8,550</b>	<b>3,788</b>	<b>4,762</b>
<b>Central services</b>					
Salaries	91,043	(17,438)	73,605	73,605	
Purchased technical services	13,000	600	13,600	13,600	
Misc. Purchased Services		3,111	3,111	3,111	
Supplies and materials	300		300	300	
Interest on Bond Anticipation Note (BAN's)		2,729	2,729	2,729	
Miscellaneous Expenditures	200	400	600	600	
<b>Total central services</b>	<b>104,543</b>	<b>(10,598)</b>	<b>93,945</b>	<b>93,945</b>	

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

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**BROOKLAWN SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2015**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative Information Technology					
Salaries	\$ 12,000	\$ 8,460	\$ 20,460	\$ 20,460	\$ -
Purchased professional services	5,000	(305)	4,695	4,695	
Purchased technical services	3,000	(159)	2,841	2,841	
Supplies and materials	1,000	(793)	207	207	
Other objects	200	(200)			
Total administrative information technology	<u>21,200</u>	<u>7,003</u>	<u>28,203</u>	<u>28,203</u>	
Required Maintenance School Facilities:					
Cleaning, repair and maintenance services	<u>23,000</u>		<u>23,000</u>	<u>23,000</u>	
Total required maintenance school facilities	<u>23,000</u>		<u>23,000</u>	<u>23,000</u>	
Custodial Services:					
Salaries	151,531	(31,223)	120,308	120,308	
Purchased professional & technical services	12,000	(3,753)	8,247	8,247	
Cleaning, repair and maintenance services	25,000	(7,995)	17,005	17,005	
Other purchased property services	22,000	(332)	21,668	21,668	
Insurance	28,000	(4,483)	23,517	23,517	
Miscellaneous purchased services	8,000	268	8,268	8,268	
General Supplies	45,000	(8,261)	36,739	36,739	
Energy (Electricity)	72,000	(5,059)	66,941	66,293	648
Other objects	4,000		4,000	3,368	632
Total custodial services	<u>367,531</u>	<u>(60,838)</u>	<u>306,693</u>	<u>305,413</u>	1,280
Total operation & maint. of plant services	<u>390,531</u>	<u>(60,838)</u>	<u>329,693</u>	<u>328,413</u>	1,280
Student Transportation Services:					
Management fee - ESC & CTSA Trans program	3,000	1,671	4,671	4,671	
Contr. serv. (between home & sch) - vendor	27,000	(10,824)	16,176	9,876	6,300
Contr. serv. (not between home & sch) - vendor	38,000	(2,729)	35,271	26,858	8,413
Contr. serv. (between home & sch) - joint agree.	13,000	(963)	12,037	12,037	
Contr. serv. (special ed students) - vendor	78,000	6,472	84,472	84,472	
Contr. serv. (special ed students) - ESC's	14,000	8,942	8,942	8,942	
Contr. serv. - Aid in Lieu Payments - NonPublic	14,000	(5,298)	8,702	8,702	
Total student transportation services	<u>173,000</u>	<u>(2,729)</u>	<u>170,271</u>	<u>155,558</u>	14,713
Unallocated Benefits - Employee Benefits:					
Social security contributions	50,000	11,713	61,713	61,713	
Other retirement contributions - PERS	55,000	11,548	66,548	66,548	
Unemployment compensation	10,000	(10,000)			
Workmen's compensation	28,000	(3,828)	24,172	24,172	
Health benefits	733,035	(50,571)	682,464	679,874	2,590
Tuition reimbursement	15,000		15,000		15,000
Other employee benefits	10,000	(1,455)	8,545	6,000	2,545
Total unallocated benefits - employee benefits	<u>901,035</u>	<u>(42,593)</u>	<u>858,442</u>	<u>838,307</u>	20,135
On-behalf TPAF pension contr. (non-budgeted)				100,946	(100,946)
On-behalf TPAF post retirement med. (non-budgeted)				160,253	(160,253)
Reimbursed TPAF social security contr. (non-budgeted)				148,206	(148,206)
Total Undistributed Expenditures	<u>3,500,316</u>	<u>(107,483)</u>	<u>3,392,833</u>	<u>3,727,568</u>	(334,735)
Total General Current Expense	<u>5,487,181</u>	<u>(69,370)</u>	<u>5,417,811</u>	<u>5,752,225</u>	(334,414)

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, 2015**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Grades 1-5	\$ 10,000	\$ (10,000)	\$ -	\$ -	\$ -
Grades 6-8	10,000	(10,000)			
Undistributed expenditures - instruction		2,766	2,766		2,766
Undistributed expenditures - custodial	<u>15,000</u>	<u>960</u>	<u>15,960</u>	<u>15,960</u>	
Total equipment	<u>35,000</u>	<u>(16,274)</u>	<u>18,726</u>	<u>15,960</u>	<u>2,766</u>
Facilities Acquisition & Construction:					
Construction services	320,472	(73,640)	246,832		246,832
Assessment for Debt Service on SDA Funding	<u>26,772</u>		<u>26,772</u>	<u>26,772</u>	
Total facilities, acquisition & construction	<u>347,244</u>	<u>(73,640)</u>	<u>273,604</u>	<u>26,772</u>	<u>246,832</u>
Total Capital Outlay	<u>382,244</u>	<u>(89,914)</u>	<u>292,330</u>	<u>42,732</u>	<u>249,598</u>
<b>TOTAL EXPENDITURES</b>	<u>5,869,425</u>	<u>(159,284)</u>	<u>5,710,141</u>	<u>5,794,957</u>	<u>(84,816)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(253,506)</u>		<u>(253,506)</u>	<u>(30,812)</u>	<u>222,694</u>
Other Financing Sources:					
Operating transfers out - Debt Service Fund				(400)	(400)
Operating transfers out - Enterprise Fund	<u>(46,000)</u>		<u>(46,000)</u>	<u>(33,474)</u>	<u>12,526</u>
Total Other Financing Sources	<u>(46,000)</u>		<u>(46,000)</u>	<u>(33,874)</u>	<u>12,126</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(299,506)</u>		<u>(299,506)</u>	<u>(64,686)</u>	<u>234,820</u>
Fund Balance - July 1, 2014	<u>1,088,587</u>		<u>1,088,587</u>	<u>1,088,587</u>	
Fund Balance - June 30, 2015	<u>\$ 789,081</u>	<u>\$ -</u>	<u>\$ 789,081</u>	<u>\$ 1,023,901</u>	<u>\$ 234,820</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 317,601	
Maintenance reserve				125,000	
Excess surplus				63,388	
Excess surplus - designated for subsequent year's budget				192,912	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				75,000	
Unassigned Fund Balance				<u>250,000</u>	
				1,023,901	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(420,936)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 602,965</u>	

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

**BROOKLAWN SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 79,816	\$ -	\$ 79,816	\$ 79,816	\$ -
Federal sources	243,721	52,668	296,389	296,389	-
<b>Total Revenues</b>	<b>323,537</b>	<b>52,668</b>	<b>376,205</b>	<b>376,205</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	223,721	2,098	225,819	225,819	-
Other salaries for instruction	14,816	(567)	14,249	14,249	-
Tuition	85,000	11,160	96,160	96,160	-
<b>Total instruction</b>	<b>323,537</b>	<b>12,691</b>	<b>336,228</b>	<b>336,228</b>	<b>-</b>
Support Services:					
Personal services - employee benefits	-	31,461	31,461	31,461	-
General supplies	-	8,516	8,516	8,516	-
<b>Total support services</b>	<b>-</b>	<b>39,977</b>	<b>39,977</b>	<b>39,977</b>	<b>-</b>
Facilities Acq. and Const. Services - instructional equipment					
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
<b>Total Expenditures</b>	<b>323,537</b>	<b>52,668</b>	<b>376,205</b>	<b>376,205</b>	<b>-</b>
<b>Total Outflows</b>	<b>323,537</b>	<b>52,668</b>	<b>376,205</b>	<b>376,205</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2015**

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 5,764,145	\$ 376,205
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.	449,235	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(420,936)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 5,792,444	\$ 376,205
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 5,794,957	\$ 376,205
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	\$ 5,794,957	\$ 376,205

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

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

	June 30, 2015
District's proportion of the net pension liability (asset)	0.0060747060%
District's proportionate share of the net pension liability (asset)	\$ 1,137,351
District's covered-employee payroll	317,927
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	357.74%
Plan fiduciary net position as a percentage of the total pension liability	42.74%

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

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

	June 30, 2015
Contractually required contribution	\$ 52,205
Contributions in relation to the contractually required contributions	(52,205)
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 317,927
Contributions as a percentage of covered-employee payroll	16.42%

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

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

	June 30, 2015
District's proportion of the net pension liability (asset)	<u>0.0192676990%</u>
District's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 10,297,958</u>
Total	<u><u>\$ 10,297,958</u></u>
District's covered-employee payroll	\$ 1,992,277
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%

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

**Brooklawn School District**  
**Notes to Required Supplementary Information**  
**Pension Schedules**  
**For the Fiscal Year Ended June 30, 2015**

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

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

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

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

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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, 2015**

	<u>Preschool Education Program</u>	<u>Title I</u>	<u>Title II A</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Race to the Top</u>	<u>Total</u>
<b>REVENUES:</b>							
State sources	\$ 79,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,816
Federal sources		184,896	6,817	93,048	3,112	8,516	296,389
<b>Total Revenues</b>	<u>79,816</u>	<u>184,896</u>	<u>6,817</u>	<u>93,048</u>	<u>3,112</u>	<u>8,516</u>	<u>376,205</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers	65,567	154,646	5,606				225,819
Other salaries for instruction	14,249						14,249
Tuition				93,048	3,112		96,160
<b>Total Instruction</b>	<u>79,816</u>	<u>154,646</u>	<u>5,606</u>	<u>93,048</u>	<u>3,112</u>		<u>336,228</u>
Support Services:							
Personal services-employee benefits		30,250	1,211				31,461
Supplies						8,516	8,516
<b>Total Support Services</b>	<u>-</u>	<u>30,250</u>	<u>1,211</u>			<u>8,516</u>	<u>39,977</u>
Facilities acq. and constr. services:							
Non-Instructional equipment							
<b>Total facilities acq and const services</b>							
<b>Total Expenditures</b>	<u>79,816</u>	<u>184,896</u>	<u>6,817</u>	<u>93,048</u>	<u>3,112</u>	<u>8,516</u>	<u>376,205</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Statement of Preschool Education Aid**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2015**

**DISTRICT WIDE TOTAL**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of teachers	\$ 65,000	\$ 65,000	\$ -
Other salaries for instruction	14,816	14,816	
Total instruction	<u>79,816</u>	<u>79,816</u>	
<b>Support Services:</b>			
Personal services - Employee benefits			
Total support services			
Total Expenditures	<u>\$ 79,816</u>	<u>\$ 79,816</u>	<u>\$ -</u>

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**SUMMARY OF LOCATION TOTALS**

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Total 2014-15 Preschool Education Aid allocation	\$ 79,816
Add: Actual Preschool Education Aid Carryover (June 30, 2014)	13,058
Add: Budgeted transfer from the General Fund 2014-15	
Total Preschool Education Aid Funds available for 2014-15 budget	<u>92,874</u>
Less: 2014-15 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<u>(79,816)</u>
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2015	13,058
Add: June 30, 2015 Unexpended Preschool Education Aid	
2014-15 Actual Carryover - Preschool Education Aid	<u>\$ 13,058</u>
2014-15 Preschool Education Aid Carryover Budgeted in 2015-16	<u>\$ 13,058</u>

Capital Projects Fund

**BROOKLAWN SCHOOL DISTRICT  
Capital Projects Fund  
Summary Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year ended June 30, 2015**

<b>Revenues and Other Financing Sources:</b>	
Proceeds of Bonds	\$ 1,985,000
Transfer from Capital Outlay	
Total revenues and other financing sources	<u>1,985,000</u>
 <b>Expenditures and Other Financing (Uses):</b>	
Purchase of building	723,407
Purchased professional and technical services	92,256
Equipment	43,817
Total expenditures and other financing (uses)	<u>859,480</u>
Excess (deficiency) or revenues over (under) expenditures	1,125,520
Fund Balance - July 1, 2014	<u>53,147</u>
Fund Balance - June 30, 2015	<u>\$ 1,178,667</u>

**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, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State sources - SDA Grant	\$ 104,253	\$ -	\$ 104,253	\$ 104,253
Transfer from capital outlay	48,127		48,127	48,127
Total revenues	<u>152,380</u>		<u>152,380</u>	<u>152,380</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical services				
Equipment	55,000	43,817	98,817	98,817
Total expenditures	<u>55,000</u>	<u>43,817</u>	<u>98,817</u>	<u>98,817</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 97,380</u>	<u>\$ (43,817)</u>	<u>\$ 53,563</u>	<u>\$ 53,563</u>
<b>Additional project information:</b>				
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, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
Proceeds of Bonds	\$ -	\$ 1,985,000	\$ 1,985,000	\$ 1,985,000
Total revenues	<u>-</u>	<u>1,985,000</u>	<u>1,985,000</u>	<u>1,985,000</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical services	44,233	92,256	136,489	136,489
Purchase of building		723,407	723,407	723,407
Total expenditures	<u>44,233</u>	<u>815,663</u>	<u>859,896</u>	<u>859,896</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ (44,233)</u>	<u>\$ 1,169,337</u>	<u>\$ 1,125,104</u>	<u>\$ 1,125,104</u>
<b>Additional project information:</b>				
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	06/30/16			

Proprietary Funds

**BROOKLAWN SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Net Position**  
**June 30, 2015**

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 3,711	\$ 78,126	\$ 81,837
Accounts receivable:			
State	66		66
Federal	3,881		3,881
Total Current Assets	<u>7,658</u>	<u>78,126</u>	<u>85,784</u>
Noncurrent Assets:			
Equipment	35,153		35,153
Less - accumulated depreciation	<u>(26,277)</u>		<u>(26,277)</u>
Total Noncurrent Assets	<u>8,876</u>		<u>8,876</u>
Total Assets	<u>16,534</u>	<u>78,126</u>	<u>94,660</u>
<b>LIABILITIES:</b>			
Due to State	<u>1,571</u>		<u>1,571</u>
Total Current Liabilities	<u>1,571</u>		<u>1,571</u>
<b>NET POSITION:</b>			
Net investment in capital assets	8,876		8,876
Unrestricted	<u>6,087</u>	<u>78,126</u>	<u>84,213</u>
Total Net Position	<u>\$ 14,963</u>	<u>\$ 78,126</u>	<u>\$ 93,089</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 14,008	\$ -	\$ 14,008
Daily sales non-reimbursable programs:			
Program fees		26,010	26,010
Total Operating Revenues	<u>14,008</u>	<u>26,010</u>	<u>40,018</u>
<b>OPERATING EXPENSES:</b>			
Salaries and fringe benefits	46,395	25,997	72,392
Supplies and materials		2,413	2,413
Depreciation	2,015		2,015
Cost of sales	98,419		98,419
Total Operating Expenses	<u>146,829</u>	<u>28,410</u>	<u>175,239</u>
Operating Income (Loss)	<u>(132,821)</u>	<u>(2,400)</u>	<u>(135,221)</u>
<b>Non-Operating Revenues:</b>			
State sources:			
State school lunch program	1,685		1,685
Federal sources:			
National school lunch program	87,876		87,876
National school breakfast program	6,282		6,282
Total Non-Operating Revenues	<u>95,843</u>		<u>95,843</u>
Income (Loss) before Contributions and Transfers	(36,978)	(2,400)	(39,378)
Operating Transfers In/(out)	<u>33,474</u>		<u>33,474</u>
Changes in Net Position	(3,504)	(2,400)	(5,904)
Net Position - July 1, 2014	<u>18,467</u>	<u>80,526</u>	<u>98,993</u>
Net Position - June 30, 2015	<u>\$ 14,963</u>	<u>\$ 78,126</u>	<u>\$ 93,089</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Food Service Fund</b>	<b>After School Program</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 14,008	\$ 26,010	\$ 40,018
Cash payments to employees for services	(46,395)	(25,997)	(72,392)
Cash payments to suppliers for goods and services	(103,940)	(2,413)	(106,353)
Net cash provided by (used for) operating activities	(136,327)	(2,400)	(138,727)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash received from state sources	1,819		1,819
Cash received from federal sources	95,513		95,513
Operating transfer in	33,474		33,474
Net cash provided by noncapital financing activities	130,806		130,806
<b>Cash Flows Provided by Investing Activities:</b>			
Interest earned on cash equivalents			
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	(5,521)	(2,400)	(7,921)
Cash and cash equivalents - July 1, 2014	9,232	80,526	89,758
Cash and cash equivalents - June 30, 2015	\$ 3,711	\$ 78,126	\$ 81,837
<b>Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)</b>			
<b>Operating Activities:</b>			
Operating income (loss)	\$ (132,821)	\$ (2,400)	\$ (135,221)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	2,015		2,015
Change in assets and liabilities: Increase (decrease) in accounts payable	(5,521)		(5,521)
Net cash provided by (used for) operating activities	\$ (136,327)	\$ (2,400)	\$ (138,727)

Fiduciary Funds

**BROOKLAWN SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2015**

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation</u>	<u>Flowers and Other Trust Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 4,240	\$ 72,893	\$ 13,326	\$ 746	\$ 91,205
Total Assets	<u>4,240</u>	<u>72,893</u>	<u>\$ 13,326</u>	<u>\$ 746</u>	<u>\$ 91,205</u>
<b>LIABILITIES:</b>					
Liabilities:					
Payroll deductions payable	\$ -	\$ -	\$ -	\$ 746	\$ 746
Accounts payable	276				276
Due to student groups			13,326		13,326
Total Liabilities	<u>276</u>		<u>\$ 13,326</u>	<u>\$ 746</u>	<u>14,348</u>
<b>NET POSITION:</b>					
Held in trust for unemployment claims	\$ 3,964				3,964
Held in trust for other purposes		\$ 72,893			72,893
Total Net Position	<u>\$ 3,964</u>	<u>\$ 72,893</u>			<u>\$ 76,857</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Held In Trust</u>			
	<u>Flowers Memorial Funds</u>	<u>Other Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Totals</u>
<b>Additions:</b>				
Employee withholdings	\$ -	\$ -	\$ 3,995	\$ 3,995
Board contribution			6,000	6,000
Interest earnings			13	13
<b>Total Additions</b>			<u>10,008</u>	<u>10,008</u>
<b>Deductions:</b>				
Unemployment compensation insurance claims			17,808	17,808
Other expenses	<u>23,838</u>			<u>23,838</u>
<b>Total Deductions</b>	<u>23,838</u>		<u>17,808</u>	<u>41,646</u>
<b>Change in Net Position</b>	(23,838)		(7,800)	(31,638)
<b>Net Position - July 1, 2014</b>	<u>88,170</u>	<u>8,561</u>	<u>11,764</u>	<u>108,495</u>
<b>Net Position - June 30, 2015</b>	<u>\$ 64,332</u>	<u>\$ 8,561</u>	<u>\$ 3,964</u>	<u>\$ 76,857</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2015</u>
Alice Costello School	\$ 13,941	\$ 535	\$ 1,150	\$ -	\$ 13,326
Total all schools	<u>\$ 13,941</u>	<u>\$ 535</u>	<u>\$ 1,150</u>	<u>\$ -</u>	<u>\$ 13,326</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 435	\$ 3,068,408	\$ 3,068,097	\$ 746
Total Assets	<u>\$ 435</u>	<u>\$ 3,068,408</u>	<u>\$ 3,068,097</u>	<u>\$ 746</u>
<b>LIABILITIES:</b>				
Net payroll	\$ 435	\$ 1,686,779	\$ 1,687,214	\$ -
Payroll deductions and withholdings	<u>-</u>	<u>1,381,629</u>	<u>1,380,883</u>	<u>746</u>
Total Liabilities	<u>\$ 435</u>	<u>\$ 3,068,408</u>	<u>\$ 3,068,097</u>	<u>\$ 746</u>

## Long-Term Debt Schedules

**BROOKLAWN SCHOOL DISTRICT  
Statement of Serial Bonds  
For the Fiscal Year Ended June 30, 2015**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
			Date	Amount					
Renovations and Improvements to school building	3/01/01	\$ 1,559,000	3/01/16	\$ 115,000	4.95%	\$ 999,000	\$ -	\$ 110,000	\$ 889,000
			3/01/17	135,000	4.95%				
			3/01/18	145,000	4.95%				
			3/01/19	155,000	4.95%				
			3/01/20	165,000	4.95%				
			3/01/21	174,000	4.95%				
Renovations and Improvements to school building	4/01/04	403,000	3/01/15	58,000	4.70%	58,000		58,000	
2014 School Bonds	09/10/14	1,985,000	09/01/16	85,000	2.00%		1,985,000		1,985,000
			09/01/17	75,000	2.00%				
			09/01/18	75,000	2.00%				
			09/01/19	75,000	2.00%				
			09/01/20	75,000	2.00%				
			09/01/21	100,000	2.00%				
			09/01/22	100,000	3.00%				
			09/01/23	100,000	3.00%				
			09/01/24	110,000	3.00%				
			09/01/25	110,000	3.00%				
			09/01/26	115,000	3.00%				
			09/01/27	115,000	3.00%				
			09/01/28	115,000	3.00%				
			09/01/29	120,000	3.00%				
			09/01/30	120,000	3.00%				
			09/01/31	120,000	3.00%				
			09/01/32	125,000	3.25%				
09/01/33	125,000	3.25%							
09/01/34	125,000	3.25%							
						<u>\$ 1,057,000</u>	<u>\$ 1,985,000</u>	<u>\$ 168,000</u>	<u>\$ 2,874,000</u>

**BROOKLAWN SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 215,826	\$ -	\$ 215,826	\$ 215,826	\$ -
Total Revenues	<u>215,826</u>	<u></u>	<u>215,826</u>	<u>215,826</u>	<u></u>
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	54,762	(2,600)	52,162	52,162	
Redemption of principal	<u>165,000</u>	<u>3,000</u>	<u>168,000</u>	<u>168,000</u>	
Total regular debt service	<u>219,762</u>	<u>400</u>	<u>220,162</u>	<u>220,162</u>	
Excess (Deficiency) of revenues over (under) expenditures	(3,936)	(400)	(4,336)	(4,336)	
Other Financing Sources:					
Operating transfers in				400	400
Total Other Financing Sources				<u>400</u>	<u>400</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(3,936)	(400)	(4,336)	(3,936)	400
Fund Balance - July 1, 2014	<u>8,510</u>		<u>8,510</u>	<u>8,510</u>	
Fund Balance - June 30, 2015	<u>\$ 4,574</u>	<u>\$ (400)</u>	<u>\$ 4,174</u>	<u>\$ 4,574</u>	<u>\$ 400</u>

**Statistical Section**

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 1,02,369
Restricted for:										
Capital projects	215,493	173,981	164,237	164,237	164,237	1	1	193,001	371,148	1,496,268
Debt service		10,479	528	3,630	2,925	76,407	73,322	3,936	8,510	4,574
Other purposes	298,544	358,128	260,804	223,600	242,763	461,230	721,082	569,506	520,586	456,300
Unrestricted	(107,991)	(69,153)	3,887	(263,398)	(330,188)	(285,784)	(383,529)	(377,411)	(416,580)	(1,466,003)
Total governmental activities net position	<u>\$ 1,692,082</u>	<u>\$ 1,876,789</u>	<u>\$ 1,610,263</u>	<u>\$ 1,281,373</u>	<u>\$ 1,382,870</u>	<u>\$ 1,476,967</u>	<u>\$ 1,648,174</u>	<u>\$ 1,646,211</u>	<u>\$ 1,775,074</u>	<u>\$ 593,508</u>
Business-type activities:										
Net investment in capital assets	\$ 16,073	\$ 14,064	\$ 13,771	\$ 12,316	\$ 10,783	\$ 9,250	\$ 14,923	\$ 12,907	\$ 10,891	\$ 8,876
Unrestricted	24,851	35,518	56,807	83,911	91,374	59,948	76,810	83,271	88,102	84,213
Total business-type activities net position	<u>\$ 40,924</u>	<u>\$ 49,582</u>	<u>\$ 70,578</u>	<u>\$ 96,227</u>	<u>\$ 102,157</u>	<u>\$ 69,198</u>	<u>\$ 91,733</u>	<u>\$ 96,178</u>	<u>\$ 98,993</u>	<u>\$ 93,089</u>
District-wide:										
Net investment in capital assets	\$ 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	\$ 111,245
Restricted:										
Capital projects	215,493	173,981	164,237	164,237	164,237	1	1	193,001	371,148	1,496,268
Debt service		10,479	528	3,630	2,925	76,407	73,322	3,936	8,510	4,574
Other purposes	298,544	358,128	260,804	223,600	242,763	461,230	721,082	569,506	520,586	456,300
Unrestricted	(83,140)	(33,635)	60,694	(179,487)	(238,814)	(225,836)	(306,719)	(294,140)	(328,478)	(1,381,790)
Total district net position	<u>\$ 1,733,006</u>	<u>\$ 1,926,371</u>	<u>\$ 1,680,841</u>	<u>\$ 1,377,600</u>	<u>\$ 1,485,027</u>	<u>\$ 1,546,165</u>	<u>\$ 1,739,907</u>	<u>\$ 1,742,389</u>	<u>\$ 1,874,067</u>	<u>\$ 686,597</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 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	\$ 1,799,388
Special education	417,728	272,996	226,780	222,489	334,411	320,713	570,061	345,949	260,154	503,864
Other instruction	39,781	24,245	29,527	35,216	46,202	39,222	43,596	54,860	48,523	65,376
Support Services:										
Tuition	670,927	635,315	805,380	1,028,648	1,300,917	1,225,519	1,361,038	1,583,965	1,604,498	1,062,733
Student & instruction related services	448,193	333,682	371,913	442,906	414,350	410,652	484,014	489,193	469,599	631,893
School administrative services	12,409	12,633	12,869	14,601	5,568	3,618	4,675	5,485	3,534	3,788
Central Services	142,333	152,004	151,262	162,372	133,995	188,224	120,318	121,436	137,946	124,359
General administrative services	199,641	194,919	166,962	134,571	181,736	186,227	200,620	220,350	232,535	215,300
Plant operations and maintenance	224,108	226,990	256,021	521,663	427,830	333,079	317,796	306,147	450,098	441,042
Pupil transportation	72,496	44,244	77,269	134,703	155,486	107,724	135,271	160,721	177,586	155,558
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	1,261,888
Interest on long-term debt	93,900	113,369	87,309	84,082	80,400	75,672	70,534	66,116	59,531	89,270
Unallocated depreciation	31,089	31,514	32,496	26,911	120,509	120,450	121,004	116,907	116,869	149,207
Total governmental activities expenses	<u>4,441,794</u>	<u>4,751,013</u>	<u>4,881,826</u>	<u>5,577,439</u>	<u>5,690,728</u>	<u>5,419,350</u>	<u>5,793,877</u>	<u>6,182,262</u>	<u>6,529,873</u>	<u>6,503,666</u>
Business-type activities:										
Food service	103,233	87,655	96,626	97,576	113,226	107,205	152,850	165,638	140,993	146,829
After school program	11,343	12,819	25,020	21,319	21,034	17,945	19,746	18,416	21,595	28,410
Total business-type activities expense	<u>114,576</u>	<u>100,474</u>	<u>121,646</u>	<u>118,895</u>	<u>134,260</u>	<u>125,150</u>	<u>172,596</u>	<u>184,054</u>	<u>162,588</u>	<u>175,239</u>
Total district expenses	<u>\$ 4,556,370</u>	<u>\$ 4,851,487</u>	<u>\$ 5,003,472</u>	<u>\$ 5,696,334</u>	<u>\$ 5,824,988</u>	<u>\$ 5,544,500</u>	<u>\$ 5,966,473</u>	<u>\$ 6,366,316</u>	<u>\$ 6,692,461</u>	<u>\$ 6,678,905</u>
<b>Program Revenues:</b>										
Governmental activities:										
Operating grants and contributions	\$ 700,173	\$ 904,422	\$ 885,248	\$ 513,351	\$ 475,724	\$ 612,967	\$ 683,913	\$ 715,913	\$ 705,003	\$ 785,610
Capital grants and contributions										
Total governmental activities program revenues	<u>700,173</u>	<u>904,422</u>	<u>885,248</u>	<u>513,351</u>	<u>475,724</u>	<u>612,967</u>	<u>683,913</u>	<u>715,913</u>	<u>705,003</u>	<u>785,610</u>

(Continued)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type activities:</b>										
Charges for services:										
Food service	\$ 18,674	\$ 23,956	\$ 16,309	\$ 27,007	\$ 13,751	\$ 12,600	\$ 18,725	\$ 11,881	\$ 10,072	\$ 14,008
After school program	28,282	23,685	45,245	36,518	30,342	40,505	35,895	26,414	27,002	26,010
Operating grants and contributions	50,453	43,969	47,069	49,435	63,997	71,186	85,071	108,416	95,600	95,843
Total business type activities program revenues	97,409	91,610	108,623	112,960	108,090	124,291	139,691	146,711	132,674	135,861
Total district program revenues	\$ 797,582	\$ 996,032	\$ 993,871	\$ 626,311	\$ 583,814	\$ 737,258	\$ 823,604	\$ 862,624	\$ 837,677	\$ 921,471
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (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)	\$ (5,718,056)
Business-type activities	(17,167)	(8,864)	(13,023)	(5,935)	(26,170)	(859)	(32,905)	(37,343)	(29,914)	(39,378)
Total district-wide net expense	\$ (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)	\$ (5,757,434)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 1,017,497
Taxes levied for debt service	155,686	152,399	141,308	163,094	170,786	178,845	188,906	131,730	214,105	215,826
Unrestricted grants and contributions	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	4,334,437
State aid restricted for capital purposes	315,276	68,724	17,966							
Investment earnings	31,535	2,640								
Miscellaneous income	51,922	172,149	54,577	6,760	33,906	124,185	77,199	75,030	76,793	31,105
Prior year state aid receivable canceled						(87,829)				
Transfers	(33,144)	(17,299)	(32,794)	(31,336)	(32,100)	(44,519)	(51,261)	(41,788)	(32,729)	(33,474)
Total governmental activities	4,351,795	4,031,298	3,945,855	4,735,198	5,179,112	4,900,480	5,281,174	5,475,951	5,953,733	5,565,391
Business-type activities:										
Investment earnings		223	1,225	248						
Contributed capital assets							4,179			
Transfers	33,144	17,299	32,794	31,336	32,100	(32,100)	51,261	41,788	32,729	33,474
Total business-type activities	33,144	17,522	34,019	31,584	32,100	(32,100)	55,440	41,788	32,729	33,474
Total district-wide	\$ 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	\$ 5,598,865
<b>Change in Net Position:</b>										
Governmental activities	\$ 610,174	\$ 184,707	\$ (50,723)	\$ (328,890)	\$ (35,892)	\$ 94,097	\$ 171,207	\$ 9,602	\$ 128,863	\$ (152,665)
Business-type activities	15,977	8,658	20,996	25,649	5,930	(32,959)	22,535	4,445	2,815	(5,904)
Total district-wide	\$ 626,151	\$ 193,365	\$ (29,727)	\$ (303,241)	\$ (29,962)	\$ 61,138	\$ 193,742	\$ 14,047	\$ 131,678	\$ (158,569)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Restricted for:										
Capital reserve	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 193,001	\$ 318,001	\$ 317,601
Maintenance reserve									125,000	125,000
Future tuition payments	75,000	150,000	150,000	150,000	116,980	41,980	110,000	110,000		
Excess surplus	110,698	87,264	23,540			294,250	141,832	117,674	192,912	63,388
Excess surplus - designated for subsequent year's budget								141,832	117,674	192,912
Assigned to:										
Year-end Encumbrances		10,166		60	783					
Designated for subsequent year's budget	112,846	110,698	87,264	73,540	125,000	125,000	469,250	200,000	85,000	75,000
Unassigned	(34,616)	124,877	122,072	(139,926)	(134,203)	(114,141)	(175,227)	(170,924)	(199,235)	(170,936)
Total general fund	<u>\$ 263,929</u>	<u>\$ 483,006</u>	<u>\$ 382,877</u>	<u>\$ 83,675</u>	<u>\$ 108,561</u>	<u>\$ 347,090</u>	<u>\$ 545,856</u>	<u>\$ 591,583</u>	<u>\$ 639,352</u>	<u>\$ 602,965</u>
All Other Governmental Funds										
Reserved:										
Capital projects fund	\$ 215,492	\$ 173,980	\$ 164,236	\$ 164,236	\$ 164,236				\$ 53,147	\$ 1,178,667
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	4,574
Total all other governmental funds	<u>\$ 222,278</u>	<u>\$ 184,459</u>	<u>\$ 154,795</u>	<u>\$ 160,504</u>	<u>\$ 152,311</u>	<u>\$ 76,407</u>	<u>\$ 73,322</u>	<u>\$ (3,926)</u>	<u>\$ 61,657</u>	<u>\$ 1,183,241</u>

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

J-4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 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	\$ 1,233,323
Tuition charges					33,906					
Interest earnings	31,535	37,174								
Miscellaneous	51,922	138,115	54,577	6,760		124,185	77,199	75,030	76,793	31,105
State sources	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	4,823,658
Federal sources	206,591	255,394	181,732	213,355	815,986	291,710	397,570	226,655	279,819	296,389
<b>Total revenue</b>	<b>5,085,112</b>	<b>4,953,019</b>	<b>4,858,312</b>	<b>5,279,885</b>	<b>5,686,936</b>	<b>5,645,795</b>	<b>6,016,345</b>	<b>6,233,652</b>	<b>6,691,465</b>	<b>6,384,475</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	1,791,645
Special education instruction	417,728	272,996	226,780	222,489	334,411	320,713	570,061	345,949	260,154	503,864
Other instruction	39,781	24,245	29,527	35,216	46,202	39,222	43,596	54,860	48,523	39,276
<b>Support Services:</b>										
Tuition	670,927	635,315	805,380	1,028,648	1,300,917	1,225,519	1,361,038	1,583,965	1,604,498	1,062,733
Student & instruction related services	448,193	333,682	371,913	442,906	414,350	410,652	484,014	489,193	469,599	631,893
School administrative services	12,409	12,633	12,869	14,601	5,568	3,618	4,675	5,485	3,534	3,788
General and business admin. services	187,719	194,919	166,962	134,571	181,071	186,227	118,569	217,933	232,535	215,300
Central Services	142,333	139,912	141,012	152,122	133,995	118,581	200,620	121,436	135,529	122,148
Plant operations and maintenance	224,108	226,990	254,186	384,044	427,830	300,462	284,186	288,784	311,089	328,413
Pupil transportation	72,496	44,244	77,269	134,703	155,486	107,724	135,271	160,721	177,586	155,558
Other support services										
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	1,247,712
Capital outlay	798,963	178,236	32,594	137,619	71,197	38,817	74,934	49,159	166,012	902,212
<b>Debt service:</b>										
Principal	55,000	60,000	65,000	75,000	90,000	105,000	120,000	135,000	150,000	168,000
Interest and other charges	93,900	91,346	88,094	84,992	81,491	76,947	71,991	66,116	59,531	52,162
<b>Total expenditures</b>	<b>5,151,614</b>	<b>4,754,462</b>	<b>4,955,311</b>	<b>5,542,042</b>	<b>5,638,143</b>	<b>5,350,822</b>	<b>5,769,403</b>	<b>6,223,385</b>	<b>6,545,384</b>	<b>7,250,804</b>
Excess (Deficiency) of revenues over (under) expenditures	(66,502)	198,557	(96,999)	(262,157)	48,793	294,973	246,942	10,267	146,081	(866,329)
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing										1,985,000
Prior year state aid receivable canceled						(87,829)				
Transfers in	5,813	2,640	1,835	195		76,584			48,127	
Transfers out	(38,957)	(19,939)	(34,629)	(31,531)	(32,100)	(121,103)	(51,261)	(41,788)	(80,856)	(33,474)
<b>Total other financing sources (uses)</b>	<b>(33,144)</b>	<b>(17,299)</b>	<b>(32,794)</b>	<b>(31,336)</b>	<b>(32,100)</b>	<b>(132,348)</b>	<b>(51,261)</b>	<b>(41,788)</b>	<b>(32,729)</b>	<b>1,951,526</b>
<b>Net change in fund balances</b>	<b>\$ (99,646)</b>	<b>\$ 181,258</b>	<b>\$ (129,793)</b>	<b>\$ (293,493)</b>	<b>\$ 16,693</b>	<b>\$ 162,625</b>	<b>\$ 195,681</b>	<b>\$ (31,521)</b>	<b>\$ 113,352</b>	<b>\$ 1,085,197</b>
Debt service as a percentage of noncapital expenditures	3.42%	3.31%	3.11%	2.96%	3.08%	3.43%	3.37%	3.26%	3.28%	3.47%

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)

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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
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
2015	6,036	23,856	5						1,208	31,105
	<u>\$ 130,342</u>	<u>\$ 54,094</u>	<u>\$ 1,930</u>	<u>\$ 21,771</u>	<u>\$ 291,853</u>	<u>\$ 169,175</u>	<u>\$ 1,300</u>	<u>\$ 2,876</u>	<u>\$ 64,960</u>	<u>\$ 738,301</u>

Source: District records

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

66

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
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
2015	879,900	94,548,700	41,249,900	1,207,100	2,247,600	140,133,200	100	140,133,300	17,536,100	0.933	119,342,489

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

<b>Fiscal Year Ended June 30,</b>	<b>Brooklawn School District Direct Rate</b>			<b>Overlapping Rates</b>		<b>Total Direct and Overlapping Tax Rate</b>
	<b>Basic Rate</b>	<b>General Obligation Debt Service</b>	<b>Total Direct</b>	<b>Borough of Brooklawn</b>	<b>Camden County</b>	
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
2015	0.740	0.193	0.933	1.380	0.746	3.059

**Source:** Municipal Tax Collector

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

J-8

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Taxpayer	2015		Taxpayer	2006	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Brookwrap II, LLC	\$ 8,400,000	5.99%	Brooklawn Shopping Center I	\$ 2,746,000	3.51%
Brookwrap II, LLC	3,506,400	2.50%	Brooklawn Shopping Center II	2,421,300	3.09%
Jay Sai Corporation	3,450,000	2.46%	Days Inn	2,178,000	2.78%
Cohab Realty, LLC	2,098,300	1.50%	Ponzio Diner	1,500,000	1.92%
Westbrook Lane	2,089,100	1.49%	Eckerd's	1,165,800	1.49%
Brooklawn Realty Associates	1,763,100	1.26%	Westbrook Lane	1,100,000	1.40%
Levin Real Estate, LLC	1,349,000	0.96%	Superior Aluminum	798,600	1.02%
Materials Handling Supply Co.	1,248,300	0.89%	Materials Handling Supply Co.	681,800	0.87%
Ming Kui Lau Restaurant	1,148,400	0.82%	Ming Kui Lau Restaurant	674,700	0.86%
Ambler Motel LLC	845,500	0.60%	Brooklawn Diner	625,300	0.80%
<b>Total</b>	<b>\$ 25,898,100</b>	<b>18.48%</b>		<b>\$ 13,891,500</b>	<b>17.74%</b>

Source: Municipal Tax Assessor

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

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2015	1,233,323	12,194,218	988.73%	140,826

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

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

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

J-10

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Capital Leases	Capital Leases	Total District		
2006	\$ 1,857,000	\$ -	\$ -	\$ 1,857,000	2.06%	812
2007	1,797,000	-	-	1,797,000	1.94%	790
2008	1,732,000	-	-	1,732,000	1.82%	765
2009	1,657,000	-	-	1,657,000	1.75%	734
2010	1,567,000	-	-	1,567,000	1.90%	802
2011	1,462,000	-	-	1,462,000	1.69%	749
2012	1,342,000	-	-	1,342,000	1.53%	689
2013	1,207,000	-	-	1,207,000	1.37%	622
2014	1,057,000	-	-	1,057,000	d	548
2015	2,874,000	-	-	2,874,000	d	d

**Sources:**

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

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

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable <sup>b</sup>	Per Capita <sup>c</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding <sup>a</sup>		
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%	749
2012	1,342,000	-	1,342,000	0.95%	689
2013	1,207,000	-	1,207,000	0.86%	622
2014	1,057,000	-	1,057,000	0.75%	548
2015	2,874,000	-	2,874,000	2.05%	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, 2014

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>		<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:				
Borough of Brooklawn	\$ 1,528,831	(1)	100.000%	\$ 1,528,831
Camden County General Obligation Debt	246,860,397	(1)	0.334% (2)	824,489
Subtotal, overlapping debt				2,353,320
Brooklawn School District Direct Debt				3,042,000
<b>Total direct and overlapping debt</b>				<b>\$ 5,395,320</b>

**Sources:**

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2014 Equalized Valuation. The source for this computation was the 2014 County Abstract of Ratables, provided by the County Board of Taxation.

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis (1)
	2012 \$ 133,924,028
	2013 125,202,456
	2014 119,468,414
	<u>\$ 378,594,898</u>
Average equalized valuation of taxable property	<u>\$ 126,198,299</u>
Debt limit (3% of average equalized valuation) (2)	3,785,949
Net bonded school debt (3)	2,874,000
Legal debt margin	<u>\$ 911,949</u>

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	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 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	\$ 3,785,949
Total net debt applicable to limit (3)	<u>1,857,000</u>	<u>1,797,000</u>	<u>1,732,000</u>	<u>1,657,000</u>	<u>1,567,000</u>	<u>1,462,000</u>	<u>1,342,000</u>	<u>1,207,000</u>	<u>1,057,000</u>	<u>2,874,000</u>
Legal debt margin	<u>\$ 864,604</u>	<u>\$ 1,278,793</u>	<u>\$ 1,844,794</u>	<u>\$ 2,441,141</u>	<u>\$ 2,817,337</u>	<u>\$ 3,033,335</u>	<u>\$ 3,121,336</u>	<u>\$ 3,108,070</u>	<u>\$ 3,014,363</u>	<u>\$ 911,949</u>
Total net debt applicable to the limit as a percentage of debt limit	68.23%	58.42%	48.42%	40.43%	35.74%	32.52%	30.07%	27.97%	25.96%	75.91%

Sources:

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

Brooklawn School District  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

J-14

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2006	2,287	\$ 90,048,338	\$ 39,374	3.4%
2007	2,276	92,856,248	40,798	3.1%
2008	2,263	95,172,728	42,056	4.1%
2009	2,256	94,833,216	42,036	6.6%
2010	1,954	82,517,420	42,230	6.9%
2011	1,951	86,290,779	44,229	6.8%
2012	1,948	87,782,724	45,063	6.9%
2013	1,941	88,400,904	45,544	14.6%
2014	1,929	e	e	9.7%
2015	e	e	e	e

**Source:**

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

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

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<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	17	17	17	17	17	17	20	20	20	20
Special education	5	5	5	5	5	5	6	6	7	7
Other special education	2	2	2	2	2	2	5	5	6	6
Other instruction	4	4	4	4	4	4	3	3	3	3
Support Services:										
School administrative services	1	1	1	1	1	1	1	1	2	2
General and business administrative services	1	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Business and other support services	1.5	2	2	2	2	2	2	2	2	2
Administrative Information Technology	0.5	1	1	1	1	1	1	1	1	1
Food Service	1.5	2	2	2	2	2	2	2	2	2
Child Care	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>37</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>45.5</b>	<b>45.5</b>	<b>48.5</b>	<b>48.5</b>

**Source:**  
District Personnel Records

Brooklawn School District  
 Operating Statistics,  
 Last Ten Fiscal Years

J-17

Fiscal Year	Resident Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio - Elementary	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2015	334	6,128,430	18,349	1.71%	30	1:20	344.5	323.7	0.84%	93.96%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

J-18

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
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	336	316	308	323	311	303	341	366	336	345

**Number of Schools at June 30, 2015**

- 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
<b>* School Facilities</b>											
Alice Costello School	\$ 20,173	\$ 15,405	\$ 14,466	\$ 17,545	\$ 20,668	\$ 5,795	\$ 19,887	\$ 20,000	\$ 23,145	\$ 23,000	\$ 180,084
Total School Facilities	<u>\$ 20,173</u>	<u>\$ 15,405</u>	<u>\$ 14,466</u>	<u>\$ 17,545</u>	<u>\$ 20,668</u>	<u>\$ 5,795</u>	<u>\$ 19,887</u>	<u>\$ 20,000</u>	<u>\$ 23,145</u>	<u>\$ 23,000</u>	<u>\$ 180,084</u>

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\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1, 2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**Brooklawn School District  
Insurance Schedule  
June 30, 2015**

**J-20**

	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of liability per occurrence	\$ 250,000,000		\$ 100,000
Boiler and Machinery	100,000,000	\$ 100,000	1,000
General and Automobile Liability	5,000,000		1,000
Workers' Compensation	Statutory		
Professional Legal Liability	5,000,000		5,000
Crime Coverage	500,000		1,000
Environmental Impairment Liability	1,000,000		10,000
Student Accident Coverage (2)	500,000		
Catastrphic Student Accident Coverage (2)	6,000,000		
Surety Bonds (3)			
Treasurer	171,000		
Board Secretary	35,000		

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

**Source: District records**

**Single Audit Section**

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

651 Route 73 North, Suite 402  
 Marlton, New Jersey 08053  
 (856) 983-2244  
 Fax (856) 983-6674  
 E-Mail: [iscpas@concentric.net](mailto:iscpas@concentric.net)

-Member of-  
 American Institute of CPAs  
 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 STATE OF NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major State Program**

I have audited Brooklawn School District (School District), in the County of Camden, State of New Jersey's compliance with the types of compliance requirements described in the *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, 2015. 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 its state programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the School District's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and State of New Jersey Circular OMB's 04-04 and/or 15-08 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

**Opinion on Each Major State Program**

In my opinion, the Brooklawn School District, in the County of Camden, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

### **Other Matters**

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported under State of New Jersey OMB's Circular 04-04 and which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no: 2015-002. My opinion on the major state program is not modified with respect to this matter.

The School District's response to the finding 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 compliance and, accordingly, I express no opinion on the response.

### **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 programs 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 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Brooklawn'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 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB 04-04 and/or 15-08**

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Brooklawn School District, in the County of Camden, State of New Jersey as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. I have issued my report thereon dated November 22, 2015, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditure of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
November 22, 2015

**BROOKLAWN SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2015**

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, 2014			Adjustment	Carryover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2015				
					(Accounts Receivable)	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Deferred Revenue	Due to Grantor		
<b>U.S. Department of Education</b>																	
Special Revenue Fund:																	
Title I																	
Fiscal Year 2015	84.010A	NCLB-0580-15	\$ 184,896	7/1/14 - 6/30/15	\$ -	\$ -	\$ -	\$ -	\$ 14,597	\$ -	\$ (184,896)	\$ -	\$ (170,299)	\$ -	\$ -		
Fiscal Year 2014	84.010A	NCLB-0580-14	180,546	7/1/13 - 6/30/14		14,597			(14,597)								
ARRA	84.389	ARRA-0580-11	38,959	9/1/09 - 8/31/11	(20,285)			20,285									
Title II A																	
Fiscal Year 2015	84.367A	NCLB-0580-15	6,817	7/1/14 - 6/30/15							(6,817)		(6,817)				
Individuals With Disabilities Act (I.D.E.A.)																	
Part B - Basic																	
Fiscal Year 2015	84.027	IDEA-0580-15	93,048	7/1/14 - 6/30/15							(93,048)		(93,048)				
Part B - Preschool																	
Fiscal Year 2015	84.173	IDEA-0580-15	3,122	7/1/14 - 6/30/15							(3,112)		(3,112)				
Race to the Top																	
Fiscal Year 2015	84.413A	RTTT-0580-15	8,516	9/1/11 - 11/30/15					8,516	(8,516)							
Total U.S. Department of Education					(20,285)	14,597	-	20,285	-	8,516	(296,389)	-	(273,276)	-	-		
<b>U.S. Department of Agriculture</b>																	
Enterprise Fund:																	
School Breakfast Program:																	
Fiscal Year 2015	10.553	N/A	6,282	7/1/14 - 6/30/15					5,965	(6,282)			(317)				
Fiscal Year 2014	10.553	N/A	6,547	7/1/13 - 6/30/14	(215)				215								
National School Lunch Program																	
Fiscal Year 2015	10.555	N/A	87,876	7/1/14 - 6/30/15					84,312	(87,876)			(3,564)				
Fiscal Year 2014	10.555	N/A	87,268	7/1/13 - 6/30/14	(5,021)				5,021								
Total U.S. Department of Agriculture					(5,236)	-	-	-	-	95,513	(94,158)	-	(3,881)	-	-		
Total Federal Awards					\$ (25,521)	\$ 14,597	\$ -	\$ 20,285	\$ -	\$ 104,029	\$ (390,547)	\$ -	\$ (277,157)	\$ -	\$ -		

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, 2015**

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2014			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2015		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>State Department of Education</b>													
General Fund:													
Equalization Aid	15-495-034-5120-078	\$ 3,428,151	7/1/14- 6/30/15	\$ -	\$ -	\$ -	\$ -	\$ 3,093,041	\$ (3,428,151)	\$ -	\$ (335,110)	\$ -	\$ -
Equalization Aid	14-495-034-5120-078	3,428,151	7/1/13- 6/30/14	(336,086)	-	-	-	336,086	-	-	-	-	-
Special Education Categorical Aid	15-495-034-5120-089	227,900	7/1/14- 6/30/15	-	-	-	-	205,622	(227,900)	-	(22,278)	-	-
Special Education Categorical Aid	14-495-034-5120-089	227,900	7/1/13- 6/30/14	(22,343)	-	-	-	22,343	-	-	-	-	-
Security Aid	15-495-034-5120-084	18,488	7/1/14- 6/30/15	-	-	-	-	16,681	(18,488)	-	(1,807)	-	-
Security Aid	14-495-034-5120-084	18,488	7/1/13- 6/30/14	(1,812)	-	-	-	1,812	-	-	-	-	-
Transportation Aid	15-495-034-5120-014	5,747	7/1/14- 6/30/15	-	-	-	-	5,185	(5,747)	-	(562)	-	-
Transportation Aid	14-495-034-5120-014	5,747	7/1/13- 6/30/14	(563)	-	-	-	563	-	-	-	-	-
School Choice Aid	15-495-034-5120-068	377,223	7/1/14- 6/30/15	-	-	-	-	340,349	(377,223)	-	(36,874)	-	-
School Choice Aid	14-495-034-5120-068	803,649	7/1/13- 6/30/14	(78,787)	-	-	-	78,787	-	-	-	-	-
Under Adequacy Aid	15-495-034-5120-083	98,367	7/1/14- 6/30/15	-	-	-	-	88,751	(98,367)	-	(9,616)	-	-
Under Adequacy Aid	14-495-034-5120-083	98,367	7/1/13- 6/30/14	(9,644)	-	-	-	9,644	-	-	-	-	-
Additional Adjustment Aid	15-495-034-5120-085	142,142	7/1/14- 6/30/15	-	-	-	-	128,247	(142,142)	-	(13,895)	-	-
PARCC Readiness Aid	15-495-034-5120-098	4,060	7/1/14- 6/30/15	-	-	-	-	3,663	(4,060)	-	(397)	-	-
Per Pupil Growth Aid	15-495-034-5120-097	4,060	7/1/14- 6/30/15	-	-	-	-	3,663	(4,060)	-	(397)	-	-
On-behalf TPAF Pension Contributions	15-495-034-5094-006	100,946	7/1/14- 6/30/15	-	-	-	-	100,946	(100,946)	-	-	-	-
On-behalf TPAF Post Retirement Medical	15-495-034-5094-001	160,253	7/1/14- 6/30/15	-	-	-	-	160,253	(160,253)	-	-	-	-
Reimbursed TPAF Social Security Contr.	15-495-034-5094-003	148,206	7/1/14- 6/30/15	-	-	-	-	133,296	(148,206)	-	(14,910)	-	-
Reimbursed TPAF Social Security Contr.	14-495-034-5094-003	143,726	7/1/13- 6/30/14	(29,093)	-	-	-	29,093	-	-	-	-	-
<b>Total General Fund</b>				<b>(478,328)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,758,025</b>	<b>(4,715,543)</b>	<b>-</b>	<b>(435,846)</b>	<b>-</b>	<b>-</b>
Special Revenue Fund:													
Preschool Education Aid	15-495-034-5120-086	79,816	7/1/14- 6/30/15	-	-	-	13,058	71,834	(79,816)	-	(7,982)	13,058	-
Preschool Education Aid	14-495-034-5120-086	76,890	7/1/13- 6/30/14	(7,689)	13,058	-	(13,058)	7,689	-	-	-	-	-
<b>Total Special Revenue Fund</b>				<b>(7,689)</b>	<b>13,058</b>	<b>-</b>	<b>-</b>	<b>79,523</b>	<b>(79,816)</b>	<b>-</b>	<b>(7,982)</b>	<b>13,058</b>	<b>-</b>
Capital Projects Fund:													
Costello Elementary School	0580-010-14-1009-G04	104,253	1/6/14-6/30/14	(104,253)	-	-	-	-	-	-	(104,253)	-	-
<b>Total Capital Projects Fund</b>				<b>(104,253)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(104,253)</b>	<b>-</b>	<b>-</b>
<b>Total State Department of Education</b>				<b>(590,270)</b>	<b>13,058</b>	<b>-</b>	<b>-</b>	<b>4,837,548</b>	<b>(4,795,359)</b>	<b>-</b>	<b>(548,081)</b>	<b>13,058</b>	<b>-</b>
<b>State Department of Agriculture</b>													
Enterprise Fund:													
National School Lunch Program (State Share)													
Fiscal Year 2015	15-100-010-3350-023	1,685	7/1/14- 6/30/15	-	-	-	-	1,619	(1,685)	-	(66)	-	-
Fiscal Year 2014	14-100-010-3350-023	1,685	7/1/13- 6/30/14	(200)	-	-	-	200	-	-	-	-	-
<b>Total State Department of Agriculture</b>				<b>(200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,819</b>	<b>(1,685)</b>	<b>-</b>	<b>(66)</b>	<b>-</b>	<b>-</b>
<b>Total State Financial Assistance</b>				<b>\$ (590,470)</b>	<b>\$ 13,058</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,839,367</b>	<b>\$ (4,797,044)</b>	<b>\$ -</b>	<b>\$ (548,147)</b>	<b>\$ 13,058</b>	<b>\$ -</b>

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

**Brooklawn School District**  
**Notes to Schedules of Expenditures**  
**of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2015**

**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 \$28,299 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ -	\$ 4,743,842	\$ 4,743,842
Special Revenue	296,389	79,816	376,205
Food Service	94,158	1,685	95,843
Total	<u>\$ 390,547</u>	<u>\$ 4,825,343</u>	<u>\$ 5,215,890</u>

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Brooklawn School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2015  
(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, 2015. 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, 2015.

**6. MAJOR PROGRAMS**

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

**7. ADJUSTMENTS**

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

	<b>Federal</b>
Cancellation of Accounts Receivable	\$ 20,285
Total	\$ 20,285



BROOKLAWN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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:

Material weaknesses identified?   yes  X  no

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 and/or 15-08?   yes  X  no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
<u>15-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>15-495-034-5120-068</u>	<u>School Choice Aid</u>
<u>15-100-010-3350-023</u>	<u>National School Lunch Program (State Share)</u>
<u> </u>	<u> </u>

**BROOKLAWN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Section 2 -- Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit.

**Finding #2015-001**

**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, 2015

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

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04 and/or 15-08, as applicable

**FEDERAL AWARDS:**

A federal single audit was not required.

**STATE AWARDS:**

**Finding #2015-002**

**Information on the State Program:**

Equalization Aid; GMIS No. 15-495-034-5120-078

**Criteria or specific requirement:**

The District is required to complete the Application for State School Aid (ASSA) in accordance with the instructions provided by the State Department of Education.

**Condition:**

The student counts for on roll students and resident low income did not agree to supporting documents.

**Questioned Costs:**

None

**Context:**

My test of the ASSA disclosed an overstatement of four students in the on roll count and an understatement of four students in the resident low income count when compared to the District's supporting documents.

**Effect:**

The reported differences may have an impact on the District's State Aid allocation.

**Cause:**

Oversight

**Recommendation:**

That care is exercised in preparing the Application for State School Aid.

**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  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 and NJOMB's Circular 04-04 and/or 15-08, as applicable.

**FINANCIAL STATEMENT FINDINGS**

**Finding #2014-1**

**Condition:**

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

**Current Status:**

This condition has been corrected.

**Finding #2014-2**

**Condition:**

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

**Current Status:**

This condition has been corrected.

**Finding #2014-3**

**Condition:**

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

**Current Status:**

This condition has not been corrected.

**FEDERAL AWARDS**

A federal single audit was not required.

**STATE AWARDS**

There were no prior year audit findings.