

**SCHOOL DISTRICT
OF**

BROOKLAWN

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

Brooklawn Board of Education

Brooklawn, New Jersey

For the Fiscal Year Ended June 30, 2020

**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**

Samuel Rosetti
Superintendent of Schools
856-456-4039

December 18, 2020

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, 2020, 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 Title 2 U.S. Code of Federal regulations, cost principles and audit requirements for federal awards (uniform guidance) and State of New Jersey Circular OMB 15-08. 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 recommendations, is 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 School constitute the Districts reporting entity.

The school district consists of one school – 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 Brooklawn school district also offers a pre-school program for handicap students. 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 2019-2020 school year, with an average daily enrollment of 292 students. Enrollment peaked in 2014-2015 with 345 students. The past two years has seen a dip in enrollment. This can be attributed to the cap on school choice enrollment.

Pupil Enrollments

SCHOOL YEAR	AVERAGE DAILY ENROLLMENT
2008-2009	323.0
2009-2010	311.2
2010-2011	302.6
2011-2012	340.9
2012-2013	340.9
2013-2014	338.0
2014-2015	344.5
2015-2016	320.3
2016-2017	311.9
2017-2018	310.21
2018-2019	319.53
2019-2020	292.03

2. ECONOMIC CONDITION AND OUTLOOK:

Brooklawn, a community of about 4,000 people, lies in the southern portion of Camden County. This community is 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 292 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. While school choice students make up more than twenty percent of school enrollment, school choice has been capped by the state and this has impacted enrollment

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.

7. 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.

8. 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 Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance) and State of New Jersey Circular OMB 15-08. 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.

9. ACKNOWLEDGMENTS:

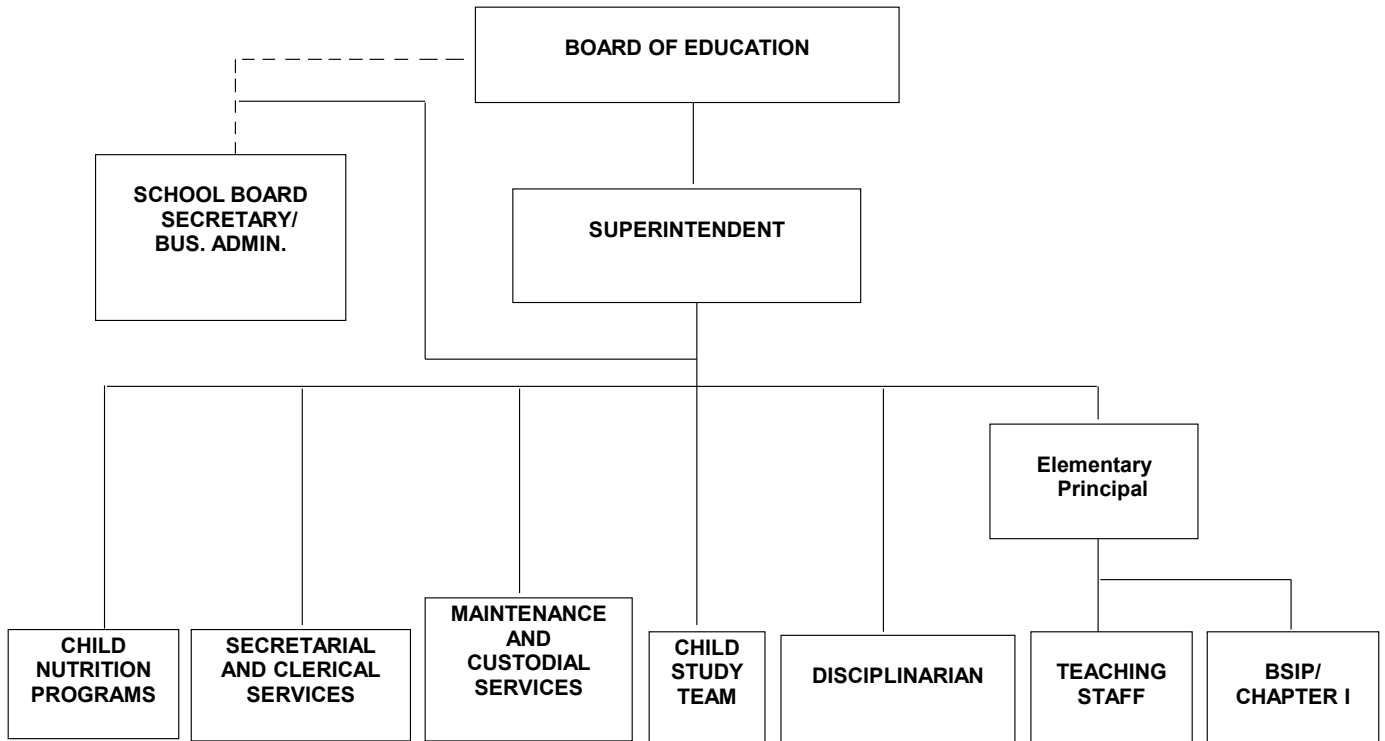
We would like to express our appreciation to the members of the Brooklawn Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,

Samuel Rosetti
Superintendent

Samuel Dutkin
Board Secretary

BROOKLAWN PUBLIC SCHOOL DISTRICT
Organizational Chart
2/95



BROOKLAWN SCHOOL DISTRICT

**Roster of Officials
June 30, 2020**

Members of the Board of Education:

Term Expires

Kathleen Maass, President	2022
Michele Cicelio, Vice President	2020
Jeff Haller	2020
James Everett	2020
Iwona Kuczek	2022
Colin MacAdams	2021
Thomas Virden	2020

Other Officials:

Samuel Rosetti, Superintendent
Samuel Dutkin, Business Administrator/Board Secretary
Debbie Roncace, Treasurer
Christopher Long, Esq. Solicitor of Wade, Long, Wood and Long, LLC

**BROOKLAWN SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

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

Attorney

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

Broker of Record

Richard Hardenbergh Insurance Agency
PO Box 1000
Voorhees, NJ 08043

Official Depository

1st Colonial National Bank
1040 Haddon Ave.
Collingswood, NJ 08108

Financial Section

INVERSO & STEWART, LLC
Certified Public Accountants

651 Route 73 North, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: rinverso@inversocpa.com

-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, 2020, 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 from 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, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability and schedule of the School District's contributions, schedule of the State's proportionate share of the net OPEB liability associated with the School District and changes in the total OPEB liability and related ratios 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 introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are also presented for purposes of additional analysis and are not a required part of the 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 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents 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 December 18, 2020 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, 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 No. CS001095

Marlton, New Jersey
December 18, 2020

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, 2020**

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, 2020. 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 \$720,490 (*net position*).
- Governmental activities have unrestricted net position deficit of \$1,385,005. 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 increased by \$227,895, or a 46.26% increase from the prior fiscal year-end balance. The majority of this increase is attributable to the decrease in net pension liability, decrease in fixed assets and results of operations in the governmental funds.
- Fund balance of the School District's governmental funds decreased by \$31,539 resulting in an ending fund balance of \$1,320,608.
- Business-type activities have unrestricted net position of \$81,262 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Services Program and After School Program).
- The School District's long-term obligations decreased by \$356,790 which is the result of payments on existing debt obligations, decrease in the net pension liability and the increase in compensated absences.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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 2021. 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 2021.

The assets of the primary government activities exceeded liabilities by \$635,887 with an unrestricted deficit balance of \$1,385,005. 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 \$507,377 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 \$1,513,515 has been restricted as follows:

Restricted for Future Maintenance Costs	\$	50,452
Restricted for Future Capital Projects		1,280,963
Restricted for Special Revenue Fund		(7,518)
Restricted for Encumbrances		3,909
Restricted for Subsequent Year's Budget		<u>185,709</u>
Total	\$	<u>1,513,515</u>

Brooklawn School District
Comparative Summary of Net Position
As of June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current assets	\$ 1,380,968	\$ 1,289,069	\$ 81,262	\$ 88,249	\$ 1,462,230	\$ 1,377,318
Capital assets	2,356,377	2,478,242	3,341	3,824	2,359,718	2,482,066
Total assets	<u>3,737,345</u>	<u>3,767,311</u>	<u>84,603</u>	<u>92,073</u>	<u>3,821,948</u>	<u>3,859,384</u>
Deferred Outflows of Resources	<u>118,759</u>	<u>198,692</u>			<u>118,759</u>	<u>198,692</u>
LIABILITIES						
Current liabilities	379,846	310,588			379,846	310,588
Noncurrent liabilities	2,372,098	2,742,238			2,372,098	2,742,238
Total liabilities	<u>2,751,944</u>	<u>3,052,826</u>	<u>-</u>	<u>-</u>	<u>2,751,944</u>	<u>3,052,826</u>
Deferred Inflows of Resources	<u>468,273</u>	<u>512,655</u>			<u>468,273</u>	<u>512,655</u>
Net Position	<u>\$ 635,887</u>	<u>\$ 400,522</u>	<u>\$ 84,603</u>	<u>\$ 92,073</u>	<u>\$ 720,490</u>	<u>\$ 492,595</u>
Net Position Consists of:						
Net investment in Capital Assets	\$ 507,377	\$ 389,242	\$ 3,341	\$ 3,824	\$ 510,718	\$ 393,066
Restricted Assets	1,513,515	1,556,925			1,513,515	1,556,925
Unrestricted Assets	<u>(1,385,005)</u>	<u>(1,545,645)</u>	<u>81,262</u>	<u>88,249</u>	<u>(1,303,743)</u>	<u>(1,457,396)</u>
Net Position	<u>\$ 635,887</u>	<u>\$ 400,522</u>	<u>\$ 84,603</u>	<u>\$ 92,073</u>	<u>\$ 720,490</u>	<u>\$ 492,595</u>

Governmental Activities

Governmental activities increased the net position of the School District by \$235,365 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Long-term debt obligations decreased by \$356,790.
- A net decrease in capital assets of 121,865.
- Results of operations in the Governmental Funds increased the net position by \$31,539.

Business-type Activities

- Business-type activities decreased the School District's net position by \$7,470. The decrease came as a result of a loss in the After School Program of \$7,470.

**Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
Revenues:						
Charges for services	\$ -	\$ -	\$ 22,158	\$ 36,046	\$ 22,158	\$ 36,046
Operating grants and contributions	1,441,526	1,089,870	98,603	125,224	1,540,129	1,215,094
Property taxes	1,415,149	1,391,369			1,415,149	1,391,369
State aid - unrestricted	4,570,237	4,486,115			4,570,237	4,486,115
Other revenues	11,506	55,083			11,506	55,083
Total Revenues	7,438,418	7,022,437	120,761	161,270	7,559,179	7,183,707
Expenses:						
Governmental Activities:						
Instruction	2,496,641	2,485,948			2,496,641	2,485,948
Tuition	1,263,655	1,145,481			1,263,655	1,145,481
Related services	537,446	622,192			537,446	622,192
Administrative services	388,880	372,033			388,880	372,033
Operations and Maintenance	201,959	374,383			201,959	374,383
Transportation	182,781	145,480			182,781	145,480
Employee benefits	1,814,220	1,615,835			1,814,220	1,615,835
Interest on debt	63,745	73,834			63,745	73,834
Other	232,881	229,605			232,881	229,605
Business-Type Activities:						
Food Service			125,032	171,130	125,032	171,130
After School Program			24,044	29,741	24,044	29,741
Total Expenses	7,182,208	7,064,791	149,076	200,871	7,331,284	7,265,662
Increase (Decrease) in Net Position before transfers						
	256,210	(42,354)	(28,315)	(39,601)	227,895	(81,955)
Transfers	(20,845)	(28,000)	20,845	28,000	-	-
Change in Net Position	235,365	(70,354)	(7,470)	(11,601)	227,895	(81,955)
Net Position, July 1, restated	400,522	470,876	92,073	103,674	492,595	574,550
Net Position, June 30	\$ 635,887	\$ 400,522	\$ 84,603	\$ 92,073	\$ 720,490	\$ 492,595

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 \$1,320,608, an increase of \$31,539 in comparison with the prior year. The majority of the increase can be attributed to results of operations in the general fund and capital projects fund.

The unassigned fund balance for the School District at the end of the fiscal year includes a combination of an unassigned deficit fund balance for the General Fund of \$192,907, a deficit fund balance of \$7,518 for the Special Revenue Fund an unassigned fund balance for the Capital Projects Fund of \$1,117,947. 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 \$185,709, 2) reserved for encumbrances \$3,909, 3) reserved for future maintenance projects \$50,452, and 4) reserved for future capital projects \$163,016.

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

The original budget was amended to include an increase in state aids.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$249,784 while total fund balance (budgetary basis) was \$652,870. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$6,391,926. Unreserved fund balance (budgetary basis) represents 3.91% of expenditures while total fund balance (budgetary basis) represents 10.21% 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, 2020, totaled \$2,359,718 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$122,348, or a 4.93% decrease. This decrease is mainly attributable to depreciation expense.

Capital Asset (net of accumulated depreciation) June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
Land	\$ 110,000	\$ 110,000	\$ -	\$ -	\$ 110,000	\$ 110,000
Const. in Progress	-	-			-	-
Site Improvements	28,056	31,133			28,056	31,133
Building and Building Improvements	2,111,818	2,255,673			2,111,818	2,255,673
Equipment	106,503	81,436	3,341	3,824	109,844	85,260
Total	\$ 2,356,377	\$ 2,478,242	\$ 3,341	\$ 3,824	\$ 2,359,718	\$ 2,482,066

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, 2020, the School District had total bonded debt outstanding of \$1,849,000 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 \$3,659,735 and the legal debt margin was \$1,810,735.

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 2020-21 fiscal year.

- The district anticipates a decrease in state aid for the 2020-2021 fiscal year. The district has been a part of the school choice program since its inception as a pilot program in 2002.
- The Board of Education will continue to monitor expenditures throughout this fiscal 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, Samuel Dutkin, 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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 502,128	\$ 29,279	\$ 531,407
Receivables, Net	764,669	3,138	767,807
Internal Balances	(48,845)	48,845	
Restricted Cash and Cash Equivalents	163,016		163,016
Capital Assets, Net (Note 5)	2,356,377	3,341	2,359,718
Total Assets	3,737,345	84,603	3,821,948
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	118,759		118,759
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	3,856,104	84,603	3,940,707
LIABILITIES:			
Accounts Payable			
Related to Pensions	36,196		36,196
Accounts Payable - Other	60,360		
Accrued Interest Payable	19,350		19,350
Noncurrent Liabilities:			
Due Within One Year	263,940		263,940
Due Beyond One Year	2,372,098		2,372,098
Total Liabilities	2,751,944		2,691,584
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	468,273		468,273
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,220,217	-	3,220,217
NET POSITION:			
Net Investment in Capital Assets	507,377	3,341	510,718
Restricted for:			
Capital Projects	1,280,963		1,280,963
Other Purposes	232,552		232,552
Unrestricted	(1,385,005)	81,262	(1,303,743)
Total Net Position	\$ 635,887	\$ 84,603	\$ 720,490

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, 2020

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	\$ 1,845,771	\$ -	\$ 242,466	\$ -	\$ (1,603,305)	\$ -	\$ (1,603,305)
Special Education	617,771		90,055		(527,716)		(527,716)
Other instruction	33,099				(33,099)		(33,099)
Support Services:							
Tuition	1,263,655				(1,263,655)		(1,263,655)
Student & instruction related services	537,446		12,732		(524,714)		(524,714)
General administrative services	234,949				(234,949)		(234,949)
School administrative services	939				(939)		(939)
Central services	152,992				(152,992)		(152,992)
Plant operations and maintenance	201,959				(201,959)		(201,959)
Pupil transportation	182,781				(182,781)		(182,781)
Unallocated employee benefits	1,814,220		1,096,273		(717,947)		(717,947)
Transfer to charter schools	38,437				(38,437)		(38,437)
Interest on long-term debt	63,745				(63,745)		(63,745)
Unallocated depreciation and amortization	194,444				(194,444)		(194,444)
Total Governmental Activities	<u>7,182,208</u>	<u>-</u>	<u>1,441,526</u>	<u>-</u>	<u>(5,740,682)</u>	<u>-</u>	<u>(5,740,682)</u>
Business-Type Activities:							
Food service	125,032	5,584	98,603			(20,845)	(20,845)
After school program	24,044	16,574				(7,470)	(7,470)
Total Business-Type Activities	<u>149,076</u>	<u>22,158</u>	<u>98,603</u>			<u>(28,315)</u>	<u>(28,315)</u>
Total Primary Government	<u>\$ 7,331,284</u>	<u>\$ 22,158</u>	<u>\$ 1,540,129</u>	<u>\$ -</u>	<u>(5,740,682)</u>	<u>(28,315)</u>	<u>(5,768,997)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					1,143,798		1,143,798
Taxes levied for debt service					271,351		271,351
Federal and State aid not restricted					4,570,237		4,570,237
Miscellaneous Income					11,506		11,506
Transfers					(20,845)	20,845	
Total general revenues, special items, extraordinary items and transfers					<u>5,976,047</u>	<u>20,845</u>	<u>5,996,892</u>
Change in Net Position					235,365	(7,470)	227,895
Net Position - July 1, 2019					400,522	92,073	492,595
Net Position - June 30, 2020					<u>\$ 635,887</u>	<u>\$ 84,603</u>	<u>\$ 720,490</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, 2020

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 412,053	\$ -	\$ 90,075	\$ -	\$ 502,128
Receivables, Net					
District Tax	292,384			72,775	365,159
Intergovernmental	73,021	84,376	242,113		399,510
Interfund	41,194	9,660	785,759	712,984	1,549,597
Restricted Cash and Cash Equivalents	163,016				163,016
Total Assets	<u>\$ 981,668</u>	<u>\$ 94,036</u>	<u>\$ 1,117,947</u>	<u>\$ 785,759</u>	<u>\$ 2,979,410</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable		60,360			60,360
Interfund Payable	771,489	41,194		785,759	1,598,442
Unearned Revenues					
Total Liabilities	<u>771,489</u>	<u>101,554</u>		<u>785,759</u>	<u>1,658,802</u>
Fund Balances:					
Restricted for:					
Capital Reserve	163,016				163,016
Maintenance Reserve	50,452				50,452
Assigned to:					
Year-end Encumbrances	3,909				3,909
Subsequent Year's Budget	185,709				185,709
Unassigned	(192,907)	(7,518)	1,117,947		917,522
Total Fund Balances	<u>210,179</u>	<u>(7,518)</u>	<u>1,117,947</u>		<u>1,320,608</u>
Total Liabilities and Fund Balances	<u>\$ 981,668</u>	<u>\$ 94,036</u>	<u>\$ 1,117,947</u>	<u>\$ 785,759</u>	

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 \$5,251,569 and the accumulated depreciation is \$2,895,192.	2,356,377
Accounts payable related to the April 1, 2021 required PERS contribution that is not to be liquidated with current financial resources.	(36,196)
Accrued interest on debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(19,350)
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	\$ 118,759
Net Pension Liability	(650,010)
Deferred Inflows of resources from Pensions	<u>(468,273)</u>
	(999,524)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
General Obligation Bonds	(1,849,000)
Compensated Absences Payable	<u>(137,028)</u>
	<u>(1,986,028)</u>
Net position of governmental activities	<u>\$ 635,887</u>

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

BROOKLAWN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 1,143,798			\$ 271,351	\$ 1,415,149
Interest earned on capital reserve	811				811
Interest earned on maintenance reserve	127				127
Miscellaneous	10,568				10,568
Total local sources	1,155,304			271,351	1,426,655
State sources	5,290,254	73,934		35,617	5,399,805
Federal sources		316,177			316,177
Total Revenues	6,445,558	390,111		306,968	7,142,637
EXPENDITURES:					
Current expense:					
Regular instruction	1,599,609	242,466			1,842,075
Special education instruction	527,716	90,055			617,771
Other instruction	33,099				33,099
Support services and undistributed costs:					
Tuition	1,263,655				1,263,655
Student & instruction related services	524,714	12,732			537,446
General administrative services	234,949				234,949
School administrative services	939				939
Central services	115,530				115,530
Administrative Information Technology	37,462				37,462
Plant operations and maintenance	247,766				247,766
Pupil transportation	182,781				182,781
Unallocated employee benefits	1,558,497	46,106			1,604,603
Capital outlay	26,772				26,772
Transfer to charter schools	38,437				38,437
Debt service:					
Principal				240,000	240,000
Interest and other charges				66,968	66,968
Total Expenditures	6,391,926	391,359		306,968	7,090,253
Excess (Deficiency) of Revenues over (under) Expenditures	53,632	(1,248)			52,384
Other Financing Sources (Uses):					
Transfers in					
Transfers out	(20,845)				(20,845)
Total Other Financing Sources (Uses)	(20,845)				(20,845)
Net Change in Fund Balances	32,787	(1,248)			31,539
Fund Balances - July 1, 2019	177,392	(6,270)	1,117,947		1,289,069
Fund Balances - June 30, 2020	\$ 210,179	\$ (7,518)	\$ 1,117,947	\$ -	\$ 1,320,608

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, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 31,539

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	\$ (194,444)	
Fixed assets additions	<u>72,579</u>	(121,865)

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. 240,000

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. 86,164

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. 3,223

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 (+) (3,696)

Change in Net Position of Governmental Activities \$ 235,365

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, 2020

	Business-Type Activities Enterprise Funds		
	Food Service Fund	After School Program	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ -	\$ 78,783	\$ 78,783
Accounts receivable:			
State	385	-	385
Federal	2,753	-	2,753
Interfund receivable	48,845	-	48,845
Total Current Assets	51,983	78,783	130,766
Noncurrent Assets:			
Equipment	35,153	-	35,153
Less - accumulated depreciation	(31,812)	-	(31,812)
Total Noncurrent Assets	3,341	-	3,341
Total Assets	55,324	78,783	134,107
LIABILITIES:			
Cash overdraft	49,504	-	49,504
Total Current Liabilities	49,504	-	49,504
NET POSITION:			
Net investment in capital assets	3,341	-	3,341
Unrestricted	2,479	78,783	81,262
Total Net Position	\$ 5,820	\$ 78,783	\$ 84,603

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, 2020

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	After School Program	Totals
OPERATING REVENUES:			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 5,484	\$ -	\$ 5,484
Daily sales non-reimbursable programs:			
Special functions	100		100
Program fees		16,574	16,574
Total Operating Revenues	<u>5,584</u>	<u>16,574</u>	<u>22,158</u>
OPERATING EXPENSES:			
Salaries	42,662	21,309	63,971
Employee benefits	3,534	1,765	5,299
Supplies and materials	754	970	1,724
Depreciation	483	-	483
Repairs and maintenance	1,615	-	1,615
Cost of sales - reimbursable programs	71,912	-	71,912
Cost of sales - non-reimbursable programs	4,072	-	4,072
Total Operating Expenses	<u>125,032</u>	<u>24,044</u>	<u>149,076</u>
Operating Income (Loss)	<u>(119,448)</u>	<u>(7,470)</u>	<u>(126,918)</u>
Non-Operating Revenues:			
State sources:			
State school lunch program	1,486	-	1,486
Federal sources:			
National school lunch program	67,097	-	67,097
National school breakfast program	30,020	-	30,020
Total Non-Operating Revenues	<u>98,603</u>	<u>-</u>	<u>98,603</u>
Income (Loss) before Contributions and Transfers	(20,845)	(7,470)	(28,315)
Operating transfer In	<u>20,845</u>	<u>-</u>	<u>20,845</u>
Changes in Net Position	-	(7,470)	(7,470)
Net Position - July 1, 2019	<u>5,820</u>	<u>86,253</u>	<u>92,073</u>
Net Position - June 30, 2020	<u>\$ 5,820</u>	<u>\$ 78,783</u>	<u>\$ 84,603</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, 2020

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	After School Program	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 5,584	\$ 16,574	\$ 22,158
Cash payments to employees for services	(46,196)	(23,074)	(69,270)
Cash payments to suppliers for goods and services	(78,353)	(970)	(79,323)
Net cash provided by (used for) operating activities	<u>(118,965)</u>	<u>(7,470)</u>	<u>(126,435)</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	1,153	-	1,153
Cash received from federal sources	122,315	-	122,315
Operating transfer in	-	-	-
Net cash provided by noncapital financing activities	<u>123,468</u>	<u>-</u>	<u>123,468</u>
Cash Flows Provided by Investing Activities:			
Interest earned on cash equivalents	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	4,503	(7,470)	(2,967)
Cash and cash equivalents - July 1, 2019	<u>(54,007)</u>	<u>86,253</u>	<u>32,246</u>
Cash and cash equivalents - June 30, 2020	<u>\$ (49,504)</u>	<u>\$ 78,783</u>	<u>\$ 29,279</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:			
Operating income (loss)	\$ (119,448)	\$ (7,470)	\$ (126,918)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	483	-	483
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	-	-	-
Increase (decrease) in accounts payable	-	-	-
Net cash provided by (used for) operating activities	<u>\$ (118,965)</u>	<u>\$ (7,470)</u>	<u>\$ (126,435)</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, 2020

	<u>Trust Funds</u>		
	<u>Unemployment Compensation Trust</u>	<u>Other Trust Funds</u>	<u>Agency Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 21,993	\$ 5,777	\$ 12,254
Total Assets	<u>\$ 21,993</u>	<u>\$ 5,777</u>	<u>\$ 12,254</u>
LIABILITIES:			
Payroll deductions payable	\$ -	\$ -	\$ -
Accounts payable	3,635	-	-
Due to student groups	-	-	12,254
Total Liabilities	<u>3,635</u>	<u>-</u>	<u>\$ 12,254</u>
NET ASSETS:			
Held in trust for unemployment claims	<u>\$ 18,358</u>		
Held in trust for other purposes		<u>\$ 5,777</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, 2020

	Unemployment Compensation Trust	Other Trust Funds
ADDITIONS:		
Contributions:		
Employee	\$ 5,918	\$ -
Donations	-	-
	5,918	-
Total Contributions		
	81	-
Investment earnings:		
Interest	81	-
	81	-
Net investment earnings		
	5,999	-
Total Additions		
DEDUCTIONS:		
Unemployment claims	3,926	-
Other expenses	-	48,302
	3,926	48,302
Total Deductions		
Change in Net Position	2,073	(48,302)
Net Position - July 1, 2019	16,285	54,079
Net Postion- June 30, 2020	\$ 18,358	\$ 5,777

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, 2020

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, 2020 of 292 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. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. 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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements (Continued) - 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.

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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued) -

Enterprise Funds –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.

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net 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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued) -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.

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, 2020 and 2019 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020.

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.

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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020.

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

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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements – In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

Recently Issued Accounting Pronouncements (Continued) - In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. This Statement should have no impact on the District’s financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objectives of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after December 15, 2022. This Statement should have no impact on the District’s financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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. 17:9-41 et 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 \$884,979 as of June 30, 2020, \$250,000 was insured under FDIC and the remaining balance of \$634,979 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, 2019 to June 30, 2020 fiscal year is as follows:

Balance July 1, 2019		\$	162,205
Increased by:			
Interest earned	\$ 811		
Unspent Appropriations	811		163,016
Decreased by:			
Appropriated in budget			163,016
Balance June 30, 2020		\$	163,016

The June 30, 2020 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2020 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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

4. ACCOUNTS RECEIVABLES (Continued)

Accounts receivable at June 30, 2020 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Proprietary Fund	Total
Intergovernmental						
Federal	\$ -	\$ 84,376	\$ -	\$ -	\$ 2,753	\$ 87,129
State	73,021		242,113	-	385	315,519
Other	292,384			72,775	-	365,159
Total	\$ 365,405	\$ 84,376	\$ 242,113	\$ 72,775	\$ 3,138	\$ 767,807

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Land	\$ 110,000	\$ -	\$ -	\$ 110,000
Construction in Progress		-		-
Total Capital Assets not being Depreciation	110,000	-	-	110,000
Land Improvements	147,364	-	-	147,364
Building and Improvements	4,250,980	25,236	-	4,276,216
Equipment	670,646	47,343	-	717,989
Total Historical Cost	5,178,990	72,579	-	5,251,569
Less Accumulated Depreciation:				
Land Improvements	(116,231)	(3,077)	-	(119,308)
Building and Improvements	(1,995,307)	(169,091)	-	(2,164,398)
Equipment	(589,210)	(22,276)	-	(611,486)
Total Accumulated Depreciation	(2,700,748)	(194,444)	-	(2,895,192)
 Governmental Activities Capital Assets, Net	 \$ 2,478,242	 \$ (121,865)	 \$ -	 \$ 2,356,377
 Business-Type Activities:				
Equipment	\$ 35,153	\$ -	\$ -	\$ 35,153
Less - Accumulated Depreciation	(31,329)	(483)	-	(31,812)
Business-Type Activities Capital Assets, Net	3,824	(483)	-	3,341

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$194,444 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Unallocated	\$ 194,444
Total depreciation expense	<u>\$ 194,444</u>

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

	<u>Principal Outstanding June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2020</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 133,332	\$ 17,163	\$ 13,467	\$ 137,028	\$ 14,940
General Obligation Bonds	2,089,000	-	240,000	1,849,000	249,000
Net Pension Liability	<u>770,496</u>	<u>-</u>	<u>120,486</u>	<u>650,010</u>	<u>-</u>
	<u>\$ 2,992,828</u>	<u>\$ 17,163</u>	<u>\$ 373,953</u>	<u>\$ 2,636,038</u>	<u>\$ 263,940</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. Outstanding bonds issued by the School District are as follows:

2001 General Obligation Bonds dated March 1, 2001 in the amount of \$174,000 due in annual installments through March 1, 2021, bearing an interest rate of 4.95%.

2014 General Obligation Bonds dated September 10, 2014 in the amount of \$1,675,000 due in annual installments through September 1, 2034, bearing interest rates of 2.00% to 3.25%.

As of June 30, 2020, principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 249,000	\$ 57,300	\$ 306,300
2022	100,000	46,938	146,938
2023	100,000	44,737	144,737
2024	100,000	41,738	141,738
2025	110,000	38,287	148,287
2026-2030	575,000	140,662	715,662
2031-2034	<u>615,000</u>	<u>49,856</u>	<u>664,856</u>
	<u>\$ 1,849,000</u>	<u>\$ 419,518</u>	<u>\$ 2,268,518</u>

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

6. LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2020, the School District had no authorizations to issue additional bonded debt.

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

7. OPERATING LEASES

At June 30, 2020, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$13,839 for the fiscal year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2020	\$ <u>6,744</u>
Total future minimum lease payments	\$ <u>6,744</u>

8. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). In addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. 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)

Plan Description - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement, death and disability, and medical benefits to qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Vesting and Benefit Provisions – 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 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.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

9. PENSION PLANS (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 2020. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2020 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2020 was \$398,769 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$168,469.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions - 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.

At June 30, 2020, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2020, the School District recognized pension expense of \$717,916 and revenue of \$717,916 for support provided by the State. Although the School 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 School District.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

9. 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.

	<u>06/30/19</u>	<u>06/30/18</u>
Collective deferred outflows of resources	\$ 9,932,767,606	\$ 12,473,998,870
Collective deferred inflows of resources	17,539,845,423	16,180,773,643
Collective net pension liability (Non-Employer – State of New Jersey)	61,519,112,443	63,617,852,031
State's portion of the net pension liability that was associated with the School District	12,171,538	13,298,945
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0198329006%	.0209044234%

Actuarial assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55- 4.45%
	based on years of service
Thereafter	2.75 – 5.65%
	based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality tables with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

9. PENSION PLANS (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2019, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 5.60%, as well as what the School 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 (4.60%) or 1 percentage point higher (6.60%) that the current rate:

	<u>1% Decrease (4.60%)</u>	<u>Current Discount Rate (5.60%)</u>	<u>1% Increase (6.60%)</u>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>14,352,937</u>	<u>12,171,538</u>	<u>10,361,665</u>
	<u>\$ 14,352,937</u>	<u>\$ 12,171,538</u>	<u>\$ 10,361,665</u>

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

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

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)

Plan Description - 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 Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS. For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Vesting and Benefit Provisions – 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 medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2019. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 15.16% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2019, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$27,425 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$18,060.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Long Term Disability</u>	<u>Chapter 19 P.L. 2009</u>	<u>Total Liability Paid by District</u>
2020	\$ 3,247	\$ 30,049	\$ 1,794	\$ 115	\$ 2,220	\$ 37,425
2019	4,864	32,290	1,770	217	2,202	41,343
2018	5,033	31,344	1,864	828	2,190	41,259

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – 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.

At June 30, 2020, the School District reported a liability of \$650,010 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2020, the School District recognized pension expense of (\$51,072). At June 30, 2020, the School District reported a liability of \$650,010 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	\$ 11,667	\$ 2,871
Changes of assumptions	64,906	225,617
Net Difference between projected and actual earnings on pension plan investments		10,261
Changes in proportion	5,990	229,524
District contributions subsequent to the measurement date	36,196	
Total	\$ 118,759	\$ 468,273

\$36,196 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, 2020, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net liability in the year ended June 30, 2020.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

9. 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 Outflows (Inflows) of Resources
2021	\$ (117,396)
2022	(137,802)
2023	(75,301)
2024	(49,375)
2025	(5,836)
Total	\$ (385,710)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2019 and 2018 are as follows:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,645,087,574	\$ 7,646,736,226
Collective net pension liability	\$ 18,143,832,135	\$ 19,689,501,539
School District's Proportion	.0036074642%	.0039132304%

Actuarial assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2019, calculated using the discount rate of 6.28%, as well as what the School 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 (5.28%) or 1 percentage point higher (7.28%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(5.28%)</u>	<u>(6.28%)</u>	<u>(7.28%)</u>
School District's proportionate share of the net pension liability	\$ 821,068	\$ 650,010	\$ 505,869

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, 2020**

9. 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>School District</u>
2020	\$ 14,311	\$ 14,311
2019	11,592	11,592
2018	7,260	7,260

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan (the “OPEB Plan”) is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated io. 75 – Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the “Division”) and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

**Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Contributions

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the “State”) in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32F, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teacher’s Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

Plan Membership

As of June 30, 2018, the program membership consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	364,943

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB Plan for qualified retired PERRS, TPAF and PFRS participants. The School Districts’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Actuarial assumptions and other imputes - The total nonemployer OPEB liability as of the June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases Through 2026	1.55 – 3.05% based on years of service	2.00 – 6.00% based on age	3.25 – 15.25% based on age
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on age	3.10 - 9.98% based on age

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Preretirement mortality rates were based on the Pub-2010 Healthy Teacher’s (TPAF), and “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using the Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate - The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Nonemployer OPEB Liability

The table below summarizes the State’s proportionate share of the change in the total nonemployer OPEB liability associated with the School District:

	Total OPEB Liability
Balance as of June 30, 2018	\$ 9,602,613
Changes for the years'	
Service Cost	414,541
Interest	382,702
Changes of benefit terms	
Differences between expected and actual experience	(1,579,586)
Changes in assumptions	129,583
Gross Benefit Payments	(266,787)
Contributions from the Non-employer	N/A
Contributions from the Member	7,908
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (911,639)
Balance at 06/30/2019	\$ 8,690,974

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the total nonemployer OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability as of June 30, 2019, respectively, associated with the School District, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage -point lower or 1percentage-point higher than the current rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 10,267,475	\$ 8,690,974	\$ 7,438,688

Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate - The following presents the total nonemployer OPEB liability as of June 30, 2019, associated with the School District, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage -point lower or 1percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 10,547,869	\$ 8,690,974	\$ 704,837

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2020, the School District recognized \$295,781 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2019 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District.

At June 30, 2020, the State's proportionate share of the total nonemployer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 2,183,718
Changes of assumptions	-	1,766,460
Total	\$ -	\$ 3,950,178

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to State’s proportionate share of the total nonemployer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

For the year ended:		
2020	\$	(530,369)
2021		(530,369)
2022		(530,369)
2023		(530,369)
2024		(530,369)
Therafter		(1,298,334)
Total	\$	(3,950,179)

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.

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long-term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long-term disability insurance were \$430,691, \$159,778, and \$303. In addition, \$163,614 on-behalf payments were made by the state for the 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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

11. RISK MANAGEMENT

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>
2020	\$ -	\$ 81	\$ 5,918	\$ 3,926	\$ 18,358
2019	-	93	10,270	13,156	16,285
2018	-	46	5,996	1,487	19,078

12. DEFERRED COMPENSATION

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

13. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2020, the liability for compensated absences in the governmental activities was \$137,028.

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, 2020, 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.

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

15. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

As of December 31, 2019, the Borough of Brooklawn had no tax abatements.

16. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$192,907 in the General Fund and \$7,518 in the Special Revenue Fund as of June 30, 2020 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 \$192,907 in the General Fund and \$7,518 in the Special Revenue Fund are 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, 2020

17. 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, 2020. The following interfund balances were recorded on the various balance sheets as of June 30, 2020:

Fund	Interfunds Receivable	Interfunds Payable
General	\$ 41,194	\$ 771,489
Special Revenue	9,660	41,194
Capital Projects	785,759	
Debt Service	712,984	785,759
Proprietary	48,845	
	\$ 1,598,442	\$ 1,598,442

18. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2020, a deficit of \$1,385,005 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 is as follows:

Balances, June 30, 2019:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ (192,907)
Liabilities:	
Accrued Interest Payable	(19,350)
Net Pension Differences	(1,035,720)
Compensated Absences	(137,028)
Unrestricted Net Position (Deficit)	\$ (1,385,005)

19. 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:

Capital Reserve – As of June 30, 2020, the balance in the capital reserve account is \$163,016. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long-Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2020, the balance in the maintenance reserve account is \$50,452. Of this amount \$25,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Brooklawn School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

19. FUND BALANCES

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:

Other Purposes – At June 30, 2020 the School District has \$3,909 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2020, \$185,709 of general fund balance.

UNASSIGNED

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

General Fund – As of June 30, 2020, the fund balance of the general fund was a deficit of \$192,907. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 16).

Special Revenue Fund – As of June 30, 2020, the fund balance of the general fund was a deficit of \$7,518. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 16).

Capital Projects Fund – As of June 30, 2020, the unassigned fund balance amount was \$1,117,947.

20. SUBSEQUENT EVENTS

COVID-19 - the management of the School District has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the School District. While the impact that COVID-19 will have is currently expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 1,143,798	\$ -	\$ 1,143,798	\$ 1,143,798	\$ -
Interested earned on capital reserve	100		100	811	711
Interested earned on maintenance reserve	100		100	127	27
Unrestricted misc. revenues	36,000	-	36,000	10,568	(25,432)
Total local sources	<u>1,179,998</u>		<u>1,179,998</u>	<u>1,155,304</u>	<u>(24,694)</u>
State sources:					
School Choice aid	469,328		469,328	469,328	
Categorical special education aid	271,023		271,023	271,023	
Equalization aid	3,548,810		3,548,810	3,548,810	
Security aid	110,945		110,945	110,945	
Transportation aid	17,795		17,795	17,795	
Adjustment Aid	75,296		75,296	75,296	
Extraordinary Aid				28,107	28,107
Homeless Tuition Aid				28,690	28,690
On-behalf TPAF pension contrib. (non-budgeted)				430,691	430,691
On-behalf post retirement med (non-budgeted)				159,778	159,778
On-behalf TPAF LTDI (non-budgeted)				303	303
Reimbursed TPAF social security contribution (non-budgeted)				163,614	163,614
Total state sources	<u>4,493,197</u>		<u>4,493,197</u>	<u>5,304,380</u>	<u>811,183</u>
TOTAL REVENUES	<u>5,673,195</u>		<u>5,673,195</u>	<u>6,459,684</u>	<u>786,489</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	81,525	1,659	83,184	83,184	
Kindergarten	66,871	978	67,849	67,849	
Grades 1-5	677,848	(2,637)	675,211	670,793	4,418
Grades 6-8	585,463	(55,487)	529,976	526,653	3,323
Regular Programs - Home Instruction:					
Purchased professional-educational services	2,000		2,000	58	1,942
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	155,234	55,487	210,721	191,367	19,354
Purchased technical services	8,000		8,000	7,462	538
Other purchased services	31,500		31,500	16,549	14,951
General supplies	47,338		47,338	33,332	14,006
Textbooks	8,799		8,799	2,362	6,437
Other objects	3,000		3,000		3,000
Total instruction	<u>1,667,578</u>		<u>1,667,578</u>	<u>1,599,609</u>	<u>67,969</u>
Special Education Instruction:					
Behavioral Disabilities:					
Salaries of teachers	56,396		56,396	39,084	17,312
Total behavioral disabilities	<u>56,396</u>		<u>56,396</u>	<u>39,084</u>	<u>17,312</u>
Multiple Disabilities:					
Salaries of teachers		23,304	23,304	16,750	6,554
Total multiple disabilities		<u>23,304</u>	<u>23,304</u>	<u>16,750</u>	<u>6,554</u>
Resource room/resource center:					
Salaries of teachers	408,485	(23,303)	385,182	385,182	
Other salaries for instruction	126,618	(30,041)	96,577	86,454	10,123
General supplies	2,000	(156)	1,844	90	1,754
Total resource room/resource center	<u>537,103</u>	<u>(53,500)</u>	<u>483,603</u>	<u>471,726</u>	<u>11,877</u>

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

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BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Part-Time:					
Salaries of teachers	\$ -	\$ 156	\$ 156	\$ 156	\$ -
Total preschool disabilities - part-time		156	156	156	
Total Special Education - Instruction	593,499	(30,040)	563,459	527,716	35,743
Basic Skills/Remedial - Instruction:					
Salaries of teachers	43,611	(4,200)	39,411	4,095	35,316
General supplies	500	(188)	312		312
Total preschool disabilities - part-time	44,111	(4,388)	39,723	4,095	35,628
School-Sponsored Cocurricular Act - Instruction:					
Salaries	10,000	1,267	11,267	11,267	
Supplies and materials		3,539	3,539	1,444	2,095
Total school-sponsored cocurr. act. - instruct.	10,000	4,806	14,806	12,711	2,095
School-Sponsored Athletics - Instruction:					
Salaries	10,000	800	10,800	10,800	
Purchased services	4,000	1,780	5,780	5,090	690
Supplies and materials		203	203	203	
Other objects	1,000	(800)	200	200	
Total school-sponsored athletics - instruct.	15,000	1,983	16,983	16,293	690
Total Instruction	2,330,188	(27,639)	2,302,549	2,160,424	142,125
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	890,393	71	890,464	890,464	
Tuition to other LEAs within the state - spec	48,329		48,329	48,329	
Tuition to County Voc School District - reg.	10,000	8,938	18,938	18,938	
Tuition to County Voc School District - spec.	10,000	(10,000)			
Tuition to CCSD & Regional Day Schools	38,700	8,129	46,829	46,829	
Tuition to priv. sch. for the disabled in state	182,404	78,348	260,752	259,095	1,657
Tuition - state facilities					
Total undistributed expenditures - instruction	1,179,826	85,486	1,265,312	1,263,655	1,657
Health Services:					
Salaries	65,271	(5,695)	59,576	59,576	
Purchased professional and technical services	2,000	475	2,475	2,361	114
Other purchased services	600	(600)			
Supplies and materials	2,000	(10)	1,990	1,990	
Other Objects	3,000	(3,000)			
Total health services	72,871	(8,830)	64,041	63,927	114
Speech, OT, PT & Related Services:					
Salaries	23,390	318	23,708	23,708	
Purchased professional and educational services	200,000	(121,073)	78,927	78,927	
Total speech, ot, pt, & related services	223,390	(120,755)	102,635	102,635	
Extraordinary Services:					
Purchased professional and educational services		41,521	41,521	40,022	1,499
Total extraordinary services		41,521	41,521	40,022	1,499

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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child Study Teams:					
Salaries of other professional staff	\$ 108,834	\$ 43,578	\$ 152,412	\$ 151,810	\$ 602
Salaries of secretarial and clerical assistants	17,553	1,647	19,200	19,200	
Purchased professional-educational services		7,985	7,985	7,985	
Other purchased prof. and tech. services	2,000	(1,421)	579	395	184
Other purchased services	14,000	(9,538)	4,462	4,305	157
Supplies and materials	1,000	659	1,659	1,408	251
Other objects	500	(500)			
Total other support services student - special	143,887	42,410	186,297	185,103	1,194
Improvement of Instructional Services:					
Salaries of supervisor of instruction	36,248	5,393	41,641	41,641	
Salaries of secretarial and clerical assistants	17,553	14,881	32,434	32,434	
Other purchased services	5,000	(1,956)	3,044	3,000	44
Supplies and materials	1,000	(1,000)			
Total improvement of instructional services	59,801	17,318	77,119	77,075	44
Educational Media Services/School Library:					
Salaries	32,502	(19,543)	12,959	12,049	910
Purchased professional and technical services		907	907	907	
Supplies and materials	1,000	(356)	644	624	20
Total educational media services/school library	33,502	(18,992)	14,510	13,580	930
Improvement of Instructional Staff Training Services:					
Salaries of supervisor of instruction	36,248	82	36,330	36,330	
Other purchased services	5,000	1,621	6,621	6,042	579
Supplies and materials	1,000	(985)	15		15
Total improvement of instructional staff train. serv.	42,248	718	42,966	42,372	594
General Administration:					
Salaries	167,753	(7,697)	160,056	160,056	
Legal services	20,000	(5,553)	14,447	10,750	3,697
Audit fees	25,700		25,700	25,700	
Architect/Engineering services	4,300	(4,300)			
Communications / telephone	25,000	4,113	29,113	27,861	1,252
Board of Education other purchased services	1,000	871	1,871	1,871	
Miscellaneous purchased services	5,200	(871)	4,329	971	3,358
Supplies and materials	1,500	(120)	1,380	977	403
BOE in-house training/meeting supplies	1,000	(20)	980		980
Miscellaneous expenditures	4,000	(7)	3,993	3,736	257
Board of Education dues and fees	3,000	27	3,027	3,027	
Total general administration	258,453	(13,557)	244,896	234,949	9,947
School Administration:					
Other purchased services	1,100		1,100	500	600
Supplies and materials	500		500	400	100
Other objects	2,000	(1,900)	100	39	61
Total school administration	3,600	(1,900)	1,700	939	761
Central services					
Salaries	48,710	(572)	48,138	47,200	938
Purchased professional services		65,292	65,292	35,000	30,292
Purchased technical services	45,000	(14,775)	30,225	30,225	
Misc. Purchased Services	500	1,150	1,650	1,650	
Supplies and materials	500		500	470	30
Miscellaneous Expenditures	1,200		1,200	985	215
Total central services	95,910	51,095	147,005	115,530	31,475

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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative Information Technology					
Salaries	\$ 20,000	\$ 8,621	\$ 28,621	\$ 28,621	\$ -
Purchased technical services	10,000	(1,859)	8,141	8,141	
Supplies and materials	2,000	(1,300)	700	700	
Total administrative information technology	<u>32,000</u>	<u>5,462</u>	<u>37,462</u>	<u>37,462</u>	
Required Maintenance School Facilities:					
Salaries		212	212		212
Cleaning, repair and maintenance services	15,000	1,093	16,093	16,093	
General supplies	25,000	(1,823)	23,177	22,229	948
Total required maintenance school facilities	<u>40,000</u>	<u>(518)</u>	<u>39,482</u>	<u>38,322</u>	<u>1,160</u>
Custodial Services:					
Salaries	115,823	(27,800)	88,023	87,458	565
Purchased professional & technical services	5,000	(3,700)	1,300	1,200	100
Cleaning, repair and maintenance services	5,000	16,501	21,501	17,355	4,146
Other purchased property services	5,000	876	5,876	5,855	21
Insurance	33,300	(3,868)	29,432	29,306	126
General Supplies	5,000	885	5,885	5,452	433
Energy (Natural Gas)		12,846	12,846	12,846	
Energy (Electricity)	85,000	(40,083)	44,917	44,917	
Other objects		1,175	1,175	1,175	
Total custodial services	<u>254,123</u>	<u>(43,168)</u>	<u>210,955</u>	<u>205,564</u>	<u>5,391</u>
Care and Upkeep of Grounds:					
Purchased professional & technical services	6,500	(2,620)	3,880	3,880	
Cleaning, repair and maintenance services	500	(284)	216		216
General supplies	1,000	(1,000)			
Total care and upkeep of grounds	<u>8,000</u>	<u>(3,904)</u>	<u>4,096</u>	<u>3,880</u>	<u>216</u>
Total operation & maint. of plant services	<u>302,123</u>	<u>(47,590)</u>	<u>254,533</u>	<u>247,766</u>	<u>6,767</u>
Student Transportation Services:					
Management fee - ESC & CTSA Trans program	4,000	1,647	5,647	5,409	238
Contr. serv. - Aid in Lieu Payments - NonPublic	10,000	(1,869)	8,131	8,131	
Contr. serv. (between home & sch) - vendor	25,000	3,072	28,072	28,072	
Contr. serv. (not between home & sch) - vendor	27,000	(13,660)	13,340	13,340	
Contr. serv. (between home & sch) - joint agree.	10,000	8,830	18,830	18,830	
Contr. serv. (special ed students) - vendor	10,000	(8,530)	1,470	1,470	
Contr. serv. (regular ed students) - ESC's	30,000	(30,000)			
Contr. serv. (special ed students) - ESC's	30,000	79,792	109,792	107,529	2,263
Total student transportation services	<u>146,000</u>	<u>39,282</u>	<u>185,282</u>	<u>182,781</u>	<u>2,501</u>
Unallocated Benefits - Employee Benefits:					
Social security contributions	62,000	5,222	67,222	67,222	
Other retirement contributions - PERS	50,000	1,997	51,997	51,997	
Unemployment compensation	5,000	(3,027)	1,973		1,973
Workmen's compensation	35,000	(4,000)	31,000	30,720	280
Health benefits	660,691	(45,966)	614,725	614,725	
Tuition reimbursement	10,000	(5,620)	4,380	4,380	
Other employee benefits	17,000	19,370	36,370	35,067	1,303
Unused sick payment to terminated/retired staff	15,000	(12,005)	2,995		2,995
Total unallocated benefits - employee benefits	<u>854,691</u>	<u>(44,029)</u>	<u>810,662</u>	<u>804,111</u>	<u>6,551</u>

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

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BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf TPAF pension contr. (non-budgeted)	\$ -	\$ -	\$ -	\$ 430,691	\$ (430,691)
On-behalf TPAF post retirement med. (non-budgeted)				159,778	(159,778)
On-behalf TPAF LTDI (non-budgeted)				303	(303)
Reimbursed TPAF social security contr. (non-budgeted)				163,614	(163,614)
Total Undistributed Expenditures	<u>3,448,302</u>	<u>27,639</u>	<u>3,475,941</u>	<u>4,166,293</u>	<u>(690,352)</u>
Total General Current Expense	<u>5,778,490</u>		<u>5,778,490</u>	<u>6,326,717</u>	<u>(548,227)</u>
CAPITAL OUTLAY:					
Facilities Acquisition & Construction:					
Assessment for Debt Service on SDA Funding	<u>26,772</u>		<u>26,772</u>	<u>26,772</u>	
Total facilities, acquisition & construction	<u>26,772</u>		<u>26,772</u>	<u>26,772</u>	
Total Capital Outlay	<u>26,772</u>		<u>26,772</u>	<u>26,772</u>	
Transfer of Funds to Charter Schools	<u>38,437</u>		<u>38,437</u>	<u>38,437</u>	
TOTAL EXPENDITURES	<u>5,843,699</u>		<u>5,843,699</u>	<u>6,391,926</u>	<u>(548,227)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(170,504)</u>		<u>(170,504)</u>	<u>67,758</u>	<u>238,262</u>
Other Financing Sources:					
Operating transfers out - Enterprise Fund	<u>(87,014)</u>		<u>(87,014)</u>	<u>(20,845)</u>	<u>66,169</u>
Total Other Financing Sources	<u>(87,014)</u>		<u>(87,014)</u>	<u>(20,845)</u>	<u>66,169</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(257,518)</u>		<u>(257,518)</u>	<u>46,913</u>	<u>304,431</u>
Fund Balance - July 1, 2019	<u>605,957</u>		<u>605,957</u>	<u>605,957</u>	
Fund Balance - June 30, 2020	<u>\$ 348,439</u>	<u>\$ -</u>	<u>\$ 348,439</u>	<u>\$ 652,870</u>	<u>\$ 304,431</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 163,016	
Maintenance reserve				50,452	
Committed Fund Balance:					
Year-end Encumbrances				3,909	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				185,709	
Unassigned Fund Balance				<u>249,784</u>	
				<u>652,870</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(442,691)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 210,179</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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 75,182	\$ -	\$ 75,182	\$ 75,182	\$ -
Federal sources	341,036	(23,732)	317,304	316,177	(1,127)
Total Revenues	<u>416,218</u>	<u>(23,732)</u>	<u>392,486</u>	<u>391,359</u>	<u>(1,127)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	224,694	(37,136)	187,558	187,558	
Other salaries for instruction	19,354		19,354	19,354	
Purchased professional technical services	16,023	(6,607)	9,416	9,416	
General supplies	9,049	27,632	36,681	35,554	1,127
Tuition	83,419	6,636	90,055	90,055	
Total instruction	<u>352,539</u>	<u>(9,475)</u>	<u>343,064</u>	<u>341,937</u>	<u>1,127</u>
Support Services:					
Personal services - employee benefits	56,122	(10,016)	46,106	46,106	
Purchased professional technical services	6,552	(3,236)	3,316	3,316	
Supplies and materials	1,005	(1,005)			
Total support services	<u>63,679</u>	<u>(14,257)</u>	<u>49,422</u>	<u>49,422</u>	
Facilities Acq. and Const. Services - instructional equipment					
Instructional equipment					
Non-instructional equipment					
Total Expenditures	<u>416,218</u>	<u>(23,732)</u>	<u>392,486</u>	<u>391,359</u>	<u>1,127</u>
Total Outflows	<u>416,218</u>	<u>(23,732)</u>	<u>392,486</u>	<u>391,359</u>	<u>1,127</u>
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BROOKLAWN SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2020

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 6,459,684	\$ 391,359
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.	428,565	6,270
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(442,691)	(7,518)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 6,445,558	\$ 390,111
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 6,391,926	\$ 391,359
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 6,391,926	\$ 391,359

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions and
Other Post Employment Benefits

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportionate share of the net pension liability (asset)	0.0036074542%	0.0039132304%	0.0041279448%	0.0051101677%	0.0058046009%	0.0060747060%	0.0056158125%
District's proportionate share of the net pension liability (asset)	\$ 650,010	\$ 770,496	\$ 960,920	\$ 1,513,485	\$ 1,303,017	\$ 1,137,351	\$1,073,293
District's covered-employee payroll	238,714	227,426	255,039	290,099	292,851	317,927	303,481
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	272.30%	338.79%	376.77%	521.71%	444.94%	357.74%	353.66%
Plan fiduciary net position as a percentage of the total pension liability	42.04%	40.45%	36.78%	38.21%	38.21%	42.74%	40.71%

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

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 36,196	\$ 37,425	\$ 41,343	\$ 41,259	\$ 47,560	\$ 52,043	\$ 52,205
Contributions in relation to the contractually required contributions	<u>(36,196)</u>	<u>(37,425)</u>	<u>(41,343)</u>	<u>(41,259)</u>	<u>(47,560)</u>	<u>(52,043)</u>	<u>(52,205)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	238,714	227,426	255,039	290,099	292,851	317,927	303,481
Contributions as a percentage of covered-employee payroll	15.16%	16.46%	16.21%	14.22%	16.24%	16.37%	17.20%

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

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0198329006%	0.0209044234%	0.0196628333%	0.0193116495%	0.0186716918%	0.0192676900%	0.0185112797%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 12,171,538</u>	<u>\$ 13,298,945</u>	<u>\$ 13,257,391</u>	<u>\$ 15,191,773</u>	<u>\$ 11,801,307</u>	<u>\$ 10,297,958</u>	<u>\$ 9,355,455</u>
Total	<u><u>\$ 12,171,538</u></u>	<u><u>\$ 13,298,945</u></u>	<u><u>\$ 13,257,391</u></u>	<u><u>\$ 15,191,773</u></u>	<u><u>\$ 11,801,307</u></u>	<u><u>\$ 10,297,958</u></u>	<u><u>\$ 9,355,455</u></u>
District's covered-employee payroll	2,221,010	2,187,085	2,032,878	2,075,403	2,122,290	1,992,277	1,901,754
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	28.71%	28.71%	33.64%	33.76%

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

BROOKLAWN SCHOOL DISTRICT
Required Supplementary Information
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Last Three Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.02%	0.02%	0.02%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 8,690,974	\$ 9,602,613	\$ 10,960,039
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 8,690,974</u>	<u>\$ 9,602,613</u>	<u>\$ 10,960,039</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%
	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability			
Service Cost	\$ 414,541	\$ 475,965	\$ 573,824
Interest	382,702	405,011	347,804
Difference between expected and actual experiences	(1,579,586)	(888,558)	
Changes of assumptions	129,583	(1,101,948)	(1,468,309)
Member Contributions	7,908	8,874	9,348
Benefit payments	(266,787)	(256,770)	(253,858)
Net Change in total OPEB Liability	\$ (911,639)	\$ (1,357,426)	\$ (791,191)
Total OPEB Liability - beginning	<u>\$ 9,602,613</u>	<u>\$ 10,960,039</u>	<u>\$ 11,751,230</u>
Total OPEB Liability - ending	<u>\$ 8,690,974</u>	<u>\$ 9,602,613</u>	<u>\$ 10,960,039</u>
District's covered-employee payroll	2,459,724	2,414,511	2,287,917
Total OPEB Liability as a percentage of covered-employee payroll	353.33%	397.70%	479.04%

This schedule does not contain ten years of information as GASB 75 was implemented during the fiscal year ended June 30, 2018.

Brooklawn School District
Notes to Required Supplementary Information – Part III
For the Fiscal Year Ended June 30, 2020

Teacher’s Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 5.60% as of June 30, 2019 from 4.86% as of June 30, 2018 and the long-term rate of return remained at 7.00%.

Public Employees’ Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 6.28% as of June 30, 2019 from 5.66% as of June 30, 2018 and the long-term rate of return remained at 7.00%.

Other Post-Retirement Plan – Public Employees’ Retirement System and Teachers’ Pension and Annuity Fund

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 3.50% as of June 30, 2019 from 3.87% as of June 30, 2018.

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, 2020

	Preschool Education Program	Title I	Title I Reallocated	Title II A	Title IV	IDEA Basic	IDEA Preschool	Total
REVENUES:								
State sources	\$ 75,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,182
Federal sources		177,836	16,277	9,416	19,277	90,055	3,316	316,177
Total Revenues	75,182	177,836	16,277	9,416	19,277	90,055	3,316	391,359
EXPENDITURES:								
Instruction:								
Salaries of teachers	55,828	131,730						187,558
Other salaries for instruction	19,354							19,354
Tuition						90,055		90,055
Purchased professional - technical services				9,416				9,416
Supplies and Materials			16,277		19,277			35,554
Total Instruction	75,182	131,730	16,277	9,416	19,277	90,055		341,937
Support Services:								
Personal services-employee benefits		46,106						46,106
Purchased professional - technical services							3,316	3,316
Total Support Services	-	46,106	-	-	-		3,316	49,422
Facilities acq. and constr. services: Non-Instructional equipment								
Total facilities acq and const services								
Total Expenditures	75,182	177,836	16,277	9,416	19,277	90,055	3,316	391,359
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>	<u>\$ -</u>

**BROOKLAWN SCHOOL DISTRICT
Special Revenue Fund
Statement of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2020**

DISTRICT WIDE TOTAL

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 55,828	\$ 55,828	\$ -
Other salaries for instruction	19,354	19,354	-
Purchased professional - technical services			-
General supplies			-
	<hr/>	<hr/>	<hr/>
Total instruction	75,182	75,182	<hr/>
Support Services:			
Personal services - Employee benefits			
	<hr/>	<hr/>	<hr/>
Total support services			
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 75,182</u>	<u>\$ 75,182</u>	<u>\$ -</u>

SUMMARY OF LOCATION TOTALS

Total 2019-20 Preschool Education Aid allocation	\$ 75,182
Add: Actual Preschool Education Aid Carryover (June 30, 2019)	
Add: Budgeted transfer from the General Fund 2019-20	
Total Preschool Education Aid Funds available for 2019-20 budget	<hr/> 75,182
Less: 2019-20 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<hr/> (75,182)
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2020	
Add: June 30, 2020 Unexpended Preschool Education Aid	<hr/>
2019-20 Actual Carryover - Preschool Education Aid	<u>\$ -</u>
2019-20 Preschool Education Aid Carryover Budgeted in 2020-21	<u>\$ -</u>

Capital Projects Fund
Detail Statements

**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, 2020**

Revenues and Other Financing Sources:

Transfer from Capital Outlay	\$ -
SDA Grant	
Total revenues and other financing sources	-

Expenditures and Other Financing (Uses):

Purchased professional and technical services	-
Construction	
Equipment	
Total expenditures and other financing (uses)	-

Excess (deficiency) or revenues over (under) expenditures

Fund Balance - July 1, 2019	1,117,947
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Fund Balance - June 30, 2020	\$ 1,117,947
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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, 2020

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

BROOKLAWN SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Emergency Generator and Lighting
From Inception and for the Fiscal Year ended June 30, 2020

	Prior Periods	Current Year	Total	Revised Authorized Costs
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 137,860	\$ -	\$ 137,860	\$ 137,860
Transfer from capital outlay	63,640		63,640	63,640
Total revenues	201,500		201,500	201,500
Expenditures and Other Financing Uses:				
Purchased professional and technical services	28,551		28,551	28,551
Construction	128,221		128,221	128,221
Total expenditures	156,772		156,772	156,772
Excess (deficiency) or revenues over (under) expenditures	\$ 44,728	\$ -	\$ 44,728	\$ 44,728
Additional project information:				
Project Number	0580-010-14-1004-G04			
Grant Date	01/06/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost				
Additional Authorized Cost				
Revised Authorized Cost				
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	0.00%			
Original target completion date	12/31/16			
Revised target completion date	12/31/16			

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, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Proceeds of Bonds	\$ 1,985,000	\$ -	\$ 1,985,000	\$ 1,985,000
Total revenues	<u>1,985,000</u>	<u>-</u>	<u>1,985,000</u>	<u>-</u> <u>1,985,000</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	241,937		241,937	241,937
Purchase of building	723,407		723,407	723,407
Total expenditures	<u>965,344</u>	<u>-</u>	<u>965,344</u>	<u>965,344</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 1,019,656</u>	<u>\$ -</u>	<u>\$ 1,019,656</u>	<u>\$ 1,019,656</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	01/28/14			
Bonds Authorized	\$ 1,985,000			
Bonds Issued	09/01/14			
Original Authorized Cost	\$ 1,985,000			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,985,000			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	0.00%			
Original target completion date	09/01/15			
Revised target completion date	Unknown			

Proprietary Funds

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Position
June 30, 2020

	Food Service Fund	After School Program	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ -	\$ 78,783	\$ 78,783
Accounts receivable:			
State	385	-	385
Federal	2,753	-	2,753
Interfund receivable	48,845	-	48,845
Total Current Assets	51,983	78,783	130,766
Noncurrent Assets:			
Equipment	35,153	-	35,153
Less - accumulated depreciation	(31,812)	-	(31,812)
Total Noncurrent Assets	3,341	-	3,341
Total Assets	55,324	78,783	134,107
LIABILITIES:			
Cash overdraft	49,504	-	49,504
Total Current Liabilities	49,504	-	49,504
NET POSITION:			
Net investment in capital assets	3,341	-	3,341
Unrestricted	2,479	78,783	81,262
Total Net Position	\$ 5,820	\$ 78,783	\$ 84,603

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020

	Food Service Fund	After School Program	Totals
OPERATING REVENUES:			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 5,484	\$ -	\$ 5,484
Daily sales non-reimbursable programs:			
Special functions	100	-	100
Program fees	-	16,574	16,574
Total Operating Revenues	<u>5,584</u>	<u>16,574</u>	<u>22,158</u>
OPERATING EXPENSES:			
Salaries	42,662	21,309	63,971
Employee benefits	3,534	1,765	5,299
Supplies and materials	754	970	1,724
Depreciation	483	-	483
Repairs and maintenance	1,615	-	1,615
Cost of sales - reimbursable programs	71,912	-	71,912
Cost of sales - non-reimbursable programs	4,072	-	4,072
Total Operating Expenses	<u>125,032</u>	<u>24,044</u>	<u>149,076</u>
Operating Income (Loss)	<u>(119,448)</u>	<u>(7,470)</u>	<u>(126,918)</u>
Non-Operating Revenues:			
State sources:			
State school lunch program	1,486	-	1,486
Federal sources:			
National school lunch program	67,097	-	67,097
National school breakfast program	30,020	-	30,020
Total Non-Operating Revenues	<u>98,603</u>	<u>-</u>	<u>98,603</u>
Income (Loss) before Contributions and Transfers	(20,845)	(7,470)	(28,315)
Operating Transfers In/(out)	<u>20,845</u>	<u>-</u>	<u>20,845</u>
Changes in Net Position	-	(7,470)	(7,470)
Net Position - July 1, 2019	<u>5,820</u>	<u>86,253</u>	<u>92,073</u>
Net Position - June 30, 2020	<u>\$ 5,820</u>	<u>\$ 78,783</u>	<u>\$ 84,603</u>

BROOKLAWN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Food Service Fund	After School Program	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 5,584	\$ 16,574	\$ 22,158
Cash payments to employees for services	(46,196)	(23,074)	(69,270)
Cash payments to suppliers for goods and services	(78,353)	(970)	(79,323)
Net cash provided by (used for) operating activities	(118,965)	(7,470)	(126,435)
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	1,153	-	1,153
Cash received from federal sources	122,315	-	122,315
Operating transfer in	-	-	-
Net cash provided by noncapital financing activities	123,468	-	123,468
Cash Flows Provided by Investing Activities:			
Interest earned on cash equivalents	-	-	-
Net cash provided by investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	4,503	(7,470)	(2,967)
Cash and cash equivalents - July 1, 2019	(54,007)	86,253	32,246
Cash and cash equivalents - June 30, 2020	\$ (49,504)	\$ 78,783	\$ 29,279
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)			
Operating Activities:			
Operating income (loss)	\$ (119,448)	\$ (7,470)	\$ (126,918)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	483	-	483
Change in assets and liabilities:			
Increase (decrease) in accounts receivable	-	-	-
Increase (decrease) in accounts payable	-	-	-
Net cash provided by (used for) operating activities	\$ (118,965)	\$ (7,470)	\$ (126,435)

Fiduciary Funds

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2020

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation</u>	<u>Other Trust Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and cash equivalents	\$ 21,993	\$ 5,777	\$ 12,254	\$ -	\$ 40,024
Total Assets	<u>\$ 21,993</u>	<u>\$ 5,777</u>	<u>\$ 12,254</u>	<u>\$ -</u>	<u>\$ 40,024</u>
LIABILITIES:					
Liabilities:					
Payroll deductions payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	3,635	-	-	-	3,635
Due to student groups	-	-	12,254	-	12,254
Total Liabilities	<u>3,635</u>	<u>-</u>	<u>\$ 12,254</u>	<u>\$ -</u>	<u>15,889</u>
NET POSITION:					
Held in trust for unemployment claims	18,358	-			18,358
Held in trust for other purposes	-	5,777			5,777
Total Net Position	<u>\$ 18,358</u>	<u>\$ 5,777</u>			<u>\$ 24,135</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Other Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Totals</u>
Additions:			
Employee withholdings	\$ -	\$ 5,918	\$ 5,918
Donations	-	-	-
Interest earnings	-	81	81
Total Additions	<u>-</u>	<u>5,999</u>	<u>5,999</u>
Deductions:			
Unemployment compensation insurance claims	-	3,926	3,926
Other expenses	48,302	-	48,302
Total Deductions	<u>48,302</u>	<u>3,926</u>	<u>52,228</u>
Change in Net Position	(48,302)	2,073	(46,229)
Net Position - July 1, 2019	<u>54,079</u>	<u>16,285</u>	<u>70,364</u>
Net Position - June 30, 2020	<u>\$ 5,777</u>	<u>\$ 18,358</u>	<u>\$ 24,135</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</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, 2020</u>
Alice Costello School	\$ 12,678	\$ 5,097	\$ 5,521	\$ -	\$ 12,254
Total all schools	<u>\$ 12,678</u>	<u>\$ 5,097</u>	<u>\$ 5,521</u>	<u>\$ -</u>	<u>\$ 12,254</u>

BROOKLAWN SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ 12	\$ 3,400,352	\$ 3,400,364	\$ -
Total Assets	<u>\$ 12</u>	<u>\$ 3,400,352</u>	<u>\$ 3,400,364</u>	<u>\$ -</u>
LIABILITIES:				
Net payroll	\$ -	\$ 1,915,681	\$ 1,915,681	\$ -
Interfund payable	-	272	272	-
Payroll deductions and withholdings	12	1,484,399	1,484,411	-
Total Liabilities	<u>\$ 12</u>	<u>\$ 3,400,352</u>	<u>\$ 3,400,364</u>	<u>\$ -</u>

Long-Term Debt Schedules

BROOKLAWN SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
			Date	Amount					
Renovations and Improvements to school building	3/01/01	\$ 1,559,000	3/01/21	\$ 174,000	4.95%	\$ 339,000	\$ -	\$ 165,000	\$ 174,000
2014 School Bonds	09/10/14	1,985,000	09/01/20	75,000	2.00%	1,750,000		75,000	1,675,000
			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>\$ 2,089,000</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 1,849,000</u>

BROOKLAWN SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 271,351	\$ -	\$ 271,351	\$ 271,351	\$ -
State sources:					
Debt Service Aid Type II	35,617	-	35,617	35,617	-
Total Revenues	306,968	-	306,968	306,968	-
EXPENDITURES:					
Regular debt service:					
Interest	66,968	-	66,968	66,968	-
Redemption of principal	240,000	-	240,000	240,000	-
Total regular debt service	306,968	-	306,968	306,968	-
Excess (Deficiency) of revenues over (under) expenditures	-	-	-	-	-
Other Financing Sources:					
Operating transfers in	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	-	-	-	-	-
Fund Balance - July 1, 2019					
Fund Balance - June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -

Statistical Section

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

J-1

	Fiscal Years Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 1,225,113	\$ 1,237,298	\$ 1,257,179	\$ 1,291,410	\$ 102,369	\$ 111,445	\$ 331,302	\$ 379,127	\$ 389,242	\$ 507,377
Restricted for:										
Capital projects	1	1	193,001	371,148	1,496,268	1,428,206	1,317,354	1,306,009	1,280,152	1,280,963
Debt service	76,407	73,322	3,936	8,510	4,574	-	-	-	-	-
Other purposes	461,230	721,082	569,506	520,586	456,300	442,675	647,655	374,410	276,773	232,552
Unrestricted	(285,784)	(383,529)	(377,411)	(416,580)	(1,466,003)	(1,462,752)	(1,635,517)	(1,588,670)	(1,545,645)	(1,385,005)
Total governmental activities net position	<u>\$ 1,476,967</u>	<u>\$ 1,648,174</u>	<u>\$ 1,646,211</u>	<u>\$ 1,775,074</u>	<u>\$ 593,508</u>	<u>\$ 519,574</u>	<u>\$ 660,794</u>	<u>\$ 470,876</u>	<u>\$ 400,522</u>	<u>\$ 635,887</u>
Business-type activities:										
Net investment in capital assets	\$ 9,250	\$ 14,923	\$ 12,907	\$ 10,891	\$ 8,876	\$ 6,860	\$ 4,790	\$ 4,307	\$ 3,824	\$ 3,341
Unrestricted	59,948	76,810	83,271	88,102	84,213	85,779	90,212	99,367	88,249	81,262
Total business-type activities net position	<u>\$ 69,198</u>	<u>\$ 91,733</u>	<u>\$ 96,178</u>	<u>\$ 98,993</u>	<u>\$ 93,089</u>	<u>\$ 92,639</u>	<u>\$ 95,002</u>	<u>\$ 103,674</u>	<u>\$ 92,073</u>	<u>\$ 84,603</u>
District-wide:										
Net investment in capital assets	\$ 1,234,363	\$ 1,252,221	\$ 1,270,086	\$ 1,302,301	\$ 111,245	\$ 118,305	\$ 336,092	\$ 383,434	\$ 393,066	\$ 510,718
Restricted:										
Capital projects	1	1	193,001	371,148	1,496,268	1,428,206	1,317,354	1,306,009	1,280,152	1,280,963
Debt service	76,407	73,322	3,936	8,510	4,574	-	-	-	-	-
Other purposes	461,230	721,082	569,506	520,586	456,300	442,675	647,655	374,410	276,773	232,552
Unrestricted	(225,836)	(306,719)	(294,140)	(328,478)	(1,381,790)	(1,376,973)	(1,545,305)	(1,489,303)	(1,457,396)	(1,303,743)
Total district net position	<u>\$ 1,546,165</u>	<u>\$ 1,739,907</u>	<u>\$ 1,742,389</u>	<u>\$ 1,874,067</u>	<u>\$ 686,597</u>	<u>\$ 612,213</u>	<u>\$ 755,796</u>	<u>\$ 574,550</u>	<u>\$ 492,595</u>	<u>\$ 720,490</u>

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

J-2

	Fiscal Years Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 1,588,913	\$ 1,477,517	\$ 1,671,573	\$ 1,818,367	\$ 1,799,388	\$ 1,717,392	\$ 1,621,568	\$ 1,749,861	\$ 1,764,352	\$ 1,845,771
Special education	320,713	570,061	345,949	260,154	503,864	580,451	582,096	597,585	671,040	617,771
Other instruction	39,222	43,596	54,860	48,523	65,376	62,098	79,500	56,991	50,556	33,099
Support Services:										
Tuition	1,225,519	1,361,038	1,583,965	1,604,498	1,062,733	1,181,317	1,053,183	1,383,288	1,145,481	1,263,655
Student & instruction related services	410,652	484,014	489,193	469,599	631,893	610,295	613,059	617,261	622,192	537,446
School administrative services	3,618	4,675	5,485	3,534	3,788	2,443	2,250	2,790	5,424	939
Central Services	188,224	120,318	121,436	137,946	124,359	119,614	123,089	116,075	152,651	152,992
General administrative services	186,227	200,620	220,350	232,535	215,300	211,244	209,599	230,353	213,958	234,949
Plant operations and maintenance	333,079	317,796	306,147	450,098	441,042	490,665	318,872	402,748	374,383	201,959
Pupil transportation	107,724	135,271	160,721	177,586	155,558	151,571	139,883	105,525	145,480	182,781
Transfer to charter schools									39,809	38,437
Unallocated employee benefits	819,337	887,433	1,039,560	1,150,633	1,261,888	1,358,038	1,580,152	3,331,575	1,615,835	1,814,220
Interest on long-term debt	75,672	70,534	66,116	59,531	89,270	95,062	93,100	81,925	73,834	63,745
Unallocated depreciation	120,450	121,004	116,907	116,869	149,207	158,079	178,462	191,050	189,796	194,444
Total governmental activities expenses	<u>5,419,350</u>	<u>5,793,877</u>	<u>6,182,262</u>	<u>6,529,873</u>	<u>6,503,666</u>	<u>6,738,269</u>	<u>6,594,813</u>	<u>8,867,027</u>	<u>7,064,791</u>	<u>7,182,208</u>
Business-type activities:										
Food service	107,205	152,850	165,638	140,993	146,829	161,289	159,568	163,094	171,130	125,032
After school program	17,945	19,746	18,416	21,595	28,410	34,354	37,474	31,499	29,741	24,044
Total business-type activities expense	<u>125,150</u>	<u>172,596</u>	<u>184,054</u>	<u>162,588</u>	<u>175,239</u>	<u>195,643</u>	<u>197,042</u>	<u>194,593</u>	<u>200,871</u>	<u>149,076</u>
Total district expenses	<u>\$ 5,544,500</u>	<u>\$ 5,966,473</u>	<u>\$ 6,366,316</u>	<u>\$ 6,692,461</u>	<u>\$ 6,678,905</u>	<u>\$ 6,933,912</u>	<u>\$ 6,791,855</u>	<u>\$ 9,061,620</u>	<u>\$ 7,265,662</u>	<u>\$ 7,331,284</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 612,967	\$ 683,913	\$ 715,913	\$ 705,003	\$ 785,610	\$ 1,015,680	\$ 889,299	\$ 2,782,583	\$ 1,089,870	\$ 1,441,526
Capital grants and contributions										
Total governmental activities program revenues	<u>612,967</u>	<u>683,913</u>	<u>715,913</u>	<u>705,003</u>	<u>785,610</u>	<u>1,015,680</u>	<u>889,299</u>	<u>2,782,583</u>	<u>1,089,870</u>	<u>1,441,526</u>

(Continued)

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

J-2

	Fiscal Years Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services:										
Food service	\$ 12,600	\$ 18,725	\$ 11,881	\$ 10,072	\$ 14,008	\$ 10,572	\$ 10,341	\$ 10,488	\$ 9,140	\$ 5,584
After school program	40,505	35,895	26,414	27,002	26,010	39,775	41,006	33,508	26,906	16,574
Operating grants and contributions	71,186	85,071	108,416	95,600	95,843	119,846	128,058	134,269	125,224	98,603
Total business type activities program revenues	124,291	139,691	146,711	132,674	135,861	170,193	179,405	178,265	161,270	120,761
Total district program revenues	<u>\$ 737,258</u>	<u>\$ 823,604</u>	<u>\$ 862,624</u>	<u>\$ 837,677</u>	<u>\$ 921,471</u>	<u>\$ 1,185,873</u>	<u>\$ 1,068,704</u>	<u>\$ 2,960,848</u>	<u>\$ 1,251,140</u>	<u>\$ 1,562,287</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (4,806,383)	\$ (5,109,964)	\$ (5,466,349)	\$ (5,824,870)	\$ (5,718,056)	\$ (5,722,589)	\$ (5,705,514)	\$ (6,084,444)	\$ (5,974,921)	\$ (5,740,682)
Business-type activities	(859)	(32,905)	(37,343)	(29,914)	(39,378)	(25,450)	(17,637)	(16,328)	(39,601)	(28,315)
Total district-wide net expense	<u>\$ (4,807,242)</u>	<u>\$ (5,142,869)</u>	<u>\$ (5,503,692)</u>	<u>\$ (5,854,784)</u>	<u>\$ (5,757,434)</u>	<u>\$ (5,748,039)</u>	<u>\$ (5,723,151)</u>	<u>\$ (6,100,772)</u>	<u>\$ (6,014,522)</u>	<u>\$ (5,768,997)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,017,497	\$ 1,037,846	\$ 1,058,603	\$ 1,079,775	\$ 1,121,371	\$ 1,143,798
Taxes levied for debt service	178,845	188,906	131,730	214,105	215,826	213,149	274,179	268,348	269,998	271,351
Unrestricted grants and contributions	3,712,301	4,048,830	4,293,482	4,678,067	4,334,437	4,382,661	4,472,326	4,532,806	4,486,115	4,570,237
State aid restricted for capital purposes										
Investment earnings										11,506
Miscellaneous income	124,185	77,199	75,030	76,793	31,105	39,999	61,626	38,597	55,083	
Prior year state aid receivable canceled	(87,829)									
Transfers	(44,519)	(51,261)	(41,788)	(32,729)	(33,474)	(25,000)	(20,000)	(25,000)	(28,000)	(20,845)
Total governmental activities	<u>4,900,480</u>	<u>5,281,171</u>	<u>5,475,951</u>	<u>5,953,733</u>	<u>5,565,391</u>	<u>5,648,655</u>	<u>5,846,734</u>	<u>5,894,526</u>	<u>5,904,567</u>	<u>5,976,047</u>
Business-type activities:										
Investment earnings										
Contributed capital assets		4,179								
Transfers	(32,100)	51,261	41,788	32,729	33,474	25,000	20,000	25,000	28,000	20,845
Total business-type activities	<u>(32,100)</u>	<u>55,440</u>	<u>41,788</u>	<u>32,729</u>	<u>33,474</u>	<u>25,000</u>	<u>20,000</u>	<u>25,000</u>	<u>28,000</u>	<u>20,845</u>
Total district-wide	<u>\$ 4,868,380</u>	<u>\$ 5,336,611</u>	<u>\$ 5,517,739</u>	<u>\$ 5,986,462</u>	<u>\$ 5,598,865</u>	<u>\$ 5,673,655</u>	<u>\$ 5,866,734</u>	<u>\$ 5,919,526</u>	<u>\$ 5,932,567</u>	<u>\$ 5,996,892</u>
Change in Net Position:										
Governmental activities	\$ 94,097	\$ 171,207	\$ 9,602	\$ 128,863	\$ (152,665)	\$ (73,934)	\$ 141,220	\$ (189,918)	\$ (70,354)	\$ 235,365
Business-type activities	(32,959)	22,535	4,445	2,815	(5,904)	(450)	2,363	8,672	(11,601)	(7,470)
Total district-wide	<u>\$ 61,138</u>	<u>\$ 193,742</u>	<u>\$ 14,047</u>	<u>\$ 131,678</u>	<u>\$ (158,569)</u>	<u>\$ (74,384)</u>	<u>\$ 143,583</u>	<u>\$ (181,246)</u>	<u>\$ (81,955)</u>	<u>\$ 227,895</u>

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

J-3

	Fiscal Years Ended June 30,									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund:										
Restricted for:										
Capital reserve	\$ 1	\$ 1	\$ 193,001	\$ 318,001	\$ 317,601	\$ 161,978	\$ 187,407	\$ 188,062	\$ 162,205	\$ 163,016
Maintenance reserve				125,000	125,000	125,000	125,000	125,000	65,325	50,452
Future tuition payments	41,980	110,000	110,000							
Excess surplus	294,250	141,832	117,674	192,912	63,388	184,287				
Excess surplus - designated for subsequent year's budget			141,832	117,674	192,912	63,388	103,673	87,718		
subsequent year's budget							184,287	103,673	87,718	
Assigned to:										
Year-end Encumbrances							216,178			3,909
Designated for subsequent year's budget	125,000	469,250	200,000	85,000	75,000	70,000	17,667	62,517	130,000	185,709
Unassigned	(114,141)	(175,227)	(170,924)	(199,235)	(170,936)	(160,017)	(188,614)	(193,434)	(267,856)	(192,907)
Total general fund	<u>\$ 347,090</u>	<u>\$ 545,856</u>	<u>\$ 591,583</u>	<u>\$ 639,352</u>	<u>\$ 602,965</u>	<u>\$ 444,636</u>	<u>\$ 645,598</u>	<u>\$ 373,536</u>	<u>\$ 177,392</u>	<u>\$ 210,179</u>
All Other Governmental Funds										
Reserved:										
Capital projects fund				\$ 53,147	\$ 1,178,667	\$ 1,266,228	\$ 1,129,947	\$ 1,117,947	\$ 1,117,947	\$ 1,117,947
Unreserved, reported in:										
Special revenue fund			\$ (7,862)					(5,348)	(6,270)	(7,518)
Debt service fund	\$ 76,407	\$ 73,322	3,936	8,510	4,574		850	850		
Total all other governmental funds	<u>\$ 76,407</u>	<u>\$ 73,322</u>	<u>\$ (3,926)</u>	<u>\$ 61,657</u>	<u>\$ 1,183,241</u>	<u>\$ 1,266,228</u>	<u>\$ 1,130,797</u>	<u>\$ 1,113,449</u>	<u>\$ 1,111,677</u>	<u>\$ 1,110,429</u>

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

	Fiscal Years Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 1,196,342	\$ 1,206,403	\$ 1,149,227	\$ 1,231,602	\$ 1,233,323	\$ 1,250,995	\$ 1,332,782	\$ 1,348,123	\$ 1,391,369	\$ 1,415,149
Tuition charges										
Interest earnings						812	4,602	655	1,125	938
Miscellaneous	124,185	77,199	75,030	76,793	31,105	39,187	57,024	37,942	53,958	10,568
State sources	4,033,558	4,335,173	4,782,740	5,103,251	4,823,658	5,117,297	5,143,312	5,306,276	5,288,073	5,399,805
Federal sources	291,710	397,570	226,655	279,819	296,389	281,044	218,313	305,381	287,912	316,177
Total revenue	<u>5,645,795</u>	<u>6,016,345</u>	<u>6,233,652</u>	<u>6,691,465</u>	<u>6,384,475</u>	<u>6,689,335</u>	<u>6,756,033</u>	<u>6,998,377</u>	<u>7,022,437</u>	<u>7,142,637</u>
Expenditures										
Instruction										
Regular Instruction	1,598,003	1,413,015	1,665,224	1,776,161	1,791,645	1,713,036	1,617,211	1,766,037	1,810,432	1,842,075
Special education instruction	320,713	570,061	345,949	260,154	503,864	580,451	582,096	597,585	671,040	617,771
Other instruction	39,222	43,596	54,860	48,523	65,376	62,098	79,500	56,991	50,556	33,099
Support Services:										
Tuition	1,225,519	1,361,038	1,583,965	1,604,498	1,062,733	1,181,317	1,053,183	1,383,288	1,145,481	1,263,655
Student & instruction related services	410,652	484,014	489,193	469,599	631,893	610,295	613,059	617,261	622,192	537,446
School administrative services	3,618	4,675	5,485	3,534	3,788	2,443	2,250	2,790	5,424	939
General and business admin. services	186,227	118,569	217,933	232,535	215,300	209,239	207,594	230,353	213,290	234,949
Central Services	118,581	200,620	121,436	135,529	122,148	119,614	123,089	114,070	152,651	152,992
Plant operations and maintenance	300,462	284,186	288,784	311,089	328,413	313,175	292,100	363,976	295,718	247,766
Pupil transportation	107,724	135,271	160,721	177,586	155,558	151,571	139,883	105,525	145,480	182,781
Other support services										
Unallocated employee benefits	819,337	887,433	1,039,560	1,150,633	1,247,712	1,319,361	1,435,984	1,656,085	1,679,960	1,604,603
Capital outlay	38,817	74,934	49,159	166,012	902,212	236,006	211,453	64,008	53,429	26,772
Transfer to charter schools									39,809	38,437
Debt service:										
Principal	105,000	120,000	135,000	150,000	168,000	115,000	220,000	220,000	230,000	240,000
Interest and other charges	76,947	71,991	66,116	59,531	52,162	126,071	93,100	84,818	76,891	66,968
Total expenditures	<u>5,350,822</u>	<u>5,769,403</u>	<u>6,223,385</u>	<u>6,545,384</u>	<u>7,250,804</u>	<u>6,739,677</u>	<u>6,670,502</u>	<u>7,262,787</u>	<u>7,192,353</u>	<u>7,090,253</u>
Excess (Deficiency) of revenues over (under) expenditures	294,973	246,942	10,267	146,081	(866,329)	(50,342)	85,531	(264,410)	(169,916)	52,384
Other Financing sources (uses)										
Proceeds from borrowing					1,985,000					
Prior year state aid receivable canceled	(87,829)									
Transfers in	76,584			48,127		63,640				
Transfers out	(121,103)	(51,261)	(41,788)	(80,856)	(33,474)	(88,640)	(20,000)	(25,000)	(28,000)	(20,845)
Total other financing sources (uses)	<u>(132,348)</u>	<u>(51,261)</u>	<u>(41,788)</u>	<u>(32,729)</u>	<u>1,951,526</u>	<u>(25,000)</u>	<u>(20,000)</u>	<u>(25,000)</u>	<u>(28,000)</u>	<u>(20,845)</u>
Net change in fund balances	<u>\$ 162,625</u>	<u>\$ 195,681</u>	<u>\$ (31,521)</u>	<u>\$ 113,352</u>	<u>\$ 1,085,197</u>	<u>\$ (75,342)</u>	<u>\$ 65,531</u>	<u>\$ (289,410)</u>	<u>\$ (197,916)</u>	<u>\$ 31,539</u>
Debt service as a percentage of noncapital expenditures	3.43%	3.37%	3.26%	3.28%	3.47%	3.71%	4.85%	4.23%	4.30%	4.35%

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)

J-5

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Lost Books	Miscellaneous Sales	Refunds of Prior Year Expenditures	Prior Year Orders Adjustment	Class Gift	Donations	Miscellaneous	Total
2011	\$ 1,737	\$ 2,550	\$ 595	\$ 5,000	\$ 100,578	\$ -	\$ -	\$ -	\$ 13,725	\$ 124,185
2012	10,520	300	305	5,000	52,137		1,300		7,637	77,199
2013	9,292	977	75	5,000	52,195				7,491	75,030
2014	4,525	24,061	40	5,000	35,503				7,664	76,793
2015	6,036	23,856	5						1,208	31,105
2016	4,657	12,821	10			12,199		10,000	312	39,999
2017	4,173		17		51,116			500	5,391	61,197
2018	5,512	23,262	100		8,649	241		100	733	38,597
2019	6,956	18,715		10,552	13,183	551			5,126	55,083
2020	5,766				687				5,053	11,506
	<u>\$ 59,174</u>	<u>\$ 106,542</u>	<u>\$ 1,147</u>	<u>\$ 30,552</u>	<u>\$ 314,048</u>	<u>\$ 12,991</u>	<u>\$ 1,300</u>	<u>\$ 10,600</u>	<u>\$ 54,340</u>	<u>\$ 590,694</u>

Source: District records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2011 R \$	875,800	\$ 94,588,400	\$ 41,407,400	\$ 1,460,500	\$ 2,247,600	\$ 140,579,700	\$ 244,335	\$ 140,824,035	\$ 17,529,400	\$ 0.857	\$ 146,583,222
2012	875,800	94,600,000	41,664,000	1,460,500	2,247,600	140,847,900	226,767	141,074,667	17,534,400	0.814	149,580,759
2013	885,800	94,761,100	41,335,000	1,460,500	2,247,600	140,690,000	229,477	140,919,477	17,425,300	0.722	135,054,697
2014	890,800	94,788,400	41,884,100	1,460,500	2,247,600	141,271,400	-	141,271,400	17,420,300	0.925	126,686,232
2015	879,900	94,548,700	41,249,900	1,207,100	2,247,600	140,133,200	100	140,133,300	17,536,100	0.933	119,342,489
2016	869,000	93,641,800	40,852,800	1,207,100	2,247,600	138,818,300	100	138,818,400	17,759,700	0.967	114,779,829
2017	658,100	74,649,400	39,920,200	944,700	2,707,100	118,879,500	100	118,879,600	16,658,400	1.237	113,619,629
2018	742,600	74,786,800	33,977,500	944,700	2,707,100	113,158,700	100	113,158,800	16,575,000	1.254	127,725,680
2019	1,102,600	74,940,000	33,261,800	944,700	2,707,100	112,956,200	100	112,956,300	16,575,000	1.266	123,759,528
2020	1,357,600	74,889,500	33,391,900	944,700	2,707,100	113,290,800	100	113,290,900	16,575,000	1.337	118,254,834

Source:
Municipal Tax Assessor

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

- a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100 of assessed valuation.
- R Revaluation

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

J-7

Fiscal Year Ended June 30,	Brooklawn School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Brooklawn	Camden County	
2011	\$ 0.747	\$ 0.110	\$ 0.857	\$ 1.177	\$ 0.741	\$ 2.775
2012	0.704	0.110	0.814	1.229	0.814	2.857
2013	0.722	-	0.722	1.287	0.798	2.807
2014	0.720	0.205	0.925	1.345	0.765	3.035
2015	0.740	0.193	0.933	1.380	0.746	3.059
2016	0.762	0.205	0.967	1.400	0.723	3.090
2017	0.965	0.272	1.237	1.762	0.901	3.900
2018	1.017	0.237	1.254	1.781	0.998	4.033
2019	1.013	0.253	1.266	1.806	0.950	4.022
2020	1.098	0.239	1.337	1.821	0.887	4.045

Source: Municipal Tax Collector

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

J-8

Taxpayer	2020		Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Brookwrap, LLC	\$ 6,790,300	5.99%	Brookwrap II, LLC	\$ 2,885,300	2.05%
Hari Om Hari LLC	4,407,702	3.89%	Brooklawn Shopping Center	2,746,000	1.95%
Brooklwrap, LLC	3,625,000	3.20%	Jay Sai Corporation	2,178,000	1.55%
Mila Hospitality	3,088,700	2.73%	Brooklawn Realty Associates	1,610,300	1.14%
Cohab Realty, LLC	1,987,200	1.75%	Cohab Realty, LLC	1,165,800	0.83%
Westbrook Lanes	1,305,300	1.15%	Westbrook Lane	1,100,000	0.78%
Brooklwan Holdings LLC	1,204,100	1.06%	Levin Real Estate, LLC	798,600	0.57%
700 Crescent Blvd	1,065,900	0.94%	Materials Handling Supply Co.	681,800	0.48%
20 Creek Road LLC	868,700	0.77%	Ming Kui Lau Restaurant	674,700	0.48%
Ambler Motel LLC	844,800	0.75%	Brooklawn Diner	625,300	0.44%
Total	\$ 25,187,702	22.23%		\$ 14,465,800	10.27%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 1,196,342	\$ 1,196,342	100.00%	\$ -
2012	1,206,403	1,206,403	100.00%	-
2013	1,149,227	1,149,227	100.00%	-
2014	1,231,602	1,017,497	82.62%	214,105
2015	1,233,323	1,233,323	100.00%	-
2016	1,250,995	1,250,995	100.00%	-
2017	1,332,782	1,332,782	100.00%	-
2018	1,348,123	1,011,092	75.00%	337,031
2019	1,391,369	1,021,640	73.43%	369,729
2020	1,415,149	1,415,149	100.00%	

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

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

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

J-10

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Capital Leases	Capital Leases				
2011	\$ 1,462,000	\$ -	\$ -		\$ 1,462,000	1.73%	\$ 757
2012	1,342,000	-	-		1,342,000	1.56%	696
2013	1,207,000	-	-		1,207,000	1.39%	630
2014	1,057,000	-	-		1,057,000	1.18%	554
2015	2,874,000	-	-		2,874,000	3.09%	1,509
2016	2,759,000	-	-		2,759,000	2.89%	1,448
2017	2,539,000	-	-		2,539,000	2.58%	1,336
2018	2,319,000	-	-		2,319,000	2.26%	1,221
2019	2,089,000	-	-		2,089,000	d	1,101
2020	1,849,000	-	-		1,849,000	d	d

Sources:

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

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

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2011	\$ 1,462,000	\$ -	\$ 1,462,000	1.04%	757
2012	1,342,000	-	1,342,000	0.95%	696
2013	1,207,000	-	1,207,000	0.86%	630
2014	1,057,000	-	1,057,000	0.75%	554
2015	2,874,000	-	2,874,000	2.05%	1,509
2016	2,759,000	-	2,759,000	1.99%	1,448
2017	2,539,000	-	2,539,000	2.27%	1,336
2018	2,319,000	-	2,319,000	2.05%	1,221
2019	2,089,000	-	2,089,000	1.85%	1,101
2020	1,849,000	-	1,849,000	1.64%	d

Sources:

- a District Records
- b Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- c Per Capita Personal Income 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, 2019**

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Brooklawn	\$ 2,953,984 (1)	100.000%	\$ 2,953,984
Camden County General Obligation Debt	357,727,729 (1)	0.318% (2)	1,137,574
			<hr/>
Subtotal, overlapping debt			4,091,558
Brooklawn School District Direct Debt			<hr/> 2,014,000
Total direct and overlapping debt			<u><u>\$ 6,105,558</u></u>

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2019 Equalized Valuation. The source for this computation was the 2019 County Abstract of Ratables, provided by the County Board of Taxation.

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

J-13

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized valuation basis (1)	
	2017	\$ 125,552,127
	2018	123,186,044
	2019	117,235,288
		<u>\$ 365,973,459</u>
Average equalized valuation of taxable property		<u>\$ 121,991,153</u>
Debt limit (3% of average equalized valuation) (2)		3,659,735
Net bonded school debt (3)		1,849,000
Legal debt margin		<u>\$ 1,810,735</u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 4,495,335	\$ 4,463,336	\$ 4,315,070	\$ 4,071,363	\$ 3,785,949	\$ 3,597,417	\$ 3,489,625	\$ 3,550,462	\$ 3,631,614	\$ 3,659,735
Total net debt applicable to limit (3)	<u>1,462,000</u>	<u>1,342,000</u>	<u>1,207,000</u>	<u>1,057,000</u>	<u>2,874,000</u>	<u>2,759,000</u>	<u>2,539,000</u>	<u>2,319,000</u>	<u>2,089,000</u>	<u>1,849,000</u>
Legal debt margin	<u>\$ 3,033,335</u>	<u>\$ 3,121,336</u>	<u>\$ 3,108,070</u>	<u>\$ 3,014,363</u>	<u>\$ 911,949</u>	<u>\$ 838,417</u>	<u>\$ 950,625</u>	<u>\$ 1,231,462</u>	<u>\$ 1,542,614</u>	<u>\$ 1,810,735</u>
Total net debt applicable to the limit as a percentage of debt limit	32.52%	30.07%	27.97%	25.96%	75.91%	76.69%	72.76%	65.32%	57.52%	50.52%

Sources:

- (1) Equalized valuation basis 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 ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2011	1,932	\$ 84,611,940	\$ 43,795	6.8%
2012	1,927	85,928,784	44,592	6.9%
2013	1,915	86,626,940	45,236	14.6%
2014	1,907	89,447,835	46,905	9.7%
2015	1,904	93,088,464	48,891	7.7%
2016	1,905	95,562,420	50,164	7.1%
2017	1,901	98,570,652	51,852	6.7%
2018	1,900	102,795,700	54,103	6.7%
2019	1,898	e	e	4.7%
2020	e	e	e	e

Source:

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

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

J-16

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	17	20	20	20	20	20	20	20	24.8	24.1
Special education	5	6	6	7	7	7	7	7	5.0	5.0
Other special education	2	5	5	6	6	6	6	6	11.6	10.6
Other instruction	4	3	3	3	3	3	3	3		
Support Services:										
School administrative services	1	1	1	2	2	2	2	2	3.0	3.0
General and business administrative services	2	2	2	2	2	2	2	2	2.5	2.5
Plant operations and maintenance	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.0	4.2
Business and other support services	2	2	2	2	2	2	2	2	2.3	2.3
Administrative Information Technology	1	1	1	1	1	1	1	1		
Food Service	2	2	2	2	2	2	2	2	1.5	1.5
Child Care	1	1	1	1	1	1	1	1	1.3	1.3
Total	<u>40</u>	<u>45.5</u>	<u>45.5</u>	<u>48.5</u>	<u>48.5</u>	<u>48.5</u>	<u>48.5</u>	<u>48.5</u>	<u>55.0</u>	<u>54.5</u>

Source:
District Personnel Records

**Brooklawn School District
Operating Statistics,
Last Ten Fiscal Years**

J-17

<u>Fiscal Year</u>	<u>Resident Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio - Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2011	303	\$ 5,130,058	\$ 16,931	-2.41%	34	1:20	302.6	288.4	-2.89%	95.31%
2012	341	5,502,478	16,136	-4.69%	30	1:20	340.9	326.0	12.65%	95.63%
2013	363	5,973,110	16,455	1.97%	30	1:20	365.6	346.6	7.08%	94.80%
2014	342	6,169,841	18,040	9.64%	30	1:20	336.5	321.0	-7.95%	95.39%
2015	334	6,128,430	18,349	1.71%	30	1:20	344.5	323.7	2.37%	93.96%
2016	320	6,262,600	19,571	6.66%	30	1:20	320.3	305.9	-7.20%	95.51%
2017	299	6,145,949	20,555	5.03%	30	1:20	311.9	299.2	-2.62%	95.93%
2018	304	6,893,961	22,678	10.33%	30	1:20	310.2	289.5	-0.54%	93.33%
2019	316	6,832,033	21,620	-4.66%	30	1:20	319.5	302.7	2.99%	94.74%
2020	293	6,756,513	23,060	6.66%	30	1:20	292.0	281.9	-0.86%	96.53%

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>District Building</u>										
<u>Elementary</u>										
Alice Costello Elementary School - (1924)										
Square Feet	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900
Capacity (students)	400	400	400	400	400	400	400	400	400	400
Enrollment	303	341	366	336	345	320	312	310	303	292

Number of Schools at June 30, 2020

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

Source: District Facilities Office

Brooklawn School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

J-19

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
* School Facilities											
Alice Costello School	\$ 5,795	\$ 19,887	\$ 20,000	\$ 23,145	\$ 23,000	\$ 37,000	\$ 30,640	\$ 82,239	\$ 1,898	\$ 38,322	\$ 281,926
Total School Facilities	<u>\$ 5,795</u>	<u>\$ 19,887</u>	<u>\$ 20,000</u>	<u>\$ 23,145</u>	<u>\$ 23,000</u>	<u>\$ 37,000</u>	<u>\$ 30,640</u>	<u>\$ 82,239</u>	<u>\$ 1,898</u>	<u>\$ 38,322</u>	<u>\$ 281,926</u>

* 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, 2020**

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Building and Contents (All Locations)		
Limits of liability per occurrence	\$ 500,000,000	\$ 1,000
Boiler and Machinery	100,000,000	1,000
General and Automobile Liability	5,000,000	1,000
Workers' Compensation	Statutory	
Professional Legal Liability	5,000,000	5,000
Crime Coverage	500,000	1,000
Environmental Impairment Liability	1,000,000	
Excess Liability	5,000,000	
Employers Liability	5,000,000	
Student Accident Coverage (2)	1,000,000	
Catastrphic Student Accident Coverage (3)	2,500,000	
Surety Bonds (4)		
Treasurer	171,000	
Board Secretary	35,000	

- (1) School Alliance Insurance Fund
- (2) Berkley Life and Health Insurance Company
- (3) United States Fire Insurance Company
- (4) Western Surety

Source: District records

Single Audit Section

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**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, the standards applicable to financial statement 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 fiscal year ended June 30, 2020, 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 December 18, 2020.

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) as a basis for designing 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 entity'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 from 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 financial statements. 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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, and federal and state awarding agencies and pass-through entities, 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 No. CS001095

Marlton, New Jersey
December 18, 2020

INVERSO & STEWART, LLC
Certified Public Accountants

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE
 REQUIRED BY NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

I have audited Brooklawn School District (School District), in the County of Camden, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State 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, 2020. 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 state statutes, regulations, and the terms and conditions of its state awards 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 State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB 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, 2020.

Report on Internal Control Over Compliance

Management of the Brooklawn School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Brooklawn School District's internal control over compliance.

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

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

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 State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
December 18, 2020

BROOKLAWN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2019			Adjustment	Carryover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2020		
						(Accounts Receivable)	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education																
Special Revenue Fund:																
Title I																
Fiscal Year 2020	84.010A	S010A190030	ESSA-0580-20	\$ 177,837	7/1/19 - 9/30/20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,730	\$ (177,836)	\$ -	\$ (46,106)	\$ -	\$ -
Fiscal Year 2019	84.010A	S010A180030	ESSA-0580-19	172,267	7/1/18 - 6/30/19	(172,266)					172,266			-	-	
Title I - Reallocated																
Fiscal Year 2020	84.010A	S010A190030	ESSA-0580-20	6,261	7/1/19 - 9/30/20						10,016	(6,261)		(6,261)		
Fiscal Year 2019	84.010A	S010A180030	ESSA-0580-19	10,016	7/1/18 - 6/30/19							(10,016)				
Title II A																
Fiscal Year 2020	84.367A	S367A190029	ESSA-0580-20	9,416	7/1/19 - 9/30/20							(9,416)		(9,416)		
Fiscal Year 2019	84.367A	S367A180029	ESSA-0580-19	12,571	7/1/18 - 6/30/19	(6,850)				6,850				-		
Title IV																
Fiscal Year 2020	84.424	S424A190031	ESSA-0580-20	20,403	7/1/19 - 9/30/20							(19,277)		(19,277)		
Individuals With Disabilities Act (I.D.E.A.)																
Part B - Basic																
Fiscal Year 2020	84.027	H027A190100	IDEA-0580-20	108,796	7/1/19 - 9/30/20					90,055	(90,055)			-		
Fiscal Year 2019	84.027	H027A180100	IDEA-0580-19	108,796	7/1/18 - 6/30/19	(21,949)				21,949				-		
Part B - Preschool																
Fiscal Year 2020	84.173	H173A190114	IDEA-0580-20	5,841	7/1/19 - 9/30/20						(3,316)			(3,316)		
Total U.S. Department of Education						(201,065)	-	-	-	-	432,866	(316,177)	-	(84,376)	-	-
U.S. Department of Agriculture																
Enterprise Fund:																
School Breakfast Program:																
Fiscal Year 2020	10.553	201NJ304N1099	N/A	30,020	7/1/19 - 6/30/20					28,957	(30,020)			(1,063)		
Fiscal Year 2019	10.553	191NJ304N1099	N/A	36,646	7/1/18 - 6/30/19	(1,123)				1,123						
National School Lunch Program																
Fiscal Year 2020	10.555	201NJ304N1099	N/A	67,097	7/1/19 - 6/30/20					65,407	(67,097)			(1,690)		
Fiscal Year 2019	10.555	191NJ304N1099	N/A	87,056	7/1/18 - 6/30/19	(3,009)				3,009						
Total U.S. Department of Agriculture						(4,132)	-	-	-	-	98,496	(97,117)	-	(2,753)	-	-
Total Federal Awards						\$ (205,197)	\$ -	\$ -	\$ -	\$ -	\$ 531,362	\$ (413,294)	\$ -	\$ (87,129)	\$ -	\$ -

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, 2020

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2019			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Balance, June 30, 2020		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education													
General Fund:													
Equalization Aid	20-495-034-5120-078	\$ 3,548,810	7/1/19- 6/30/20	\$ -	\$ -	\$ -	\$ -	\$ 3,199,164	\$ (3,548,810)	\$ -	\$ (349,646)	\$ -	\$ -
Equalization Aid	19-495-034-5120-078	3,488,270	7/1/18- 6/30/19	(330,346)				330,346					
Special Education Categorical Aid	20-495-034-5120-089	271,023	7/1/19- 6/30/20					244,321	(271,023)		(26,702)		
Special Education Categorical Aid	19-495-034-5120-089	271,023	7/1/18- 6/30/19	(25,666)				25,666					
Security Aid	20-495-034-5120-084	110,945	7/1/19- 6/30/20					100,014	(110,945)		(10,931)		
Security Aid	19-495-034-5120-084	110,945	7/1/18- 6/30/19	(10,507)				10,507					
Transportation Aid	20-495-034-5120-014	17,795	7/1/19- 6/30/20					16,042	(17,795)		(1,753)		
Transportation Aid	19-495-034-5120-014	17,795	7/1/18- 6/30/19	(1,685)				1,685					
School Choice Aid	20-495-034-5120-068	469,328	7/1/19- 6/30/20					423,088	(469,328)		(46,240)		
School Choice Aid	19-495-034-5120-068	462,076	7/1/18- 6/30/19	(53,230)				53,230					
Adjustment Aid	20-495-034-5120-085	75,296	7/1/19- 6/30/20					67,877	(75,296)		(7,419)		
Adjustment Aid	19-495-034-5120-085	75,296	7/1/18- 6/30/19	(7,131)				7,131					
Extraordinary Aid	20-495-034-5120-044	28,107	7/1/19- 6/30/20						(28,107)		(28,107)		
Extraordinary Aid	19-495-034-5120-044	10,720	7/1/18- 6/30/19	(10,720)				10,720					
Homeless Tuition Aid	20-495-034-5120-005	28,690	7/1/19- 6/30/20						(28,690)		(28,690)		
On-behalf TPAF Pension Contributions	20-495-034-5094-002	430,691	7/1/19- 6/30/20					430,691	(430,691)		-		
On-behalf TPAF Post Retirement Medical	20-495-034-5094-001	159,778	7/1/19- 6/30/20					159,778	(159,778)		-		
On-behalf TPAF Pension - LTDI	20-495-034-5094-004	303	7/1/19- 6/30/20					303	(303)		-		
Reimbursed TPAF Social Security Contr.	20-495-034-5094-003	163,614	7/1/19- 6/30/20					147,390	(163,614)		(16,224)		
Reimbursed TPAF Social Security Contr.	19-495-034-5094-003	160,010	7/1/18- 6/30/19	(7,955)				7,955					
Total General Fund				(447,240)	-	-	-	5,235,908	(5,304,380)	-	(515,712)	-	-
Special Revenue Fund:													
Preschool Education Aid	20-495-034-5120-086	75,182	7/1/19- 6/30/20					67,664	(75,182)		(7,518)		
Preschool Education Aid	19-495-034-5120-086	62,700	7/1/18- 6/30/19	(6,270)				6,270					
Total Special Revenue Fund				(6,270)	-	-	-	73,934	(75,182)	-	(7,518)	-	-
Capital Projects Fund:													
Costello Elementary School	0580-010-14-1009-G04	104,253	1/6/14-6/30/14	(104,253)							(104,253)		
Emergency Generator & Lighting	0580-010-14-1004-G04	137,860	1/6/14-12/31/16	(137,860)							(137,860)		
Total Capital Projects Fund				(242,113)	-	-	-	-	-	-	(242,113)	-	-
Debt Service Fund													
Debt Service Aid Type II	20-495-034-5120-017	35,617	7/1/19- 6/30/20					35,617	(35,617)				
Total State Department of Education				(695,623)	-	-	-	5,345,459	(5,415,179)	-	(765,343)	-	-
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)													
Fiscal Year 2020	20-100-010-3350-023	1,486	7/1/19- 6/30/20					1,101	(1,486)		(385)		
Fiscal Year 2019	19-100-010-3350-023	1,522	7/1/18- 6/30/19	(52)				52					
Total State Department of Agriculture				(52)	-	-	-	1,153	(1,486)	-	(385)	-	-
Total State Financial Assistance				\$ (695,675)	\$ -	\$ -	\$ -	\$ 5,346,612	\$ (5,416,665)	\$ -	\$ (765,728)	\$ -	\$ -
Less: State Financial Expenditures Not Subject to Major Program Determination													
On-Behalf TPAF Contribution - Pension (Non-Budgeted) (430,691)													
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted) (159,778)													
On-Behalf TPAF Contribution - LTDI (Non-Budgeted) (303)													
Total State Financial Expenditures Subject to Major Program Determination \$ (4,825,893)													

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, 2020

1. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more of the June state aid payments 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 one or more June state aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

Brooklawn School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020
(Continued)

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$14,126) for the general fund and (\$1,248) for special revenue. 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	\$ -	\$ 5,290,254	\$ 5,290,254
Special Revenue	316,177	73,934	390,111
Capital Projects			-
Debt Service		35,617	35,617
Food Service	97,117	1,486	98,603
Total	<u>\$ 413,294</u>	<u>\$ 5,401,291</u>	<u>\$ 5,814,585</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.

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, 2020. 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, 2020.

6. MAJOR PROGRAMS

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

**BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

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

Federal Awards

NOT APPLICABLE

Internal Control over major programs:

Material weaknesses identified? _____ yes _____ no

Significant deficiencies identified? _____ yes _____ none reported

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

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

Identification of major programs:

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

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

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

**BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

**BROOKLAWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FEDERAL AWARDS:

A federal single audit was not required.

STATE AWARDS:

No findings identified.

**BROOKLAWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2019-001

The district transferred funds to school administration and central services that on a cumulative basis exceeded 10 percent of the total amount of the original budget for school administration and central services without proper department approval.

Current Status:

This finding has been corrected.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

Finding No. 2019-002

The student counts for on roll students did not agree to supporting documents. Supporting workpapers were not well maintained.

Current Status:

This finding has been corrected.