

**SCHOOL DISTRICT OF THE
BOROUGH OF PROSPECT PARK
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**School District
of**

PROSPECT PARK

**PROSPECT PARK BOARD OF EDUCATION
Prospect Park, New Jersey**

**Comprehensive Annual Financial Report
Year Ended June 30, 2019**

Comprehensive Annual Financial Report

of the

PROSPECT PARK BOARD OF EDUCATION
Prospect Park, New Jersey

Year Ended June 30, 2019

Prepared by

Carl Morelli
Business Administrator/Board Secretary

OUTLINE OF CAFR

INTRODUCTORY SECTION

Letter of Transmittal.	1
Organizational Chart.	5
Roster of Officials.	6
Consultants and Advisors.	7

FINANCIAL SECTION

Independent Auditor's Report.	8
Required Supplementary Information - Part I Management's Discussion and Analysis.	12

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:

A-1 Statement of Net Position.	25
A-2 Statement of Activities.	26

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet.	27
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances.	28
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.	29

Proprietary Funds:

B-4 Statement of Net Position.	30
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position.	31
B-6 Statement of Cash Flows.	32

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position.	33
--	----

Notes to the Financial Statements.	34
--	----

Required Supplementary Information - Part II

OUTLINE OF CAFR

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule - General Fund.....	74
C-1a	Not Applicable	
C-1b	Not Applicable	
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	79
Notes to the Required Supplementary Information		
C-3	Budget-to-GAAP Reconciliation.	80

Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability – PERS.....	81
L-2	Schedule of District Contributions – PERS.	82
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF.....	83
L-4	Notes to Required Schedules of Supplementary Information - Part III.	84

M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)

M-1	Schedule of Changes in the District's Proportionate Share of the State OPEB Liability.....	85
-----	---	----

Other Supplementary Information

D. School Level Schedules:

Not Applicable

E. Special Revenue Fund:

E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.	86
E-1a	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.	87
E-1b	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.	88
E-2	Schedule of Preschool Education Aid- Budgetary Basis.	89
E-3	Not Applicable	

OUTLINE OF CAFR

F. Capital Projects Fund:

F-1	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis.....	90
F-1a	Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis - Additions and Renovations to School.	91
F-1b	Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis - Masonry Upgrades.....	92
F-2	Summary Statement of Project Expenditures.....	93

G. Proprietary Funds:

Enterprise Fund:

G-1	Combining Statement of Net Position.	94
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	95
G-3	Combining Statement of Cash Flows.....	96

Internal Service Fund:

Not Applicable

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Position.	97
H-2	Student Activity Agency Fund - Schedule of Receipts and Disbursements.....	98
H-3	Payroll Agency Fund - Schedule of Receipts and Disbursements.	99

I. Long-Term Debt:

I-1	Schedule of Serial Bonds.	100
I-2	Not Applicable	
I-3	Debt Service Fund Budgetary Comparison Schedule.....	101

J. Statistical Section (Unaudited)

Financial Trends

Introduction to the Statistical Section

J-1	Net Assets/ Position by Component.	102
J-2	Changes in Net Assets/ Position.....	103
J-3	Fund Balances - Governmental Funds.	105
J-4	Changes in Fund Balances - Governmental Funds.....	106
J-5	General Fund Other Local Revenue by Source.....	108

OUTLINE OF CAFR

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property..	109
J-7	Direct and Overlapping Property Tax Rates.....	110
J-8	Principal Property Taxpayers.	111
J-9	Property Tax Levies and Collections.	112

Debt Capacity

J-10	Ratios of Outstanding Debt by Type.....	113
J-11	Ratios of General Bonded Debt Outstanding.	114
J-12	Direct and Overlapping Governmental Activities Debt.	115
J-13	Legal Debt Margin Information.	116

Demographic and Economic Information

J-14	Demographic and Economic Statistics.	117
J-15	Principal Employers.	118

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program.....	119
J-17	Operating Statistics.....	120
J-18	School Building Information.	121
J-19	Schedule of Allowable Maintenance Expenditures by School Facility.	122
J-20	Insurance Schedule.	123

K. SINGLE AUDIT SECTION

K-1	Independent Auditor's 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.	124
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and N.J. OMB Circular Letter 15-08.	126
K-3	Schedule of Expenditures of Federal Awards - Schedule A.....	129
K-4	Schedule of Expenditures of State and Local Financial Awards - Schedule B..	130
K-5	Notes to the Schedules of Awards and Financial Assistance.	132
K-6	Schedule of Findings and Questioned Costs.....	135
K-7	Schedule of Financial, Federal and State Findings.....	137
K-8	Summary Schedule of Prior Audit Findings.....	145

INTRODUCTORY SECTION

**OFFICE OF THE SUPERINTENDENT
PROSPECT PARK SCHOOL DISTRICT**

94 BROWN AVENUE
PROSPECT PARK, NJ 07508

PHONE: (973) 720-1981 FAX: (973) 720-1992
District Website: www.prospectparknj.com

January 10, 2020

Honorable President and
Members of the Board of Education
Prospect Park School District
Prospect Park, NJ 07508

Dear Board Members:

The comprehensive annual financial report of the Prospect Park School District (District) for the fiscal year ended June 30, 2019 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 (Board). 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 basic financial statements and results of operations 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 management discussion and analysis, the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the related Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey States Office of Management and Budget Circular 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, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Prospect Park School District is an independent reporting entity within the criteria adopted by the SASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Prospect Park Board of Education and all its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular classes for Pre K-8 as well as special education classes for handicapped youngsters. The District had at the October 2018 ASSA count of 884 students, which is 41 students less than the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<i>Fiscal Year</i>	<i>Average Daily Enrollment</i>	
	<i>Student Enrollment</i>	<i>Percent Change</i>
2018-2019	884.0	(4.4)
2017-2018	925.2	(0.8)
2016-2017	932.7	2.6
2015-2016	909.6	0.6
2014-2015	861.7	(1.0)
2013-2014	870.6	(4.1)
2012-2013	908.0	1.0
2011-2012	900.0	3.0
2010-2011	873.5	2.4
2009-2010	871.4	(1.5)

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Prospect Park is experiencing limited economic development and growth. It is not expected that there will be any strong economic growth or expansion in the region in the near future. Additional state aid funding could assist the district in future years.

3) MAJOR INITIATIVES: In addition to continued commitment to implementing the curriculum, the District is committed to achieve the student performance objectives that it establishes on a yearly basis. The District is determined to be a passing school, one that teaches its students the core curriculum concepts and skills that they need to find success on district and state tests. It is the district's contention that all students will be successful on assessments administered at their grade level during the 2019-20 school year through collaborative teaching in all grade levels, current materials aligned to the core standards, an Internet-based reinforcement program to help the students prepare for state tests, assistive technology to enhance teachers' techniques and strategies, a school wide writing program, sustained professional development activities for all teachers, and parent workshops.

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 recognized 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 Executive County Superintendent of Schools of Passaic County. 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.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2019.

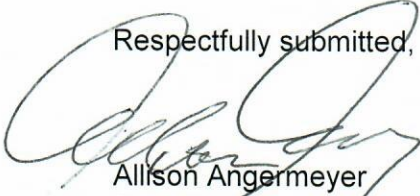
6) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. was selected by the Prospect Park Board of Education to conduct the independent audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey States Office of Management and Budget Circular 15-08. The auditor's report on the basic financial statements and specific required supplementary information 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) **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Prospect Park 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,

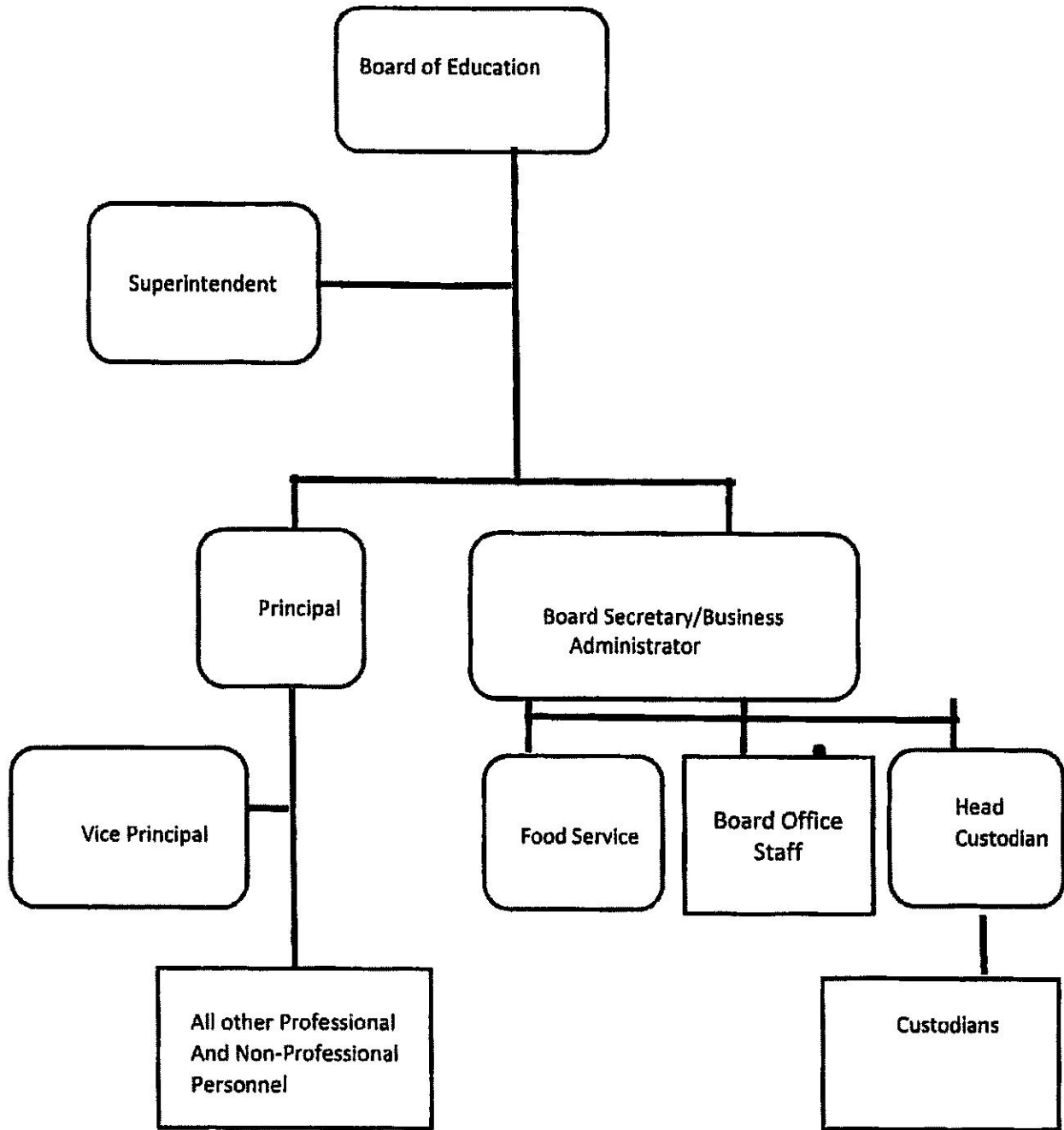
A handwritten signature in black ink, appearing to read "Allison Angermeyer", with a horizontal line extending to the right.

Allison Angermeyer
Superintendent/CSA

A handwritten signature in blue ink, appearing to read "Carl Morelli", consisting of several horizontal, wavy strokes.

Carl Morelli
Business Administrator/Board Secretary

**PROSPECT PARK BOARD OF EDUCATION
ORGANIZATIONAL CHART**



PALISADES PARK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2019

Members of the Board of Education

Term Expires

Thomas F.X. Magura (7/1/18-12/31/18)	2018
Maria E. Anderson (7/1/18 - 12/31/18)	2018
Nidia Cano (7/1/18 - 12/31/18)	2018
Frank Caraccio	2020
Muhammed Hussain, V.P. (7/1/18 - 12/31/18)	2020
Muhammed Hussain, President (1/1/19 - 6/30/19)	2020
Andre Greer, President (7/1/18 - 12/31/18)	2019
Eslam Zakaria	2019
Naiz Nadim (1/1/19 - 6/30/19)	2021
Ashley Alba (1/1/19 - 6/30/19)	2021
Daysi Gonzalez, Vice President (1/1/19 - 6/30/19)	2021

Other Officials

Allison Angermeyer, Superintendent of Schools

Louis B. Turco, Business Administrator/Board Secretary

PROSPECT PARK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

June 30, 2019

Attorney

SCIARRILLO, CORNELL, MERLINO, MCKEEVER
& OSBORNE, LLC
238 St. Paul Street
Westfield, NJ 07090

BUGLIONE, HUTTON & DEYOE, LLC
401 Paterson Hamburg Turnpike, #206
Wayne, NJ 07470

District Auditor

STEVEN D. WIELKOTZ, C.P.A.
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442

Official Depositories

VALLEY NATIONAL BANK
1460 Valley Road
Wayne, NJ 07470

FINANCIAL SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Prospect Park School District
County of Passaic, New Jersey
Prospect Park, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Prospect Park School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit 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 entity'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 entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on U.S. Generally Accepted Accounting Principles

Governmental Accounting Standards Board Statement (GASBS) 34 requires school districts and other public entities to accurately track and account for fixed assets. The District failed to provide an updated fixed asset report including additions, deletions and depreciation expense which is to be reported as a direct expense.

The effects on the financial statements, although not reasonably determinable, are presumed to be material.

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Prospect Park Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedules Related to Accounting and Reporting for Pensions, and Other Post Employment Benefits identified 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Prospect Park Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards, 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 the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards, 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 the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates 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 our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, 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 the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Honorable President and
Members of the Board of Education
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2020 on our consideration of the Borough of Prospect Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Borough of Prospect Park Board of Education's internal control over financial reporting and compliance.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

January 10, 2020

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

As management of the Borough of Prospect Park Board of Education (the “School District”), we offer readers of the School District’s financial statements this narrative overview and analysis of the financial activities of the Borough of Prospect Park Board of Education for the fiscal year ended June 30, 2019.

The management’s discussion and analysis is provided at the beginning of the audit to provide an overall review of the past and current position of the School District’s financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District’s revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

In total, net position decreased \$(10,973). Net position of governmental activities decreased \$(69,004) while net assets of business-type activity increased by \$58,031.

General revenues accounted for \$16,244,477 in revenue or 91 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,646,354 or 9 percent of total revenues of \$17,890,831.

The School District had \$17,465,054 in expenses related to governmental activities; only \$1,153,604 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$16,242,446 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to the Borough of Prospect Park School District’s basic financial statements. The Borough of Prospect Park School District’s basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

District-Wide Financial Statements

The *district-wide financial statements* are designed to provide readers with a broad overview of the Borough of Prospect Park School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Borough of Prospect Park School District's assets and liabilities using the accrual basis of accounting, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough of Prospect Park School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the Borough of Prospect Park School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Borough of Prospect Park School District include instruction, support services and special schools. The business-type activities of the Borough of Prospect Park School District include the food service program.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough of Prospect Park School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds of the Borough of Prospect Park School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflow of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Borough of Prospect Park School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund which are all considered to be major funds.

The Borough of Prospect Park School District adopts annual appropriated budgets for its governmental funds except for the capital projects fund. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

Proprietary Funds

The Borough of Prospect Park School District maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The Borough of Prospect Park School District uses enterprise funds to account for its food service program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the local district services operations.

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the Borough of Prospect Park School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Proprietary Funds

The Borough of Prospect Park School District maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The Borough of Prospect Park School District uses enterprise funds to account for its food service program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the local district services operations.

The School District's net position was \$7,765,051 at June 30, 2019 and \$7,776,024 at June 30, 2018, respectively. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2019 compared to 2018 (Table 1) and change in net position (Table 2) of the School District.

[THIS SPACE INTENTIONALLY LEFT BLANK]

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and Other Assets	2,365,055	3,228,515	254,178	159,912	2,619,233	3,388,427
Capital Assets	<u>10,126,659</u>	<u>10,126,659</u>	<u>16,925</u>	<u>16,926</u>	<u>10,143,584</u>	<u>10,143,585</u>
Total Assets	<u>12,491,714</u>	<u>13,355,174</u>	<u>271,103</u>	<u>176,838</u>	<u>12,762,817</u>	<u>13,532,012</u>
Deferred Outflows:						
Deferred Outflows of Resources						
Related to PERS	<u>618,265</u>	<u>906,870</u>	_____	_____	<u>618,265</u>	<u>906,870</u>
Total Deferred Outflows	<u>618,265</u>	<u>906,870</u>	_____	_____	<u>618,265</u>	<u>906,870</u>
Liabilities						
Current Liabilities	101,867	734,145	57,191	20,957	159,058	755,102
Noncurrent Liabilities	<u>4,241,910</u>	<u>5,090,430</u>	_____	_____	<u>4,241,910</u>	<u>5,090,430</u>
Total Liabilities	<u>4,343,777</u>	<u>5,824,575</u>	<u>57,191</u>	<u>20,957</u>	<u>4,400,968</u>	<u>5,845,532</u>
Deferred Inflows:						
Deferred Inflows of Resources						
Related to PERS	<u>1,068,647</u>	<u>817,326</u>	_____	_____	<u>1,068,647</u>	<u>817,326</u>
Total Deferred Inflows	<u>1,068,647</u>	<u>817,326</u>	_____	_____	<u>1,068,647</u>	<u>817,326</u>
Net Assets						
Net Investment in Capital Assets	8,247,659	7,997,659	16,925	16,926	8,264,584	8,014,585
Restricted	2,647,951	2,901,336			2,647,951	2,901,336
Unrestricted	<u>(3,344,471)</u>	<u>(3,278,852)</u>	<u>196,987</u>	<u>138,955</u>	<u>(3,147,484)</u>	<u>(3,139,897)</u>
Total Net Position	<u>7,551,139</u>	<u>7,620,143</u>	<u>213,912</u>	<u>155,881</u>	<u>7,765,051</u>	<u>7,776,024</u>

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2019 compared to 2018.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales		71,617	9,305	14,006	9,305	85,623
Operating Grants and						
Contributions	1,153,604	6,350,309	483,445	466,397	1,637,049	6,816,706
General Revenues:						
Taxes:						
Property taxes	3,263,847	3,068,367			3,263,847	3,068,367
Federal and State Aid not						
Restricted	12,604,071	7,712,943			12,604,071	7,712,943
Rents and Royalties	20,621				20,621	
Miscellaneous Income	332,082	41,996			332,082	41,996
Investment Income	<u>21,825</u>	<u>41,156</u>	<u>2,031</u>	<u>757</u>	<u>23,856</u>	<u>41,913</u>
Total Revenues and Transfers	<u>17,396,050</u>	<u>17,286,388</u>	<u>494,781</u>	<u>481,160</u>	<u>17,890,831</u>	<u>17,767,548</u>

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

start

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Functions/Program Expenses						
Instruction:						
Regular	6,078,150	8,252,986			6,078,150	8,252,986
Special Education	1,529,001	2,385,247			1,529,001	2,385,247
Other Special Instruction	249,154				249,154	0
Other Instruction	262,654	415,864			262,654	415,864
Support Services:						
Instruction	1,035,874	772,144			1,035,874	772,144
Student & Instruction Related Services	1,948,506	1,964,422			1,948,506	1,964,422
General Administrative Services	464,772	1,091,533			464,772	1,091,533
School Administrative Services	562,847	746,465			562,847	746,465
Central Services	367,639				367,639	0
Administrative Information Technology	124,553				124,553	0
Plant Operations and Maintenance	1,178,604	1,272,709			1,178,604	1,272,709
Pupil Transportation	681,438	465,789			681,438	465,789
Unallocated Benefits	2,640,663				2,640,663	0
Capital Outlay -						
Non-depreciable	86,229	76,955			86,229	76,955
Charter Schools	189,551	130,259			189,551	130,259
Interest on Long-Term Debt	65,419	71,617			65,419	71,617
Food Service			<u>436,750</u>	<u>432,692</u>	<u>436,750</u>	<u>432,692</u>
Total Expenses	<u>17,465,054</u>	<u>17,645,990</u>	<u>436,750</u>	<u>432,692</u>	<u>17,901,804</u>	<u>18,078,682</u>
Increase or (Decrease) in						
Net Position	<u>(69,004)</u>	<u>(359,602)</u>	<u>58,031</u>	<u>48,468</u>	<u>(10,973)</u>	<u>(311,134)</u>

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business-Type Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$17,901,804. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$3,263,847 because some of the cost was paid by those who benefitted from the programs \$9,305, by other governments and organizations who subsidized certain programs with grants and contributions \$1,637,049, unrestricted federal and state aid \$12,604,071, rents and royalties received \$20,621, and by miscellaneous sources \$355,938.

Revenues for the District’s business-type activities (food service program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service revenues exceeded expenses by \$58,031.
- ✓ Charges for services provided totaled \$9,305 represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$483,445.

The following schedules present a summary of governmental fund revenues for the fiscal year ended June 30, 2019, and the amount and percentage of increases/(decreases) relative to the prior year.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2018</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Local Source	\$3,638,375	23.4%	\$412,290	12.78%	\$3,226,085
State Source	11,025,621	70.9%	621,369	5.97%	10,404,252
Federal Source	<u>882,663</u>	<u>5.7%</u>	<u>96,072</u>	12.21%	<u>786,591</u>
Total	<u>\$15,546,659</u>	<u>100.0%</u>	<u>\$1,129,731</u>	7.84%	<u>\$14,416,928</u>

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2018</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Current Expenditures:					
Instruction	\$5,828,495	36.9%	\$29,526	0.51%	\$5,798,969
Undistributed	9,575,165	60.6%	1,074,005	12.63%	8,501,160
Debt Service	318,023	2.0%	(5,937)	(1.83)%	323,960
Capital Outlay	<u>86,229</u>	<u>0.5%</u>	<u>(174,977)</u>	(66.99)%	<u>261,206</u>
Total	<u>\$15,807,912</u>	<u>100.0%</u>	<u>\$922,617</u>	6.20%	<u>\$14,885,295</u>

Changes in expenditures were the result of varying factors. Current expense undistributed increased due to significant health insurance cost increases combined with increased student special education enrollment.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District’s budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2019, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state’s contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$341,287 for increases in federal and state grant awards.

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

General Fund

The general fund actual revenue was \$14,105,963 including transfers. That amount is \$2,143,505 above the final amended budget of \$11,962,458. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,862,514 for TPAF social security reimbursements and on-behalf pension payments, an increase in other state and federal aids of \$214,398, and an excess of \$66,593 in miscellaneous anticipated revenues.

The actual expenditures of the general fund were \$14,586,550 including transfers which is \$1,597,705 above the final amended budget of \$12,988,845. The variance between the actual expenditures and final budget was due to non-budget on-behalf TPAF social security and pension payments of \$1,862,514, and \$264,809 unexpended budgeted funds.

General fund had total revenues of \$14,105,963 including transfers and total expenditures and transfers of \$14,586,550 with an ending fund balance of \$2,397,035.

Special Revenue Fund

The special revenue fund actual revenue was \$1,329,002 including transfers. That amount is \$292,394 below the final amended budget of \$1,621,396. The variance between the actual revenue and the final budget was state and federal grant revenue that was anticipated to be spent by fiscal year end. The state and federal grant revenue will be received/realized in the next fiscal year.

The actual expenditures of the special revenue fund were \$1,329,002, which is \$292,394 below the final amended budget of \$1,621,396. The variance between actual expenditures and the final budget was due to the anticipation of fully expending state and federal grant programs. Expenditures will be incurred in the next fiscal year.

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019 the School District had \$14,817,449 invested in sites, buildings, equipment. Of this amount \$4,673,865 in depreciation has been taken over the years. We currently have a net book value of \$10,143,584.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sites and Improvements	\$3,603,497	\$3,603,497	\$	\$	\$3,603,497	\$3,603,497
Buildings and Improvements	6,523,162	6,523,162			6,523,162	6,523,162
Furniture, Equipment and Vehicles			16,925	16,925	16,925	16,925
	<u>\$10,126,659</u>	<u>\$10,126,659</u>	<u>\$16,925</u>	<u>\$16,925</u>	<u>\$10,143,584</u>	<u>\$10,143,584</u>

Debt Administration

At June 30, 2019, the District had \$4,241,910 of long-term debt. Of this amount, \$47,563 is for compensated absences, \$1,879,000 is school improvement serial bonds and \$2,315,347 is for net pension liability.

**Table 4
Outstanding Serial Bonds at June 30,**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
School Bonds – 2010	<u>\$1,879,000</u>	<u>\$2,129,000</u>

**PROSPECT PARK BOARD OF EDUCATION
PROSPECT PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economy in the State of New Jersey is slowly improving. The current State of New Jersey revenue estimates are at the point that the legislature and governor have approved a State Aid funding bill for the 2019-2020 school year that is greater than the level of the 2018-2019 school year.

These factors were considered in preparing the Borough of Prospect Park School District's budgets for the 2019-2020 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Borough of Prospect Park Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Carl Morelli
Board Secretary/School Business Administrator
Prospect Park Board of Education
290 N. 8th Street
Prospect Park, NJ 07508

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

PROSPECT PARK BOARD OF EDUCATION
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	339,366	117,097	456,463
Receivables, Net	957,268	29,033	986,301
Internal Balances	(104,754)	104,754	-
Inventory		3,294	3,294
Restricted Assets:			
Cash and Cash Equivalents	1,173,175		1,173,175
Capital Assets, Net:			
Land	3,506,409		3,506,409
Other Capital Assets, Net	6,620,250	16,925	6,637,175
Total Assets	<u>12,491,714</u>	<u>271,103</u>	<u>12,762,817</u>
Deferred Outflow of Resources:			
Deferred Outflows of Resources Related to PERS	618,265		618,265
Total Deferred Outflows	<u>618,265</u>		<u>618,265</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	162,684	55,438	218,122
Payable to State Government	71,336		71,336
Unearned Revenue	14,263	1,753	16,016
Noncurrent Liabilities:			
Due Within One Year	260,000		260,000
Due Beyond One Year	3,981,910		3,981,910
Total Liabilities	<u>4,490,193</u>	<u>57,191</u>	<u>4,547,384</u>
Deferred Inflow of Resources:			
Deferred Inflows of Resources Related to PERS	1,068,647		1,068,647
Total Deferred Inflows	<u>1,068,647</u>		<u>1,068,647</u>
NET POSITION			
Net Investment in Capital Assets	8,247,659	16,925	8,264,584
Restricted for:			
Debt Service	1		1
Capital Projects	1,153,620		1,153,620
Other Purposes	1,494,330		1,494,330
Unrestricted (Deficit)	(3,344,471)	196,987	(3,147,484)
Total Net Position	<u>7,551,139</u>	<u>213,912</u>	<u>7,765,051</u>

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

PROSPECT PARK BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	4,469,340	1,608,810		1,042,986	(5,035,164)		(5,035,164)
Special Education	1,017,731	511,270			(1,529,001)		(1,529,001)
Other Special Instruction	166,729	82,425			(249,154)		(249,154)
Other Instruction	174,695	87,959			(262,654)		(262,654)
Support Services:							
Instruction	1,035,874				(1,035,874)		(1,035,874)
Student & Instruction Related Services	1,642,944	305,562		110,618	(1,837,888)		(1,837,888)
General Administrative Services	362,818	101,954			(464,772)		(464,772)
School Administrative Services	377,997	184,850			(562,847)		(562,847)
Central Services	246,042	121,597			(367,639)		(367,639)
Administrative Information Tech.	124,553				(124,553)		(124,553)
Plant Operations and Maintenance	986,259				(1,178,604)		(1,178,604)
Pupil Transportation	681,438				(681,438)		(681,438)
Unallocated Benefits	2,640,663				(2,640,663)		(2,640,663)
Transfer to Charter Schools	189,551				(189,551)		(189,551)
Capital Outlay - Non-Depreciable	86,229				(86,229)		(86,229)
Interest on Long-Term Debt	65,419				(65,419)		(65,419)
Unallocated Depreciation					-		-
Total Governmental Activities	14,268,282	3,196,772	-	1,153,604	(16,311,450)	-	(16,311,450)
Business-Type Activities:							
Food Service	436,750		9,305	483,445		56,000	56,000
Total Business-Type Activities	436,750		9,305	483,445		56,000	56,000
Total Primary Government	14,705,032		9,305	1,637,049	(16,311,450)	56,000	(16,255,450)
General Revenues:							
Taxes:							
Levied for General Purposes					3,195,824		3,195,824
Taxes Levied for Debt Service					68,023		68,023
Federal and State Aid Not Restricted					12,604,071		12,604,071
Rents and Royalties					20,621		20,621
Interest Earned on Capital Reserve Funds					21,825		21,825
Miscellaneous Income					332,082	2,031	334,113
Other Financing Sources/(Uses)							-
Total General Revenues, Special Items, Extraordinary Items and Transfers					16,242,446	2,031	16,244,477
Change in Net Position					(69,004)	58,031	(10,973)
Net Position—Beginning					7,620,143	155,881	7,776,024
Net Position—Ending					7,551,139	213,912	7,765,051

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

FUND FINANCIAL STATEMENTS

PROSPECT PARK BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents					
Checking			420,936	1	420,937
Accounts Receivable -					
Intergovernmental - State	264,230	10,998	34,623		309,851
Intergovernmental - Federal		103,963			103,963
Taxes Receivable	543,454				543,454
Interfund Receivables	27,162				27,162
Restricted Cash and Cash Equivalents:					
Capital Reserve	698,061				698,061
Maintenance Reserve	375,114				375,114
Emergency Reserve	100,000				100,000
Total Assets	<u>2,008,021</u>	<u>114,961</u>	<u>455,559</u>	<u>1</u>	<u>2,578,542</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deficit in Cash and Cash Equivalents	81,571				81,571
Accounts Payable	14,494	2,200			16,694
Intergovernmental Payable:					
State		71,336			71,336
Interfund Payable	104,754	27,162			131,916
Unearned Revenue		14,263			14,263
Total Liabilities	<u>200,819</u>	<u>114,961</u>	<u>-</u>	<u>-</u>	<u>315,780</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	306,963				306,963
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	350,760				350,760
Capital Reserve Account	698,061				698,061
Maintenance Reserve Account	375,114				375,114
Emergency Reserve Account	100,000				100,000
Assigned to:					
Year-End Encumbrances	283,289				283,289
Designated by the BOE for Subsequent Year's Expenditures	78,204				78,204
Capital Projects Fund			455,559		455,559
Debt Service Fund				1	1
Unassigned:					
General Fund	<u>(385,189)</u>				<u>(385,189)</u>
Total Fund Balances	<u>1,807,202</u>	<u>-</u>	<u>455,559</u>	<u>1</u>	<u>2,262,762</u>
Total Liabilities and Fund Balances	<u>2,008,021</u>	<u>114,961</u>	<u>455,559</u>	<u>1</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 \$14,714,079 and the Accumulated Depreciation, is \$4,587,420	10,126,659
Accounts Payable for Subsequent Pension Payment is Not a Payable in the Funds	(118,949)
Deferred Outflows and Inflows of Resources are Applicable to Future Periods and Therefore are Not Reported in the Funds.	
Deferred Outflows of Resources Related to PERS Pension Liability	618,265
Deferred Inflows of Resources Related to PERS Pension Liability	(1,068,647)
Accrued Interest Liabilities are Not Due and Payable in the Current Period and Therefore are Not Reported as Liabilities in the Funds (see Note 6)	(27,041)
Long-Term Liabilities are Not Due and Payable in the Current Period and Therefore are Not Reported as Liabilities in the Funds (see Note 6)	<u>(4,241,910)</u>
Net Position of Governmental Activities	<u>7,551,139</u>

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

PROSPECT PARK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	3,195,824			68,023	3,263,847
Rents and Royalties	20,621				20,621
Interest Earned on Capital Reserve Funds	21,825				21,825
Miscellaneous	332,082				332,082
Total - Local Sources	3,570,352	-	-	68,023	3,638,375
State Sources	10,713,250	312,371			11,025,621
Federal Sources	41,430	841,233			882,663
Total Revenues	<u>14,325,032</u>	<u>1,153,604</u>	<u>-</u>	<u>68,023</u>	<u>15,546,659</u>
EXPENDITURES					
Current:					
Regular Instruction	3,426,354	1,042,986			4,469,340
Special Education Instruction	1,017,731				1,017,731
Other Special Instruction	166,729				166,729
School Sponsored/Other Instructional	174,695				174,695
Support Services and Undistributed Costs:					
Instruction	1,035,874	110,618			1,146,492
Attendance and Social Work Services	50,991				50,991
Health Services	42,454				42,454
Student & Instruction Related Services	1,438,881				1,438,881
General Administrative Services	362,818				362,818
School Administrative Services	377,997				377,997
Central Services	246,042				246,042
Administrative Information Tech.	124,553				124,553
Plant Operations and Maintenance	986,259				986,259
Pupil Transportation	681,438				681,438
Unallocated Benefits	2,065,175				2,065,175
On-behalf Contributions	1,862,514				1,862,514
Transfer to Charter Schools	189,551				189,551
Debt Service:					
Principal				250,000	250,000
Interest and Charges				68,023	68,023
Capital Outlay	86,494		(265)		86,229
Total Expenditures	<u>14,336,550</u>	<u>1,153,604</u>	<u>(265)</u>	<u>318,023</u>	<u>15,807,912</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,518)</u>	<u>-</u>	<u>265</u>	<u>(250,000)</u>	<u>(261,253)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In - Capital Reserves				250,000	250,000
Transfers Out - Capital Reserves	(250,000)				(250,000)
Total Other Financing Sources and Uses	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balances	(261,518)	-	265	-	(261,253)
Fund Balance—July 1	2,068,720	-	455,294	1	2,524,015
Fund Balance—June 30	<u>1,807,202</u>	<u>-</u>	<u>455,559</u>	<u>1</u>	<u>2,262,762</u>

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

PROSPECT PARK BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Fiscal Year Ended June 30, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2) (261,253)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital Outlays are Reported in Governmental Funds 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 Period.

	Depreciation Expense	-
	Asset Retired Prior to Full Depreciation	
	Depreciable Outlays	<u>-</u>
		-

Repayment of Long-Term Debt is Reported as 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.

In the Current Year, These Amounts Consist of:

Serial Bond Obligations	250,000
-------------------------	---------

In the Statement of Activities, 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. The Change in Interest is an Adjustment in the Reconciliation.

Prior Year	29,645
Current Year	<u>(27,041)</u>
	2,604

In the Statement of Activities, Certain Operating Expenses, e.g., Compensated Absences (Vacations) 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 Reduction in the Reconciliation (-); When the Paid Amount Exceeds the Earned Amount the Difference is an Addition to the Reconciliation (+).

Increase in Compensated Absences Payable	-
--	---

District Pension Contributions are Reported as Expenditures in the Governmental Funds When Made. However, per GASB No. 68 they are Reported as Deferred Outflows of Resources in the Statement of Net Position Because the Reported Net Pension Liability is Measured a Year Before the District's Report Date. Pension Expense, Which is the Change in the Net Pension Liability Adjusted for Changes in Deferred Outflows and Inflows of Resources Related to Pensions, is Reported in the Statement of Activities.

District Pension Contributions	116,967
Less: Pension Expense	<u>(177,322)</u>
(Increase)/Decrease in Pension Expense	(60,355)

Per GASB No. 68, Non-Employer Contributing Entities are Required to Record Any Increases in Revenue and Expense for On-behalf TPAF Pension Payments Paid by the State of New Jersey on the Statement of Activities That are in Excess of Those Amounts Reported in the Fund Financial Statements.

Increase in On-behalf State Aid TPAF Pension	1,131,597
Increase in On-behalf TPAF Pension Expense	(1,131,597)

Per GASB No. 75 Non-Employer Contributing Entities are Required to Record an Increases in Revenue and Expense for On-behalf TPAF Post Employment Medical Payments Paid by the State of New Jersey on the Statement of Activities That are in Excess of Those Amounts Reported in the Fund Financial Statements

Increase in On-behalf State Aid TPAF Post Employment Medical Revenue	717,794
Increase in On-behalf State Aid TPAF Post Employment Medical Expense	(717,794)

Change in Net Position of Governmental Activities

(69,004)

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

PROSPECT PARK BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2019

	<u>Food Service Program</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	117,097
Accounts Receivable:	
State	402
Federal	28,631
Interfund - General Fund	104,754
Inventories	3,294
Total Current Assets	<u>254,178</u>
Noncurrent Assets:	
Capital Assets:	
Equipment	103,370
Less Accumulated Depreciation	<u>(86,445)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>16,925</u>
Total Assets	<u><u>271,103</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	55,438
Deferred Revenues	<u>1,753</u>
Total Current Liabilities	<u>57,191</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	16,925
Unrestricted	<u>196,987</u>
Total Net Position	<u><u>213,912</u></u>

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

PROSPECT PARK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2019

	Food Service Program
Operating Revenues:	
Charges for Services:	
Daily Sales - Non-Reimbursable Programs	9,305
Total Operating Revenues	9,305
Operating Expenses:	
Cost of Sales - Reimbursable	186,681
Cost of Sales - Non-Reimbursable	-
Salaries	194,223
Benefits	12,147
Supplies and Materials	22,270
Purchased Property Services	10,862
Other Expenses	10,567
Depreciation	-
Total Operating Expenses	436,750
Operating Income (Loss)	(427,445)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	6,376
Federal sources:	
National School Breakfast Program	61,009
National School Lunch Program	385,431
Food Distribution Program	30,629
Interest Income	2,031
Total Nonoperating Revenues (Expenses)	485,476
Income (Loss) before Contributions & Transfers	58,031
Change in Net Position	58,031
Total Net Position—Beginning	155,881
Total Net Position—Ending	213,912

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

PROSPECT PARK BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2019

	<u>Food Service Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	11,016
Payments to Suppliers	(289,215)
Payments to Employees	(81,405)
Net Cash Provided by (Used for) Operating Activities	<u>(359,604)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	6,048
Federal Sources	415,182
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>421,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	2,031
Net Cash Provided by (Used for) Investing Activities	<u>2,031</u>
Net Increase (decrease) in Cash and Cash Equivalents	63,657
Balances—Beginning of Year	53,440
Balances—End of Year	<u><u>117,097</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	(427,445)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	-
Food Distribution Program	30,629
(Increase) Decrease in Inventories	969
Increase (Decrease) in Accounts Payable	35,449
Increase (Decrease) in Deferred Revenues	794
Total Adjustments	<u>67,841</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>(359,604)</u></u>

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

PROSPECT PARK BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents	12,050
Total Assets	<u>12,050</u>
LIABILITIES	
Payable to Student Groups	1,690
Payroll Deductions and Withholdings	9,017
Flexible Spending	1,343
Total liabilities	<u><u>12,050</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The financial statements of the Board of Education of the Borough of Prospect Park 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 board's accounting policies are described below.

A. Description of the School District and Reporting Entity:

The Board of Education ("Board") of the Borough of Prospect School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Prospect Park School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located in the Borough of Prospect Park. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Presentation

The Board's basic financial statements consist of District-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.

District-wide Financial Statements

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board 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 Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. 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. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

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. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board 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 Board's governmental funds:

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board 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 that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

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

The Board's Enterprise Fund is comprised of the Food Service Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Student Activities Fund and Payroll Agency Fund.

C. Measurement Focus

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Measurement Focus, (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund 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 District-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 District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified 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. 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.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Basis of Accounting, (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

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 year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of 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 the governmental funds.

E. Budgets/Budgetary Control

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. Budgets/Budgetary Control, (continued)

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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.

F. 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. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, 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.

G. Cash, Cash Equivalents and Investments

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

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

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

G. Cash, Cash Equivalents and Investments, (continued)

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks 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.

H. Tuition Revenues/Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

I. Inventories

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Short-Term Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities 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.

L. Capital Assets

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

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value fo the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

M. 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 Board 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 Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

N. Unearned Revenue

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

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the District-wide 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 judgements, 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 due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

P. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

P. Accounting and Financial Reporting for Pensions (continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

In addition to liabilities, the statement of financial 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. The District has two items that qualify in this category, deferred amounts related to pension and deferred amounts relating to unamortized bond premiums.

R. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

R. Fund Balances, (continued)

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

S. Net Position

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

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

V. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

W. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

X. New Accounting Standards:

During fiscal year 2019, the District adopted the following GASB Statements:

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement.* The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

X. New Accounting Standards, (continued)

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on 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 component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires 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. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. .

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction*. The objectives of this Statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 31, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2019, \$-0- of the District's bank balance of \$2,195,269 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 3. RECEIVABLES

Receivables at June 30, 2019, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
Interfunds	\$27,162	\$104,754	
State Aid	309,851	402	310,253
Federal Aid	103,963	28,631	132,594
Other Receivables	<u>543,454</u>		<u>543,454</u>
Gross Receivables	984,430	133,787	986,301
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$984,430</u>	<u>\$133,787</u>	<u>\$986,301</u>

NOTE 4. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2019, consist of the following:

<u>Amount</u>	<u>Description</u>
\$104,754	Due to the Food Service Fund from the General Fund for subsidy reimbursements received but not turned over and Board share of expenses paid.
27,162	Due to the General Fund from the Special Revenue Fund to cover deficit in cash.
<u>\$131,916</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 4. INTERFUND BALANCES AND ACTIVITY, (continued)

Interfunds transfers for the year ended June 30, 2019 consisted of the following:

\$250,000 Due from the General Fund to the Debt Service Fund for budgeted capital reserve funds.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/19</u>
Governmental Activities				
Capital Assets that are not being depreciated:				
Land:	\$39,658			\$39,658
Construction in progress	<u>3,466,751</u>	<u>\$</u>	<u>\$</u>	<u>3,466,751</u>
Total Capital Assets, not being depreciated	<u>3,506,409</u>	<u> </u>	<u> </u>	<u>3,506,409</u>
Land improvements	102,198			102,198
Building and building improvements	10,583,518			10,583,518
Machinery and equipment	<u>521,954</u>	<u> </u>	<u> </u>	<u>521,954</u>
Totals at historical cost	<u>11,207,670</u>	<u> </u>	<u> </u>	<u>11,207,670</u>
Less accumulated depreciation for:				
Land improvements	(5,110)			(5,110)
Buildings and improvements	(3,995,582)			(3,995,582)
Equipment	<u>(586,728)</u>	<u> </u>	<u> </u>	<u>(586,728)</u>
Total accumulated depreciation	<u>(4,587,420)</u>	<u> </u>	<u> </u>	<u>(4,587,420)</u>
Total Capital Assets, being depreciated, net of accumulated depreciation	<u>6,620,250</u>	<u> </u>	<u> </u>	<u>6,620,250</u>
Governmental Activities Capital Assets, Net	<u>\$10,126,659</u>	<u>\$</u>	<u>\$</u>	<u>\$10,126,659</u>

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 5. CAPITAL ASSETS, (continued)

	<u>Balance 6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/19</u>
Business-Type Activity				
Equipment	\$103,370	\$	\$	\$103,370
Less Accumulated Depreciation for:				
Equipment	<u>(86,445)</u>	_____	_____	<u>(86,445)</u>
Business-Type Activity Capital Assets, Net	<u>\$16,925</u>	<u>\$</u>	<u>\$</u>	<u>\$16,925</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as “unallocated depreciation”.

NOTE 6. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the fiscal year ended June 30, 2019 are as follows:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Bonds payable:						
General obligation debt	\$2,129,000	\$	\$(250,000)	\$1,879,000	\$260,000	\$1,619,000
Total Bonds Payable	<u>2,129,000</u>	_____	<u>(250,000)</u>	<u>1,879,000</u>	<u>260,000</u>	<u>1,619,000</u>
Other Liabilities:						
Compensated absences payable	47,563			47,563		47,563
Net Pension Liability PERS	<u>2,913,867</u>	_____	<u>(598,520)</u>	<u>2,315,347</u>	_____	<u>2,315,347</u>
Total other liabilities	<u>2,961,430</u>	_____	<u>(598,520)</u>	<u>2,362,910</u>	_____	<u>2,362,910</u>
Total Governmental Activities	<u>\$5,090,430</u>	<u>\$</u>	<u>(\$848,520)</u>	<u>\$4,241,910</u>	<u>\$260,000</u>	<u>\$3,981,910</u>

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 6. LONG-TERM OBLIGATIONS, (continued)

A. Bonds Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the board are general obligation bonds.

Outstanding bonds payable at June 30, 2019 consisted of the following:

<u>Issue</u>	<u>Amount Issued</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2019</u>
School Bonds of 2010	\$2,679,000	7/27/10	2.0%-5.0%	8/1/2025	<u>\$1,879,000</u>

Principal and interest due on serial bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$260,000	\$60,998	\$320,998
2021	260,000	53,198	313,198
2022	270,000	45,248	315,248
2023	270,000	36,979	306,979
2024	270,000	27,360	297,360
2025-2026	<u>549,000</u>	<u>21,940</u>	<u>570,940</u>
	<u>\$1,879,000</u>	<u>\$245,723</u>	<u>\$2,124,723</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2019 the Board has no authorized but not issued bonds.

C. Capital Leases:

The District had no capital leases outstanding at June 30, 2019.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 7. OPERATING LEASES

The District has commitments to lease certain office equipment under operating leases that expire in 2023. Total operating lease payments made during the year ended June 30, 2019 were \$11,095. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	11,095
2021	10,437
2022	9,780
2023	<u>1,630</u>
Total future minimum lease payments	<u>\$32,942</u>

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are 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.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

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

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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit 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 the respective tier.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Benefits Provided

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

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

The following represents the membership tiers for PERS:

<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

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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit 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 50 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 the respective tier.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

Contributions Requirements Fund Based Statements

The Board’s contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/19	\$116,967	\$11,543
6/30/18	116,308	6,745
6/30/17	109,837	7,478

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>	<u>Long-Term Disability Insurance</u>
<u>Ending</u> 6/30/19	\$988,606	\$457,817	\$20,694	\$944
6/30/18	850,106	562,391	20,630	1,601
6/30/17	602,532	520,238	21,831	1,715

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$394,453 during the year ended June 30, 2019 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2019, the District had a liability of \$2,315,348 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District's proportion was 0.01175930 percent, which was a decrease of (0.0007582) percent from its proportion measured as of June 30, 2017.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

For the year ended June 30, 2019, the District recognized pension expense of \$177,322. At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$44,154	\$11,939
Changes of assumptions	381,531	740,325
Net difference between projected and actual earnings on pension plan investments	0	21,718
Changes in proportion and differences between the District's contributions and proportionate share of contributions	73,631	294,665
District contributions subsequent to the measurement date	<u>118,949</u>	<u>0</u>
Total	<u>\$618,265</u>	<u>\$1,068,647</u>

The \$118,949 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, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$16,070
2020	(22,249)
2021	(159,541)
2022	(138,293)
2023	(44,284)

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
District's Proportion	0.0117593000%	0.0125174710%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Actuarial Assumptions, (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2018, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2018</u>		
	<u>1%</u> Decrease	<u>At Current</u> Discount Rate	<u>1%</u> Increase
District's proportionate share of the pension liability	<u>4.66%</u> \$2,911,283	<u>5.66%</u> \$2,315,348	<u>6.66%</u> \$1,815,396

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2019 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>36,724,275</u>
	<u><u>\$36,724,275</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2018, the proportion of the TPAF net pension liability associated with the District was 0.0553446852%.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue of \$2,140,897 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary Increases	
2011-2026	1.55%-4.55%
Thereafter	2.00%-5.45%
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

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, 2018) 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 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	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. PENSION PLANS, (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE
STATEMENTS PER - GASB NO. 68, (continued)**

Discount Rate

The discount rate used to measure the total pension liability was 4.86% and 4.25% as of June 30, 2018 and 2017, respectively. 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 3.87% and 3.58% as of June 30, 2018 and 2017, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 9. POST-RETIREMENT BENEFITS:

General Information about the OPEB Plan

Plan Description and Benefits Provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 9. POST-RETIREMENT BENEFITS, (continued)

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2019 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share	
associated with the District	<u>20,924,713</u>
	<u>\$20,924,713</u>

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 9. POST-RETIREMENT BENEFITS, (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. . The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 9. POST-RETIREMENT BENEFITS, (continued)

(a) *Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) and Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

(b) *Discount Rate*

The discount rate for June 30, 2018 was 3.87%. 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.

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

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

For the year ended June 30, 2019, the board of education/board of trustees recognized on-behalf OPEB expense of \$1,175,611 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Prospect Park School District proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Valic

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The 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.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this method, the District remits all contributions directly to the State of New Jersey Unemployment Trust Fund.

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Prospect Park Board of Education in October, 2000 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 district's approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A 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.* 6A: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.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 12. CAPITAL RESERVE ACCOUNT, (continued)

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$926,236
Increased by:	
Interest Earnings	<u>21,825</u>
	948,061
Decreased by:	
Budget Appropriations	<u>(250,000)</u>
Ending balance, June 30, 2019	<u>\$698,061</u>

NOTE 13. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the general fund and its' activity is included in the general fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve account for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	<u>\$375,114</u>
Ending Balance, June 30, 2019	<u><u>\$375,114</u></u>

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 14. EMERGENCY RESERVE

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	<u>\$100,000</u>
Ending Balance, June 30, 2019	<u><u>\$100,000</u></u>

NOTE 15. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$1,807,202 General Fund fund balance at June 30, 2019, \$283,289 is reserved for encumbrances; \$657,723 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$350,760 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2020); \$698,061 has been reserved in the Capital Reserve Account; \$375,114 has been reserved in the Maintenance Reserve Account; \$100,000 has been reserved in the Emergency Reserve Account; \$78,204 of unreserved and undesignated has been appropriated and included as anticipated revenue for the year ended June 30, 2020; \$(385,189) is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund fund balance at June 30, 2019 of \$1 is unreserved and undesignated.

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 is \$657,723. Of this amount, \$306,963 is the result of current year operations.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 17. INVENTORY

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food	\$2,387
Supplies	<u>907</u>
	<u>\$3,294</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 18. DEFICIT IN UNASSIGNED FUND BALANCES

The District has a deficit fund balance of \$385,189 in the General Fund as of June 30, 2019 as reported in the fund statements (modified accrual basis). *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill 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 payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) 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 District deficit in the GAAP funds statements of \$385,189 is less than the last state aid payment of \$839,833.

NOTE 19. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 19. CONTINGENT LIABILITIES, (continued)

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 20. SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 10, 2020, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	3,195,824		3,195,824	3,195,824	
Rents and Royalties	17,500		17,500	20,621	3,121
Interest Earned on Capital Reserve Funds	18,000		18,000	21,825	3,825
Unrestricted Miscellaneous Revenues	22,435		22,435	82,082	59,647
Total - Local Sources	<u>3,253,759</u>		<u>3,253,759</u>	<u>3,320,352</u>	<u>66,593</u>
Revenues from State Sources:					
Categorical Special Education Aid	794,961		794,961	794,961	
Equalization Aid	7,410,842		7,410,842	7,410,842	
Categorical Security Aid	366,508		366,508	366,508	
Categorical Transportation Aid	64,723		64,723	64,723	
Extraordinary Aid	44,470		44,470	236,884	192,414
Non-Public Transportation Aid				7,749	7,749
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				457,817	457,817
On-behalf TPAF Pension (non-budgeted)				988,606	988,606
On-behalf TPAF NCGI Premium (non-budgeted)				20,694	20,694
On-behalf TPAD LTDI				944	944
Reimbursed TPAF Social Security Contributions (non-budgeted)				394,453	394,453
Total - State Sources	<u>8,681,504</u>		<u>8,681,504</u>	<u>10,744,181</u>	<u>2,062,677</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	27,195		27,195	41,430	14,235
Total - Federal Sources	<u>27,195</u>		<u>27,195</u>	<u>41,430</u>	<u>14,235</u>
TOTAL REVENUES	<u>11,962,458</u>		<u>11,962,458</u>	<u>14,105,963</u>	<u>2,143,505</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	47,114	2,660	49,774	49,749	25
Local Contribution - Transfer to Special Revenue - Inclusion	7,795	(7,795)			
Kindergarten - Salaries of Teachers	290,699	(43,268)	247,431	247,431	
Grades 1-5 - Salaries of Teachers	1,840,551	(64,177)	1,776,374	1,775,253	1,121
Grades 6-8 - Salaries of Teachers	1,159,083	(54,097)	1,104,986	1,103,066	1,920
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	2,979	7,979	192	7,787
Other Salaries for Instruction	12,000	(12,000)			
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	11,000	8,542	19,542	19,542	
Purchased Professional-Educational Services	13,000		13,000	12,068	932
Purchased Technical Services	6,000	2,843	8,843	8,843	
Other Purchased Services (400-500 series)	27,000	6,065	33,065	33,065	
General Supplies	177,894	(27,804)	150,090	136,420	13,670
Textbooks	130,000	(89,823)	40,177	36,987	3,190
Other Objects		4,338	4,338	3,738	600
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>3,727,136</u>	<u>(271,537)</u>	<u>3,455,599</u>	<u>3,426,354</u>	<u>29,245</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	145,410	29,687	175,097	175,097	
Other Salaries for Instruction	87,532	(4,570)	82,962	82,962	
General Supplies	2,500		2,500	593	1,907
Total Learning and/or Language Disabilities	<u>235,442</u>	<u>25,117</u>	<u>260,559</u>	<u>258,652</u>	<u>1,907</u>
Multiple Disabilities					
Salaries of Teachers	150,947	(6,252)	144,695	144,695	
Other Salaries for Instruction	46,559	9,519	56,078	56,078	
General Supplies	500		500	343	157
Total Multiple Disabilities	<u>198,006</u>	<u>3,267</u>	<u>201,273</u>	<u>201,116</u>	<u>157</u>
Resource Room/Resource Center:					
Salaries of Teachers	254,006	2,000	256,006	254,360	1,646
Other Salaries for Instruction	112,380	6,292	118,672	117,937	735
General Supplies	500	500	1,000	828	172
Total Resource Room/Resource Center	<u>366,886</u>	<u>8,792</u>	<u>375,678</u>	<u>373,125</u>	<u>2,553</u>
Autism					
Salaries of Teachers	55,870	(427)	55,443	55,443	
Other Salaries for Instruction	103,929	(27,910)	76,019	75,765	254
General Supplies	737		737	262	475
Total Autism	<u>160,536</u>	<u>(28,337)</u>	<u>132,199</u>	<u>131,470</u>	<u>729</u>

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities- Full-Time:					
Salaries of Teachers	49,460	(18,252)	31,208	31,149	59
Other Salaries for Instruction	14,252	(1,096)	13,156	13,155	1
General Supplies		500	500	280	220
Total Preschool Disabilities - Full-Time	<u>63,712</u>	<u>(18,848)</u>	<u>44,864</u>	<u>44,584</u>	<u>280</u>
Home Instruction:					
Salaries of Teachers	5,000	3,784	8,784	8,784	
Professional Svcs-Educational Services	2,500	(2,500)			
Total Home Instruction	<u>7,500</u>	<u>1,284</u>	<u>8,784</u>	<u>8,784</u>	
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,032,082</u>	<u>(8,725)</u>	<u>1,023,357</u>	<u>1,017,731</u>	<u>5,626</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	13,000	(11,649)	1,351	1,351	
Other Salaries for Instruction		150	150		150
General Supplies		1,545	1,545	1,544	1
Total Basic Skills/Remedial - Instruction	<u>13,000</u>	<u>(9,954)</u>	<u>3,046</u>	<u>2,895</u>	<u>151</u>
Bilingual Education - Instruction					
Salaries of Teachers	136,017	26,336	162,353	162,353	
General Supplies	1,000	659	1,659	1,481	178
Total Bilingual Education - Instruction	<u>137,017</u>	<u>26,995</u>	<u>164,012</u>	<u>163,834</u>	<u>178</u>
School-Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	3,500	590	4,090	4,090	
Total School-Sponsored Co/Extra Curricular Activities - Instruction	<u>3,500</u>	<u>590</u>	<u>4,090</u>	<u>4,090</u>	
Summer School - Instruction					
Salaries	19,112	(2,131)	16,981	14,880	2,101
Other Salaries for Instruction	1,500		1,500		1,500
Total Summer School - Instruction	<u>20,612</u>	<u>(2,131)</u>	<u>18,481</u>	<u>14,880</u>	<u>3,601</u>
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Reading Specialists	78,589	57,132	135,721	135,721	
Total Other Supplemental/At-Risk Programs - Instruction	<u>78,589</u>	<u>57,132</u>	<u>135,721</u>	<u>135,721</u>	
Community Services Programs/Operations:					
Salaries	27,648		27,648	20,004	7,644
Total Community Services Programs/Operations	<u>27,648</u>		<u>27,648</u>	<u>20,004</u>	<u>7,644</u>
TOTAL INSTRUCTION	<u>5,039,584</u>	<u>(207,630)</u>	<u>4,831,954</u>	<u>4,785,509</u>	<u>46,445</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	397,826	35,162	432,988	403,460	29,528
Tuition to CSSD & Regional Day Schools	125,550	(10,694)	114,856	114,856	
Tuition to Private Schools for the Disabled Within State	429,673	87,885	517,558	517,558	
Tuition - State Facilities	4,500		4,500		4,500
Total Undistributed Expenditures - Instruction:	<u>957,549</u>	<u>112,353</u>	<u>1,069,902</u>	<u>1,035,874</u>	<u>34,028</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	52,661		52,661	50,991	1,670
Total Undistributed Expend. - Attend. & Social Work	<u>52,661</u>		<u>52,661</u>	<u>50,991</u>	<u>1,670</u>
Undist. Expend. - Health Services					
Salaries	78,689	(39,123)	39,566	39,566	
Purchased Professional and Technical Services	200	1,252	1,452	1,451	1
Supplies and Materials	5,000	(3,563)	1,437	1,437	
Total Undistributed Expenditures - Health Services	<u>83,889</u>	<u>(41,434)</u>	<u>42,455</u>	<u>42,454</u>	<u>1</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Purchased Prof. Services-Educational Services	503,916	84,522	588,438	528,292	60,146
Supplies and Materials	7,500	(5,258)	2,242	2,241	1
Total Undist. Expend. - Speech, OT, PT & Related Services	<u>511,416</u>	<u>79,264</u>	<u>590,680</u>	<u>530,533</u>	<u>60,147</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Purchased Professional - Educational Services	231,234	156,681	387,915	379,554	8,361
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	<u>231,234</u>	<u>156,681</u>	<u>387,915</u>	<u>379,554</u>	<u>8,361</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	142,941	5,133	148,074	148,074	
Other Purchased Professional and Technical Services	7,000	(6,999)	1		1
Supplies and Materials	1,000	(140)	860	613	247
Total Undist. Expend. - Guidance	<u>150,941</u>	<u>(2,006)</u>	<u>148,935</u>	<u>148,687</u>	<u>248</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	266,954	(100,632)	166,322	166,321	1
Salaries of Secretarial and Clerical Assistants	19,578	(397)	19,181	19,181	
Professional Svcs-Educational Services	500	(500)			
Other Purchased Services (400-500 Series)	257	198	455	455	
Supplies and Materials	1,000	1,223	2,223	2,223	
Total Undist. Expend. - Child Study Teams	<u>288,289</u>	<u>(100,108)</u>	<u>188,181</u>	<u>188,180</u>	<u>1</u>
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	100,889	(15,888)	85,001	85,000	1
Unused Vacation Payment to Terminated/Retired Staff	2,000	(2,000)			

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Other Purch Services (400-500 Series)	1,000	(999)	1		1
Other Objects	1,000	1,050	2,050	2,050	
Total Undist. Expend. - Improvement of Inst. Services	104,889	(17,837)	87,052	87,050	2
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	89,708	8,033	97,741	97,741	
Purchased Professional and Technical Services	2,000	91	2,091	2,091	
Supplies and Materials	1,500	1,022	2,522	2,522	
Total Undist. Expend. - Educational Media Serv./Sch. Library	93,208	9,146	102,354	102,354	
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services		140	140	140	
Other Purchased Prof. and Tech. Services	6,000	(4,166)	1,834	1,834	
Other Purchased Services (400-500 Series)	7,500	(6,951)	549	549	
Total Undist. Expend. - Instructional Staff Training Serv.	13,500	(10,977)	2,523	2,523	
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	218,967		218,967	202,490	16,477
Unused Vacation Payment to Terminated/Retired Staff	3,000		3,000		3,000
Legal Services	54,000	3,696	57,696	48,131	9,565
Audit Fees	31,200	(16,000)	15,200	15,200	
Other Purchased Professional Services	14,700	(2,752)	11,948	9,038	2,910
Purchased Technical Services	500	468	968	967	1
Communications/Telephone	87,284	(21,397)	65,887	57,637	8,250
BOE Other Purchased Services	2,115	(865)	1,250	350	900
Other Purch Services (400-500 Series)	725	595	1,320	1,320	
General Supplies	1,000	1,224	2,224	2,223	1
Misc. Expenditures	13,379	7,411	20,790	20,691	99
BOE Membership Dues and Fees	4,550	222	4,772	4,771	1
Total Undist. Expend. - Supp. Serv. - General Administration	431,420	(27,398)	404,022	362,818	41,204
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	250,091	(1,972)	248,119	246,791	1,328
Salaries of Secretarial and Clerical Assistants	128,238	(7,900)	120,338	120,337	1
Unused Vacation Payment to Terminated/Retired Staff	3,000	(2,000)	1,000		1,000
Purchased Professional and Technical Services	1,520	2,000	3,520	3,273	247
Other Purchased Services (400-500 series)	43		43		43
Supplies and Materials	3,000		3,000	2,625	375
Other Objects	3,000	1,972	4,972	4,971	1
Total Undist. Expend. - Support Serv. - School Administration	388,892	(7,900)	380,992	377,997	2,995
Undist. Expend. - Central Services					
Salaries	236,162	5,342	241,504	241,503	1
Purchased Professional Services	400	(125)	275	275	
Misc. Pur Services (400-500 Series)	1,100	(900)	200	200	
Supplies and Materials	1,500	601	2,101	2,101	
Miscellaneous Expenditures	3,077	(915)	2,162	1,963	199
Total Undist. Expend. - Central Services	242,239	4,003	246,242	246,042	200
Undist. Expend. - Admin Info. Technology					
Information Technology					
Purchased Professional Services	85,000	992	85,992	85,992	
Purchased Technical Services	30,000	3,508	33,508	33,399	109
Other Purchased Services (400-500 series)		3,400	3,400	2,952	448
Supplies and Materials	2,000	210	2,210	2,210	
Total Undist. Expend. - Support Serv. - Administrative Information Technology	117,000	8,110	125,110	124,553	557
Undist. Expend. - Required Maint. for School Facilities (261)					
Cleaning, Repair and Maintenance Services	184,187	28,835	213,022	206,148	6,874
General Supplies	16,150	572	16,722	16,451	271
Total Undist. Expend. - Required Maint. for School Facilities	200,337	29,407	229,744	222,599	7,145
Undist. Expend. - Custodial Services (262)					
Salaries	274,903	65,112	340,015	340,015	
Purchased Professional and Technical Services		575	575	515	60
Cleaning, Repair and Maintenance Services	18,000	(935)	17,065	17,065	
Other Purchased Property Services	12,329	(2,143)	10,186	10,186	
Insurance	90,784	(9,493)	81,291	81,291	
General Supplies	20,000	2,965	22,965	22,965	
Energy (Natural Gas)	60,128	(20,714)	39,414	37,992	1,422
Energy (Electricity)	126,498	1,310	127,808	114,197	13,611
Other Objects		325	325	325	
Total Undist. Expend. - Custodial Services	602,642	37,002	639,644	624,551	15,093

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Care and Upkeep of Grounds (263)					
Purchased Professional and Technical Services	21,013	673	21,686	20,485	1,201
General Supplies	500		500	35	465
Total Undist. Expend. - Care and Upkeep of Grounds	21,513	673	22,186	20,520	1,666
Undist. Expend. - Security (266)					
Salaries	42,000		42,000	42,000	
Purchased Professional and Technical Services	97,000	(24,767)	72,233	69,000	3,233
Cleaning, Repair and Maintenance Services	3,175	2,035	5,210	5,210	
General Supplies	1,000	1,734	2,734	2,379	355
Total Undist. Expend. - Security	143,175	(20,998)	122,177	118,589	3,588
Undist. Expend. - Student Transportation Services (270)					
Contract Services - Aid in Lieu Pymts - NonPub Sch.	49,332	(12,724)	36,608	36,268	340
Contract Services (Sp. Ed. Students)-Vendors	10,935		10,935	10,935	
Contract Service (Reg. Students) - ESCs & CTSA's	10,560	74,803	85,363	78,501	6,862
Contract Services (Spl. Ed. Students) - ESCs & CTSA's	464,885	90,849	555,734	555,734	
Total Undist. Expend. - Student Transportation Services	535,712	152,928	688,640	681,438	7,202
UNALLOCATED BENEFITS (291)					
Group Insurance	2,000	(1,927)	73		73
Social Security Contributions	125,000	(9,000)	116,000	115,890	110
Other Retirement Contributions-PERS	120,000		120,000	119,615	385
Other Retirement Contributions-Regular	10,028	7,306	17,334	13,493	3,841
Unemployment Compensation	15,000	5,187	20,187	18,991	1,196
Workmen's Compensation	49,155	3,621	52,776	52,776	
Health Benefits	1,887,113	(209,414)	1,677,699	1,677,699	
Tuition Reimbursement	20,494	7,661	28,155	23,411	4,744
Other Employee Benefits	31,238	13,300	44,538	43,300	1,238
Unused Sick Payment to Terminated/Retired Staff	15,000		15,000		15,000
TOTAL UNALLOCATED BENEFITS	2,275,028	(183,266)	2,091,762	2,065,175	26,587
On-behalf TPAF Post Retirement Medical (non-budgeted)				457,817	(457,817)
On-behalf TPAF Pension (non-budgeted)				988,606	(988,606)
On-behalf TPAF NCGI Premium (non-budgeted)				20,694	(20,694)
On-behalf TPAF LTDI				944	(944)
Reimbursed TPAF Social Security Contributions (non-budgeted)				394,453	(394,453)
TOTAL ON-BEHALF CONTRIBUTIONS				1,862,514	(1,862,514)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,275,028	(183,266)	2,091,762	3,927,689	(1,835,927)
TOTAL UNDISTRIBUTED EXPENDITURES	7,445,534	177,643	7,623,177	9,274,996	(1,651,819)
TOTAL GENERAL CURRENT EXPENSE	12,485,118	(29,987)	12,455,131	14,060,505	(1,605,374)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Legal Services		265	265	265	
Architectural/Engineering Services	4,800		4,800	4,800	
Construction Services	4,474		4,474	4,474	
Assessment for Debt Service on SDA Funding	76,955		76,955	76,955	
Total Facilities Acquisition and Construction Services	86,229	265	86,494	86,494	
TOTAL CAPITAL OUTLAY	86,229	265	86,494	86,494	
Transfer of Funds to Charter Schools	167,233	29,987	197,220	189,551	7,669
TOTAL EXPENDITURES	12,738,580	265	12,738,845	14,336,550	(1,597,705)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(776,122)	(265)	(776,387)	(230,587)	545,800
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Capital Reserve - Transfer to Debt Service	(250,000)		(250,000)	(250,000)	
Total Other Financing Sources/(Uses):	(250,000)		(250,000)	(250,000)	

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,026,122)	(265)	(1,026,387)	(480,587)	545,800
Fund Balance, July 1	2,877,622		2,877,622	2,877,622	
Fund Balance, June 30	<u>1,851,500</u>	<u>(265)</u>	<u>1,851,235</u>	<u>2,397,035</u>	<u>545,800</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(417,308)		(417,308)	(417,308)	
Increase in Capital Reserve:					
Interest Deposit to Capital Reserve	18,000	(265)	17,735	21,825	4,090
Withdrawal from Capital Reserve	(250,000)		(250,000)	(250,000)	
Budgeted Fund Balance	<u>(376,814)</u>		<u>(376,814)</u>	<u>164,896</u>	<u>541,710</u>
	<u>(1,026,122)</u>	<u>(265)</u>	<u>(1,026,387)</u>	<u>(480,587)</u>	<u>545,800</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Current Year				306,963	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures				350,760	
Capital Reserve				698,061	
Maintenance Reserve				375,114	
Emergency Reserve				100,000	
Assigned Fund Balance:					
Year-End Encumbrances				283,289	
Designated for Subsequent Year's Expenditures				78,204	
Unassigned Fund Balance				<u>454,644</u>	
Total Fund Balance per Governmental Funds (Budgetary)				2,647,035	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>839,833</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u>1,807,202</u>	

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Source	12,663	-	12,663	-	(12,663)
State Sources	335,798	77,372	413,170	315,201	(97,969)
Federal Sources	931,648	263,915	1,195,563	1,013,801	(181,762)
Total Revenues	1,280,109	341,287	1,621,396	1,329,002	(292,394)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	560,488	100,341	660,829	653,090	7,739
Other Salaries for Instruction	74,036	(28,713)	45,323	35,724	9,599
Purchased Professional and Technical Services	84,129	47,963	132,092	71,754	60,338
Other Purchased Services (400-500 series)	243,050	-	243,050	243,050	-
General Supplies	50,740	23,596	74,336	37,054	37,282
Textbooks	12,068	-	12,068	12,054	14
Total instruction	1,024,511	143,187	1,167,698	1,052,726	114,972
Support services:					
Salaries of Program Directors	9,867	-	9,867	-	9,867
Personal Services - Employee Benefits	134,996	130,703	265,699	164,425	101,274
Purchased Professional - Educational Services	76,441	51,674	128,115	92,040	36,075
Other Purchased Services (400-500 series)	11,994	(10,309)	1,685	-	1,685
Other Objects	22,300	26,032	48,332	19,811	28,521
Total support services	255,598	198,100	453,698	276,276	177,422
Total Expenditures	1,280,109	341,287	1,621,396	1,329,002	292,394
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

PROSPECT PARK BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
Fiscal Year Ended June 30, 2019

**Note A - 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 Schedule	[C-1]&[C-2]	14,355,963	1,329,002
Difference - Budget to GAAP:			
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized. Current Year			(175,398)
The Last State Aid Payment is Recognized for GAAP Statements in the Current Year, Previously Recognized for Budgetary Purposes		808,902	
The Last State Aid Payment is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which Does Not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33).		(839,833)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2]	14,325,032	1,153,604
Uses/Outflows of Resources			
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	[C-1]&[C-2]	14,336,550	1,329,002
Differences - Budget to GAAP			
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for <i>Budgetary</i> Purposes, but in the Year the Supplies are Received for <i>Financial Reporting</i> Purposes. Current Year			(175,398)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2]	14,336,550	1,153,604

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

PROSPECT PARK BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0146373255%	\$ 2,740,508	\$ 873,214	313.84%	52.08%
2016	0.0129783497%	2,913,379	872,656	333.85%	94.63%
2017	0.0123454259%	3,656,361	877,084	416.88%	100.77%
2018	0.0125174710%	2,913,867	863,531	337.44%	90.77%
2019	0.0117593000%	2,315,348	895,367	258.59%	83.06%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

PROSPECT PARK BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relations to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll	Contributions as a Percentage of PERS Covered-Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions	Contractually Required Contributions	Contractually Required Contributions			
2015	\$ 101,852	\$ (101,852)	\$ -	\$ -	\$ 873,214	11.66%	
2016	\$ 111,579	\$ (111,579)	\$ -	\$ -	\$ 872,656	12.79%	
2017	\$ 109,837	\$ (109,837)	\$ -	\$ -	\$ 877,084	12.52%	
2018	\$ 116,308	\$ (116,308)	\$ -	\$ -	\$ 863,531	13.47%	
2019	\$ 116,967	\$ (116,967)	\$ -	\$ -	\$ 895,367	13.06%	

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

PROSPECT PARK BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's	District's	State's	District's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Net Position as a Percentage of the Total Pension Liability
2015	0.0530776882%	\$ -	\$ 28,368,297	0.00%	5,688,843	33.64%
2016	0.0542856328%	-	34,310,838	0.00%	5,791,091	28.71%
2017	0.0564971989%	-	44,444,294	0.00%	5,404,364	22.33%
2018	0.0555086704%	-	37,425,947	0.00%	5,343,866	25.41%
2019	0.0577263677%	-	36,724,275	0.00%	5,579,686	26.49%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

PROSPECT PARK BOARD OF EDUCATION
Note to Required Schedules of Supplementary Information - Part III
Fiscal Year Ended June 30, 2019

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.58%) to the current measurement date (3.87%), resulting in a change in the discount rate from 5.00% to 5.66%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.58%) to the current measurement date (3.87%), resulting in a change in the discount rate from 4.25% to 4.86%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

PROSPECT PARK BOARD OF EDUCATION
Schedule of Required Supplementary Information
Schedule of Changes in the District's Proportionate Share of the State OPEB Liability
*Last 10 Fiscal Years**

	2019	2018
Total OPEB Liability		
Service Costs	\$ 1,057,325	\$ 1,270,438
Interest on Total OPEB Liability	886,969	762,365
Differences between Expected and Actual Experiences	(2,064,242)	
Changes in Assumptions	(2,401,216)	(3,256,515)
Gross Benefit Payments	(559,519)	(555,568)
Contribution from the Member	19,338	20,457
Net Changes in total Share of OPEB Liability	(3,061,345)	(1,758,823)
Total OPEB Liability - Beginning	23,986,058	25,744,881
Total OPEB Liability - Ending	\$ 20,924,713	\$ 23,986,058
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPEB Liability	20,924,713	23,986,058
Total OPEB Liability - Ending	\$ 20,924,713	\$ 23,986,058
District's Covered Employee Payroll	\$ 6,475,053	\$ 7,070,928
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Change in benefit terms None

Change in assumptions Assumptions used in calculating the OPEB liability are presented
in Note 8.

* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Supplementary Schedules

SPECIAL REVENUE FUND

PROSPECT PARK BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

Fiscal Year Ended June 30, 2019

	Total Brought Forward (Ex. E-1a)	I.D.E.A Part B		Title I, Part A	Title II, Part A Teacher & Principal Training & Recruiting	Title III	Totals 2019
		Basic	Preschool				
REVENUES							
State Sources	315,201						315,201
Federal Sources	19,685	253,474	6,276	657,322	63,888	13,156	1,013,801
Total Revenues	334,886	253,474	6,276	657,322	63,888	13,156	1,329,002
EXPENDITURES:							
Instruction:							
Salaries of Teachers	184,239		4,922	463,929			653,090
Other Salaries for Instruction	17,716			18,008			35,724
Purchased Professional and Technical Services	62,896	5,099		3,759			71,754
Other Purchased Services (400-500 series)	-	243,050					243,050
General Supplies	10,985	5,325		8,555		12,189	37,054
Textbooks	12,054						12,054
Total Instruction	287,890	253,474	4,922	494,251	-	12,189	1,052,726
Support services:							
Personal Services - Employee Benefits	-		1,354	163,071			164,425
Purchased Professional - Educational Services	27,185				63,888	967	92,040
Other Objects	19,811						19,811
Total Support Services	46,996	-	1,354	163,071	63,888	967	276,276
Total Expenditures	334,886	253,474	6,276	657,322	63,888	13,156	1,329,002
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2019

	Total Brought Forward (Ex. E-1b)	Title IV	Preschool Education Aid	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Nursing Aid	N.J. Nonpublic Technology Aid	Total Carried Forward
REVENUES							
State Sources	74,007	19,685	201,955	12,054	22,116	5,069	315,201
Federal Sources	-	-	-	-	-	-	19,685
Total Revenues	74,007	19,685	201,955	12,054	22,116	5,069	334,886
EXPENDITURES:							
Instruction:							
Salaries of Teachers	-	-	184,239	-	-	-	184,239
Other Salaries for Instruction	-	-	17,716	-	-	-	17,716
Purchased Professional and Technical Services	54,196	8,700	-	-	-	-	62,896
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-
General Supplies	-	10,985	-	-	-	-	10,985
Textbooks	-	-	-	12,054	-	-	12,054
Total Instruction	54,196	19,685	201,955	12,054	-	-	287,890
Support Services:							
Personal Services - Employee Benefits	-	-	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	22,116	5,069	27,185
Other Objects	19,811	-	-	-	-	-	19,811
Total Support Services	19,811	-	-	-	22,116	5,069	46,996
Total Expenditures	74,007	19,685	201,955	12,054	22,116	5,069	334,886
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

PROSPECT PARK BOARD OF EDUCATION

Special Revenue Fund

**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2019**

	N.J. Nonpublic Security Aid	N.J. Nonpublic Supplemental Instruction	N.J. Nonpublic Examination & Classification	N.J. Nonpublic Handicapped Services, Chapter 193	Corrective Speech	N.J. Nonpublic Auxiliary Services Chapter 192 Compensatory Education	Total Carried Forward
REVENUES							
State Sources	19,811	7,930	730	10,089		35,447	74,007
Federal Sources							-
Total Revenues	19,811	7,930	730	10,089		35,447	74,007
EXPENDITURES:							
Instruction:							
Salaries of Teachers							-
Other Salaries for Instruction							-
Purchased Professional and Technical Services		7,930	730	10,089		35,447	54,196
Other Purchased Services (400-500 series)							-
General Supplies							-
Textbooks							-
Total Instruction	-	7,930	730	10,089		35,447	54,196
Support Services:							
Personal Services - Employee Benefits							-
Purchased Professional - Educational Services	19,811						-
Other Objects							19,811
Total Support Services	19,811	-	-	-	-	-	19,811
Total Expenditures	19,811	7,930	730	10,089		35,447	74,007
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

**PROSPECT PARK BOARD OF EDUCATION
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 Fiscal Year Ended June 30, 2019**

	District Wide Total		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	184,239	184,239	
Other Salaries for Instruction	17,716	17,716	
Total Instruction	201,955	201,955	
Support Services:			
Personal Services - Employee Benefits	10,220		10,220
Total Support Services	10,220		10,220
Total Expenditures	212,175	201,955	10,220

Summary of Location Totals

Total revised 2018-19 Preschool Education Aid	212,175
Add: Actual Preschool Education Aid Carryover (June 30, 2018)	20,038
Add: Budgeted Transfer from the General Fund 2018-19	
Total Preschool Education Aid Funds Available for 2018-19 Budget	232,213
Less: 2018-19 Budgeted Preschool Education Aid (prior year budgeted carryover)	212,175
Available & Unbudgeted Preschool Educaiton Aid Funds as of June 30, 2019	20,038
Add: June 30, 2019 Unexpended Preschool Education Aid	10,220
2018-19 Carryover - Preschool Education Aid/Preschool	30,258

CAPITAL PROJECTS FUND

**PROSPECT PARK BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budgetary Basis
Fiscal Year Ended June 30, 2019**

Revenues and Other Financing Sources

State Sources - SCC Grant	
Bond Proceeds and Transfers	
Transfers from Capital Reserve	
Transfers from Capital Outlay	
Interest on Investments	
	-

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	
Land and Improvements	
Construction Services	(265)
Equipment Purchases	
Cancellation of Accounts Receivable	
Transfer to Capital Reserve	
Transfer to Debt Service Fund	
	(265)

Excess (Deficiency) of Revenues Over (Under) Expenditures	265
Fund Balance - Beginning	455,294
Fund Balance - Ending	455,559

PROSPECT PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Additions and Renovations to School
Fiscal Year Ended June 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	1,576,795		1,576,795	1,576,795
Bond Proceeds and Transfers	2,679,000		2,679,000	2,679,922
Transfers from Capital Reserve	-		-	-
Transfers from Capital Outlay	-		-	-
	<u>4,255,795</u>	<u>-</u>	<u>4,255,795</u>	<u>4,256,717</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	418,815		418,815	719,644
Land and Improvements	-		-	-
Construction Services	3,369,504		3,369,504	3,533,438
Equipment Purchases	3,635		3,635	3,635
Transfer to Capital Reserve			-	
Transfer to Debt Service			-	
	<u>3,791,954</u>	<u>-</u>	<u>3,791,954</u>	<u>4,256,717</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>463,841</u>	<u>-</u>	<u>463,841</u>	<u>-</u>
Additional Project Information:				
Project Number	4270-010-09-OWAY			
Grant Date	1/1/2009			
Bond Authorization Date	4/21/2009			
Bonds Authorized	2,679,922.00			
Bonds Issued	2,679,000.00			
Original Authorization Cost	4,256,717.00			
Additional Authorized Cost				
Revised Authorized Cost	4,256,717.00			
Percentage Increase Over Original Authorized Cost	-			
Percentage Completion	89%			
Original Target Completion Date	9/1/2009			
Revised Target Completion Date	9/1/2012			

PROSPECT PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Masonry Upgrades
Fiscal Year Ended June 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	123,750		123,750	123,750
Bond Proceeds and Transfers			-	
Transfers from Capital Reserve	-		-	33,420
Transfers from Capital Outlay	-		-	-
	<u>123,750</u>	<u>-</u>	<u>123,750</u>	<u>157,170</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	16,765		16,765	20,000
Land and Improvements	-		-	-
Construction Services	115,532	(265)	115,267	137,170
Equipment Purchases			-	-
Transfer to Capital Reserve				
Transfer to Debt Service			-	
	<u>132,297</u>	<u>(265)</u>	<u>132,032</u>	<u>157,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,547)</u>	<u>265</u>	<u>(8,282)</u>	<u>-</u>
Additional Project Information:				
Project Number	4270-010-14-1001			
Grant Date	6/9/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorization Cost	157,150.00			
Additional Authorized Cost				
Revised Authorized Cost	157,150.00			
Percentage Increase Over Original Authorized Cost	-			
Percentage Completion	84%			
Original Target Completion Date	9/1/2014			
Revised Target Completion Date	9/1/2014			

PROSPECT PARK BOARD OF EDUCATION
Capital Projects Fund
Summary Statement of Project Expenditures
Fiscal Year Ended June 30, 2019

Project Title/Issue	Date	Expenditures to Date		Unexpended Balance June 30, 2019
		Prior Years	Current Year	
Additions and Renovations to School Masonry Upgrades	April 21, 2009	4,255,795	3,791,954	463,841
	June 8, 2014	123,750	132,297	(8,282)
		<u>4,379,545</u>	<u>3,924,251</u>	<u>455,559</u>
<i>Analysis</i>				
		Project Balance - June 30, 2018		455,559
		Unfunded Authorizations		
		Fund Balance/(Deficit) - June 30, 2019		<u>455,559</u>

PROPRIETARY FUNDS

**PROSPECT PARK BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2019**

	<u>Food Service Program</u>	<u>Totals</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	117,097	117,097
Accounts Receivable:		
State	402	402
Federal	28,631	28,631
Interfund - General Fund	104,754	104,754
Inventories	3,294	3,294
Total Current Assets	<u>254,178</u>	<u>254,178</u>
Noncurrent Assets:		
Capital Assets:		
Equipment	103,370	103,370
Less Accumulated Depreciation	<u>(86,445)</u>	<u>(86,445)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>16,925</u>	<u>16,925</u>
Total Assets	<u><u>271,103</u></u>	<u><u>271,103</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	55,438	55,438
Deferred Revenues	1,753	1,753
Total Current Liabilities	<u>57,191</u>	<u>57,191</u>
NET POSITION		
Net Investment in Capital Assets	16,925	16,925
Unrestricted	196,987	196,987
Total Net Position	<u><u>213,912</u></u>	<u><u>213,912</u></u>

PROSPECT PARK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2019

	Food Service Program	Totals
Operating Revenues:		
Charges for Services:		
Daily Sales - Non-Reimbursable Programs	9,305	9,305
Total Operating Revenues	9,305	9,305
 Operating Expenses:		
Cost of Sales - Reimbursable Programs	186,681	186,681
Cost of Sales - Non-Reimbursable Programs		-
Salaries	194,223	194,223
Benefits	12,147	12,147
Supplies and Materials	22,270	22,270
Purchased Property Services	10,862	10,862
Other Expenses	10,567	10,567
Depreciation		-
Total Operating Expenses	436,750	436,750
Operating Income (Loss)	(427,445)	(427,445)
 Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	6,376	6,376
Federal Sources:		
National School Breakfast Program	61,009	61,009
National School Lunch Program	385,431	385,431
Food Distribution Program	30,629	30,629
Interest Income	2,031	2,031
Total Nonoperating Revenues (Expenses)	485,476	485,476
Income (Loss) Before Contributions & Transfers	58,031	58,031
 Change in Net Position	58,031	58,031
Total Net Position—Beginning	155,881	155,881
Total Net Position—Ending	213,912	213,912

PROSPECT PARK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2019

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	11,016	11,016
Payments to Suppliers	(289,215)	(289,215)
Payments to Employees	(81,405)	(81,405)
Net Cash Provided by (Used for) Operating Activities	(359,604)	(359,604)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	6,048	6,048
Federal Sources	415,182	415,182
Net Cash Provided by (Used for) Non-Capital Financing Activities	421,230	421,230
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	2,031	2,031
Net Cash Provided by (Used for) Investing Activities	2,031	2,031
Net Increase (Decrease) in Cash and Cash Equivalents	63,657	63,657
Balances—Beginning of Year	53,440	53,440
Balances—End of Year	117,097	117,097
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	(427,445)	(427,445)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation and Net Amortization		-
Food Distribution Program	30,629	30,629
(Increase) Decrease in Inventories	969	969
Increase (Decrease) in Accounts Payable	35,449	35,449
Increase (Decrease) in Deferred Revenue	794	794
Total Adjustments	67,841	67,841
Net Cash Provided by (Used for) Operating Activities	(359,604)	(359,604)

FIDUCIARY FUND

PROSPECT PARK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	12,050
Total Assets	<u>12,050</u>
 LIABILITIES	
Payable to Student Groups	1,690
Payroll Deductions and Withholdings	9,017
Flexible Spending	<u>1,343</u>
Total Liabilities	<u>12,050</u>

**PROSPECT PARK BOARD OF EDUCATION
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 Fiscal Year Ended June 30, 2019**

	<u>Balance June 30, 2018</u>	<u>Cash Receipts</u>	<u>Balance June 30, 2019</u>
Elementary Schools:			
Student Council Account	1,655	35	1,690
Total Student Activity Agency Fund	1,655	35	1,690

PROSPECT PARK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2019

	<u>Balance June 30, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2019</u>
Salary		4,407,580	4,404,177	3,403
Payroll Deductions and Withholdings	12,687	3,713,168	3,720,241	5,614
Summer Savings	264,259	279,939	544,198	-
Flexible Spending Account	535	2,728	1,920	1,343
	<u>277,481</u>	<u>8,403,415</u>	<u>8,670,536</u>	<u>10,360</u>

LONG-TERM DEBT

**PROSPECT PARK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2019**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Principal Payment Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2018</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
School Bonds of 2010	Aug. 27, 2010	2,679,000	8/1/2019	260,000	3.000%	2,129,000	250,000	1,879,000
			8/1/2020	260,000	3.000%			
			8/1/2021	270,000	3.000%			
			8/1/2022	270,000	3.125%			
			8/1/2023	270,000	4.000%			
			8/1/2024	275,000	4.000%			
			8/1/2025	274,000	4.000%			
						\$ 2,129,000	250,000	1,879,000

PROSPECT PARK BOARD OF EDUCATION
 Budgetary Comparison Schedule
 Debt Service Fund
 Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	68,023	-	68,023	68,023	-
Total - Local Sources	68,023	-	68,023	68,023	-
Total Revenues	68,023	-	68,023	68,023	-
EXPENDITURES:					
Regular Debt Service:					
Interest	68,023	-	68,023	68,023	-
Redemption of Principal	250,000	-	250,000	250,000	-
Total Regular Debt Service	318,023	-	318,023	318,023	-
Total Expenditures	318,023	-	318,023	318,023	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(250,000)	-	(250,000)	(250,000)	-
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Reserve	250,000	-	250,000	250,000	-
Total Other Financing Sources	250,000	-	250,000	250,000	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	1	-	1	1	-
Fund Balance, June 30	1	-	1	1	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	-	-	-	-	-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

Prospect Park Board of Education
 Net Assets/Position* by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets	\$ 7,605,712	\$ 7,813,825	\$ 7,873,163	\$ 7,205,942	\$ 7,570,198	\$ 7,827,376	\$ 7,873,222	\$ 7,857,753	\$ 7,997,659	\$ 8,247,659
Restricted	1,206,335	1,220,392	2,132,497	2,827,136	3,863,892	3,266,810	2,772,352	2,744,228	2,901,336	2,647,951
Unrestricted	378,010	1,714,981	1,100,840	836,576	104,250	(2,605,442)	(2,750,245)	(2,621,236)	(3,278,852)	(3,344,471)
Total governmental activities net position	\$ 9,190,057	\$ 10,749,198	\$ 11,106,500	\$ 10,869,654	\$ 11,538,340	\$ 8,488,744	\$ 7,895,329	\$ 7,980,745	\$ 7,620,143	\$ 7,551,139
Business-type activities										
Invested in capital assets	\$ 69,182	\$ 65,577	\$ 58,158	\$ 53,631	\$ 45,879	\$ 38,321	\$ 31,077	\$ 24,001	\$ 16,925	\$ 16,925
Restricted	156,036	135,106	159,811	136,739	126,165	96,605	101,512	83,411	138,955	196,987
Unrestricted	225,218	200,683	217,969	190,370	172,044	134,926	132,589	107,412	155,880	213,912
Total business-type activities net position	\$ 451,436	\$ 401,366	\$ 435,938	\$ 381,749	\$ 344,188	\$ 271,852	\$ 265,178	\$ 214,824	\$ 313,770	\$ 527,824
District-wide										
Invested in capital assets	\$ 7,674,894	\$ 7,879,402	\$ 7,931,321	\$ 7,259,573	\$ 7,616,077	\$ 7,865,697	\$ 7,904,299	\$ 7,881,754	\$ 8,014,584	\$ 8,264,584
Restricted	1,206,335	1,220,392	2,132,497	2,827,136	3,863,892	3,266,810	2,772,352	2,744,228	2,901,336	2,647,951
Unrestricted	534,046	1,850,087	1,260,651	973,315	230,415	(2,508,837)	(2,648,733)	(2,537,825)	(3,139,897)	(3,147,484)
Total district net position	\$ 9,415,275	\$ 10,949,881	\$ 11,324,469	\$ 11,060,024	\$ 11,710,384	\$ 8,623,670	\$ 8,027,918	\$ 8,088,157	\$ 7,776,023	\$ 7,765,051

Source: CAFR Schedule A-1

* - GASB Statement No. 63 became effective for the fiscal year ended June 30, 2013 which changed Net Assets to Net Position.

Prospect Park Board of Education
Changes in Net Assets/Position*, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,285,213	\$ 5,117,872	\$ 5,512,268	\$ 6,503,427	\$ 5,880,400	\$ 6,370,857	\$ 6,225,269	\$ 6,104,852	\$ 8,252,986	\$ 6,078,150
Special education	1,766,651	1,814,798	1,778,279	1,712,950	1,463,725	1,740,884	1,745,232	1,740,443	2,385,247	1,529,001
Other special education										249,154
Other instruction	345,485	471,950	604,045	707,894	874,909	390,299	577,719	357,735	415,864	262,654
Support Services:										
Tuition					445,461	507,743	537,430	554,293	772,144	1,035,874
Student & instruction related services	1,574,259	1,561,269	1,647,336	1,653,762	1,753,525	1,560,488	1,632,017	1,533,677	1,964,423	1,948,506
General administrative services	812,532	867,437	787,869	858,320	858,025	793,460	807,333	899,491	1,091,533	464,772
School administrative services	433,852	451,817	480,068	456,217	465,939	514,795	512,083	561,232	746,465	562,847
Central services										367,639
Administrative information tech.										124,553
Plant operations and maintenance	877,338	803,017	996,123	1,037,746	997,857	1,032,273	1,109,606	1,089,804	1,272,709	1,178,604
Pupil transportation	192,670	151,864	184,835	260,221	268,387	408,655	307,483	247,615	465,789	681,438
Unallocated Benefits										2,640,663
Special Schools										
Charter Schools										
Capital outlay - non-depreciable					59,197	94,262	136,602	95,105	130,259	189,551
Interest on long-term debt	52,953	125,234	124,654	113,967	105,769	97,015	87,720	77,958	71,617	86,229
SDA Debt Service Assessment					76,955	76,955	76,955	76,955	76,955	65,419
Unallocated depreciation										
Capital lease obligations and amortization										
Total governmental activities expenses	<u>11,340,953</u>	<u>11,365,258</u>	<u>12,115,477</u>	<u>13,304,504</u>	<u>13,250,149</u>	<u>13,587,686</u>	<u>13,755,449</u>	<u>13,339,160</u>	<u>17,645,991</u>	<u>17,465,054</u>
Business-type activities:										
Food service	391,560	431,609	377,061	442,009	466,637	530,143	514,757	521,074	432,692	436,750
Total business-type activities expense	<u>391,560</u>	<u>431,609</u>	<u>377,061</u>	<u>442,009</u>	<u>466,637</u>	<u>530,143</u>	<u>514,757</u>	<u>521,074</u>	<u>432,692</u>	<u>436,750</u>
Total district expenses	<u>\$ 11,732,513</u>	<u>\$ 11,796,867</u>	<u>\$ 12,492,538</u>	<u>\$ 13,746,513</u>	<u>\$ 13,716,786</u>	<u>\$ 14,117,829</u>	<u>\$ 14,270,206</u>	<u>\$ 13,860,234</u>	<u>\$ 18,078,683</u>	<u>\$ 17,901,804</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	3,914,878	2,826,837	2,674,893	2,981,733	2,959,378	2,690,459	2,805,542	2,622,035	6,350,309	\$ 1,153,604
Interest on long-term debt					105,769	97,015	87,720	77,958	71,617	
Capital grants and contributions										
Total governmental activities program revenues	<u>3,914,878</u>	<u>2,826,837</u>	<u>2,674,893</u>	<u>2,981,733</u>	<u>3,065,147</u>	<u>2,787,474</u>	<u>2,893,262</u>	<u>2,699,993</u>	<u>6,421,926</u>	<u>1,153,604</u>

Prospect Park Board of Education
Changes in Net Assets/Position*, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services										
Food service	76,646	54,390	55,317	53,948	60,529	13,674	12,680	12,103	14,006	9,305
Operating grants and contributions	363,688	352,422	338,881	360,272	387,532	479,116	449,491	483,516	466,397	483,445
Capital grants and contributions	14,014									
Total business-type activities program revenues	454,348	406,812	394,198	414,220	448,061	492,790	462,171	495,619	480,403	492,750
Total district program revenues	\$ 4,369,226	\$ 3,233,649	\$ 3,069,091	\$ 3,395,953	\$ 3,513,208	\$ 3,280,264	\$ 3,355,433	\$ 3,195,612	\$ 6,902,329	\$ 1,646,354
Net (Expense)/Revenue										
Governmental activities	\$ (7,426,075)	\$ (8,538,421)	\$ (9,440,584)	\$ (10,322,771)	\$ (10,185,002)	\$ (10,800,212)	\$ (10,862,187)	\$ (10,639,167)	\$ (11,224,065)	\$ (16,311,450)
Business-type activities	62,788	(24,797)	17,137	(27,789)	(18,576)	(37,353)	(52,586)	(25,455)	47,711	56,000
Total district-wide net expense	\$ (7,363,287)	\$ (8,563,218)	\$ (9,423,447)	\$ (10,350,560)	\$ (10,203,578)	\$ (10,837,565)	\$ (10,914,773)	\$ (10,664,622)	\$ (11,176,354)	\$ (16,255,450)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 2,425,012	\$ 2,485,637	\$ 2,535,350	\$ 2,535,350	\$ 2,535,350	\$ 2,535,350	\$ 2,586,057	\$ 3,066,024	\$ 3,066,024	\$ 3,195,824
Taxes levied for debt service	195,184	252,603	329,814	318,900	233,126	233,353	243,552	15,121	2,343	68,023
Unrestricted grants and contributions	4,719,044	6,598,999	6,766,756	7,060,173	7,442,745	7,428,738	7,419,389	7,500,319	7,712,942	12,604,071
Rents and Royalties										20,621
N.J. Economic Development Authority Grants	287,245	779,572	72,984	78,340	123,750					
Investment earnings	11,668	10,758	8,952	6,678	10,117	8,893	7,433	11,816	40,157	57,406
Miscellaneous income	19,108	5,440	84,030	86,484	92,134	17,496	12,341	126,656	41,997	296,501
Transfers	(5,000)	-	-	-	-	-	-	-	-	-
Total governmental activities	7,652,261	10,133,009	9,797,886	10,085,925	10,437,222	10,223,830	10,268,772	10,719,936	10,863,463	16,242,446
Business-type activities:										
Investment earnings	217	262	149	190	250	236	248	278	757	2,031
Transfers	5,000									
Total business-type activities	217	262	149	190	250	236	248	278	757	2,031
Total district-wide	\$ 7,652,478	\$ 10,133,271	\$ 9,798,035	\$ 10,086,115	\$ 10,437,472	\$ 10,224,066	\$ 10,269,020	\$ 10,720,214	\$ 10,864,220	\$ 16,244,477
Change in Net Position										
Governmental activities	\$ 226,186	\$ 1,594,588	\$ 357,302	\$ (236,846)	\$ 252,220	\$ (576,382)	\$ (593,415)	\$ 80,769	\$ (360,602)	\$ (69,004)
Business-type activities	63,005	(24,535)	17,286	(27,599)	(18,326)	(37,117)	(52,338)	(25,177)	48,468	58,031
Total district	\$ 289,191	\$ 1,570,053	\$ 374,588	\$ (264,445)	\$ 233,894	\$ (613,499)	\$ (645,753)	\$ 55,592	\$ (312,134)	\$ (10,973)

Source: CAFR Schedule A-2

* - GASB Statement No.63 became effective for the fiscal year ended June 30, 2013 which changed Net Assets to Net Position.

**Prospect Park Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 2,698,048									
Unreserved	(491,774)									
Restricted		3,382,332	3,654,923	2,442,174	2,687,623	2,469,057	2,135,145	2,215,566	2,058,378	1,830,898
Committed										
Assigned		61,732	113,092	1,111,532	1,013,739	739,949	578,318	778,839	487,853	361,493
Unassigned		(420,613)	(454,450)	(486,169)	(453,840)	(433,791)	(489,120)	(457,317)	(477,511)	(385,189)
Total general fund	\$ 2,206,274	\$ 3,023,451	\$ 3,313,565	\$ 3,067,537	\$ 3,247,522	\$ 2,775,215	\$ 2,224,343	\$ 2,537,088	\$ 2,068,720	\$ 1,807,202
All Other Governmental Funds										
Reserved	\$ -	\$ 968,491	\$ 848,696	\$ 706,996	\$ 527,170	\$ 461,194	\$ 463,747			
Assigned	\$ 1,860,356				310,112	71,175	11,107			
Assigned, reported in:										
Special revenue fund										
Capital projects fund								455,294	455,294	455,559
Debt service fund										
Permanent fund								1	1	1
Total all other governmental funds	\$ (525,774)	\$ 968,491	\$ 848,696	\$ 706,996	\$ 837,282	\$ 532,369	\$ 474,854	\$ 455,295	\$ 455,295	\$ 455,560

Source: CAFR Schedule B-1

Prospect Park Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 2,620,196	\$ 2,738,240	\$ 286,564	\$ 2,854,250	\$ 2,864,245	\$ 2,865,718	\$ 2,917,329	\$ 3,159,103	\$ 3,139,984	\$ 3,263,847
Rents and royalties	11,668	10,758	8,952	6,678	10,117	8,893	7,433	11,816	40,157	20,621
Interest earned	19,108	20,109	86,215	86,674	102,370	17,496	14,634	130,363	45,944	57,406
Other local revenue	6,748,060	9,146,885	8,471,789	9,200,610	9,479,347	9,152,774	9,281,602	9,287,028	10,404,252	296,501
State sources	2,173,107	1,043,854	1,040,659	919,446	912,539	966,423	941,036	831,620	786,591	882,663
Federal sources	11,572,139	12,959,846	9,894,179	13,067,658	13,368,618	13,011,304	13,162,034	13,419,930	14,416,928	15,546,659
Expenditures										
Instruction										
Regular instruction	5,273,083	5,103,217	5,485,471	6,258,246	4,141,943	4,470,828	4,329,394	4,097,396	4,318,018	4,469,340
Special education instruction	1,766,594	1,817,441	1,787,462	1,718,252	1,074,076	1,285,208	1,207,679	1,228,730	1,279,804	1,017,731
Other special instruction										166,729
Other instruction	345,485	471,950	604,045	698,692	598,142	268,649	397,737	239,302	201,147	174,695
Support Services:										
Tuition					445,461	507,743	537,430	554,293	772,144	1,146,492
Attendance and social work services										50,991
Health services										42,454
Student & instruction related services	1,358,461	1,339,624	1,429,910	1,644,264	1,405,747	1,228,571	1,305,785	1,212,390	1,331,428	1,438,881
General administrative services	812,532	867,437	787,869	858,320	676,962	614,514	616,758	681,616	640,167	362,818
School Administrative services	428,656	469,572	468,188	453,111	321,685	359,882	348,732	372,299	365,410	377,997
Central services										246,042
Administrative information tech										124,553
Plant operations and maintenance	873,410	798,172	992,226	1,003,232	842,195	882,566	951,275	897,965	897,741	986,259
Pupil transportation	192,670	151,864	184,835	260,221	268,387	408,655	307,483	247,615	465,789	681,438
Unallocated employee benefits					2,948,989	2,955,410	3,073,542	3,080,482	3,898,223	2,065,175
On-behalf contributions										1,862,514
Transfer to Charter Schools					59,197	94,262	136,602	95,105	130,259	189,551
Special Schools										86,229
Capital outlay	763,792	2,026,817	232,640	229,035	496,885	381,869	163,831	96,514	261,206	
Special Revenue Fund										
Debt service:										
Principal	140,000	150,000	205,000	215,000	220,000	230,000	240,000	246,000	250,000	250,000
Interest and other charges	55,184	131,310	124,814	117,013	108,895	100,367	91,272	81,682	73,960	68,023
Total expenditures	12,009,867	13,327,404	12,302,460	13,455,386	13,608,564	13,788,524	13,707,520	13,131,389	14,885,296	15,807,912
Excess (Deficiency) of revenues over (under) expenditures	(437,728)	(367,558)	(2,408,281)	(387,728)	(239,946)	(777,220)	(545,486)	288,541	(468,368)	(261,253)

Prospect Park Board of Education
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing sources (uses)										
Proceeds of refunding debt		2,679,000			123,750			234,603	250,000	250,000
N.J. Econ. Develop. Authority Grants								(234,603)	(250,000)	(250,000)
Transfers in										
Transfers out					123,750					
Total other financing sources (uses)	\$ (437,728)	\$ 2,311,442	\$ (2,408,281)	\$ (387,728)	\$ (116,196)	\$ (777,220)	\$ (545,486)	\$ 288,541	\$ (468,368)	\$ (261,253)
Net change in fund balances	1.7%	2.5%	2.7%	2.5%	2.5%	2.5%	2.4%	2.5%	2.2%	2.0%

Debt service as a percentage of noncapital expenditures

**Prospect Park Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Rents and Royalties</u>	<u>Misc.</u>	<u>Total</u>
2010	11,668		19,108	30,776
2011	10,758		4,521	15,279
2012	8,952		84,030	92,982
2013	6,678		86,484	93,162
2014	10,117		92,134	102,251
2015	8,893		17,496	26,389
2016	7,433		12,341	19,774
2017	11,816		126,656	138,472
2018	40,157		41,997	82,154
2019	57,406	20,621	296,501	374,528

Source: District Records

**Prospect Park Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Assessed Value				Less: Tax-Exempt Property	Total Assessed Value	Public Utilities ^a		Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	% of Net Assessed to Full Cash Valuations
	Vacant Land	Residential	Commercial	Industrial			Apartment	Public				
2010	\$ 3,048,500	\$161,102,900	\$ 14,707,150	\$ 2,755,700	\$ -	\$181,614,250	\$ 228,200	\$ 181,842,450	1.506	\$392,720,756	46.30%	
2011	\$ 3,118,900	\$160,604,900	\$ 14,879,950	\$ 2,755,700	\$ -	\$181,359,450	\$ 228,200	\$181,587,650	1.578	\$395,063,261	45.96%	
2012	\$ 3,118,900	\$159,640,200	\$ 14,832,450	\$ 2,755,700	\$ -	\$180,347,250	\$ 189,782	\$180,537,032	1.581	\$254,456,705	70.95%	
2013	\$ 3,118,900	\$158,275,000	\$ 14,832,450	\$ 2,755,700	\$ -	\$178,982,050	\$ 189,782	\$179,171,832	1.599	\$253,901,232	70.57%	
2014	\$ 3,118,900	\$158,050,000	\$ 14,994,350	\$ 2,755,700	\$ -	\$178,918,950	\$ 189,782	\$179,108,732	1.600	\$253,901,232	70.54%	
2015	\$ 6,997,900	\$228,649,100	\$ 22,356,000	\$ 5,589,700	\$ -	\$263,592,700	\$ 145,000	\$263,737,700	1.106	\$263,381,994	100.14%	
2016	\$ 6,997,900	\$228,597,400	\$ 22,356,000	\$ 5,589,700	\$ -	\$263,541,000	\$ 145,000	\$263,686,000	1.198	\$274,276,948	96.14%	
2017	\$ 6,997,900	\$228,481,400	\$ 21,857,300	\$ 5,589,700	\$ -	\$262,926,300	\$ 145,000	\$263,071,300	1.198	\$282,294,785	93.19%	
2018	\$ 6,962,800	\$228,551,700	\$ 21,770,300	\$ 5,589,700	\$ -	\$262,874,500	\$ 145,000	\$263,019,500	1.241	\$300,355,505	87.57%	
2019	\$ 6,962,800	\$228,461,200	\$ 21,815,000	\$ 5,589,700	\$ -	\$262,828,700	\$ 145,000	\$262,973,700	1.239	\$320,825,501	81.97%	

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, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Prospect Park Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Years**

(rate per \$100 of assessed value)

Fiscal Year Ended Dec. 31,	Prospect Park Board of Education				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b		Total Direct	Regional High School District	Borough of Prospect Park	Passaic County	
		0.107	0.155					
2010	1.399	0.107	0.155	1.506	1.519	1.923	1.168	6.116
2011	1.423	0.155	0.183	1.578	1.490	2.039	1.109	6.216
2012	1.398	0.183	0.186	1.581	1.464	2.135	1.093	6.273
2013	1.413	0.186	0.184	1.599	1.387	2.277	0.954	6.217
2014	1.416	0.184	0.125	1.600	1.670	2.276	1.056	6.602
2015	0.981	0.125	0.126	1.106	1.259	1.588	0.763	4.716
2016	1.072	0.126	0.125	1.198	1.382	1.626	0.781	4.987
2017	1.073	0.125	0.029	1.198	1.412	1.650	0.793	5.053
2018	1.212	0.029	0.023	1.241	1.304	1.737	0.843	5.125
2019	1.738	0.023		1.761	1.318	1.761	0.858	5.698

Source: District Records and Municipal Tax Collector

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

Prospect Park Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Propect Park Partners LLC	\$ 11,993,500	1	4.56%			
Schon Family LLC	\$ 1,931,000	2	0.73%			
Hazen Realty LLC	\$ 1,747,000	3	0.66%			
JSJP Realty LLC	\$ 1,526,000	4	0.58%			
D S Acquisitions LLC	\$ 1,425,000	5	0.54%			
Lont & Overcamp	\$ 826,300	6	0.31%			
Normed Realty LLC	\$ 799,000	7	0.30%			
Arroyo Feliciano & Carmen	\$ 752,600	8	0.29%			
Pine Acres Properties LLC	\$ 649,600	9	0.25%			
Hardan Adam	\$ 525,400	10	0.20%			
					NOT AVAILABLE	
Total	\$ 22,175,400		8.43%	\$ -		0.00%

#REF!

\$ 263,019,500

Source: Municipal Tax Assessor.

Exhibit J-9

**Prospect Park Board of Education
Property Tax Levies and Collections
Last Ten Years**

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	2,620,196	2,620,196	100.00%	\$ -
2011	2,738,240	2,465,118	90.03%	273,122
2012	2,865,164	2,532,216	88.38%	332,948
2013	2,854,250	2,581,177	90.43%	273,073
2014	2,864,245	2,501,808	87.35%	362,437
2015	2,865,718	2,495,428	87.08%	370,290
2016	2,917,329	2,382,155	81.66%	535,174
2017	3,159,103	2,690,027	85.15%	469,076
2018	3,139,984	2,888,785	92.00%	251,199
2019	3,263,847	2,720,393	83.35%	543,454

Source: Municipal Tax Collector

**Prospect Park Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Temporary Note Payable	Capital Leases			
2010	1,206,000	-	-	-	-	1,206,000	0.507%	\$ 30
2011	3,735,000	-	-	-	-	3,735,000	1.510%	\$ 89
2012	3,530,000	-	-	-	-	3,530,000	1.409%	\$ 83
2013	3,315,000	-	-	-	-	3,315,000	1.309%	\$ 77
2014	3,095,000	-	-	-	-	3,095,000	1.163%	\$ 68
2015	2,865,000	-	-	-	-	2,865,000	1.045%	\$ 61
2016	2,625,000	-	-	-	-	2,625,000	0.949%	\$ 56
2017	2,379,000	-	-	-	-	2,379,000	0.843%	\$ 49
2018	2,129,000	-	-	-	-	2,129,000	Not Available	Not Available
2019	1,879,000	-	-	-	-	1,879,000	Not Available	Not Available

Source: District CAFR Schedules I-1, I-2

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

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

Exhibit J-11

Prospect Park Board of Education
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds					
2010	1,206,000	-	-	1,206,000	0.66%	\$ 30
2011	3,735,000	-	-	3,735,000	2.06%	\$ 89
2012	3,530,000	-	-	3,530,000	1.96%	\$ 83
2013	3,315,000	-	-	3,315,000	1.85%	\$ 77
2014	3,095,000	-	-	3,095,000	1.73%	\$ 68
2015	2,865,000	-	-	2,865,000	1.09%	\$ 61
2016	2,625,000	-	-	2,625,000	1.00%	\$ 56
2017	2,379,000	-	-	2,379,000	0.90%	\$ 49
2018	2,129,000	-	-	2,129,000	0.81%	Not Available
2019	1,879,000	-	-	1,879,000	Not Available	Not Available

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

**Prospect Park Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2019**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2019			
Net overlapping debt of School District:			
Borough of Prospect Park	100.000%	\$ 2,973,204	
County of Passaic	0.545%	1,856,216	
Passaic County Utilities Authority	0.545%	255,103	
Passaic Valley Sewerage Commission	0.171%	<u>1,938,125</u>	
Subtotal, overlapping debt			<u>\$ 7,022,647</u>
Total direct and overlapping debt			<u><u>\$ 8,901,647</u></u>

Sources: Prospect Park Municipal Finance Officer / Passaic County Treasurer's Office

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

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

Prospect Park Board of Education
 Legal Debt Margin Information
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2018

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 12,615,537	\$ 11,753,749	\$ 10,524,019	\$ 9,140,580	\$ 8,327,709	\$ 7,840,823	\$ 8,029,612	\$ 8,179,731	\$ 8,539,334	\$ 8,569,272
Total net debt applicable to limit	<u>1,206,000</u>	<u>3,735,922</u>	<u>3,530,922</u>	<u>3,315,922</u>	<u>3,095,000</u>	<u>2,865,000</u>	<u>2,625,000</u>	<u>2,379,000</u>	<u>2,129,000</u>	<u>1,879,000</u>
Legal debt margin	<u>9.56%</u>	<u>31.78%</u>	<u>33.55%</u>	<u>36.28%</u>	<u>37.17%</u>	<u>36.54%</u>	<u>32.69%</u>	<u>29.08%</u>	<u>24.93%</u>	<u>21.93%</u>
Total net debt applicable to the limit as a percentage of debt limit										

	2018	2017	2016
Equalized valuation basis			
2018	\$ 300,355,505		
2017	282,294,785		
2016	274,276,948		
[A]	<u>\$ 856,927,238</u>		
Average equalized valuation of taxable property	[A/3]		
Debt limit (3 % of average equalization value)	[B]		
Net bonded school debt	[C]		
Legal debt margin	[B-C]		

Source: Abstract of Rates and District Records CAFR Schedule J-7

a Limit set by NISA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

**Prospect Park Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita		Unemployment Rate ^d
			Personal Income ^c	Unemployment Rate ^d	
2010	5,868	\$ 237,976,740	40,555	14.60%	
2011	5,894	\$ 247,430,120	41,980	14.40%	
2012	5,885	\$ 250,612,725	42,585	14.20%	
2013	5,884	\$ 253,229,708	43,037	14.20%	
2014	5,882	\$ 266,166,382	45,251	8.10%	
2015	5,879	\$ 274,108,375	46,625	6.40%	
2016	5,865	\$ 276,487,830	47,142	6.30%	
2017	5,862	\$ 282,267,024	48,152	5.70%	
2018	5,859	Not Available	Not Available	5.30%	
2019	Not Available	Not Available	Not Available	Not Available	

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income - Passaic County - provided by NJ Dept of Labor and Workforce Development
- ^c Per Capita Personal Income - Passaic County - provided by NJ Dept of Labor and Workforce Development
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

**Prospect Park Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

<u>Function/Program</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction										
Regular	59	60	75	72	73	69	57	50	56	56
Special education	10	16	18	19	19	23	33	38	33	33
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	8	9	5	5	5	7	8	6	8	8
General administrative services	1	1	3	1	3	2	2	2	2	2
School administrative services	4	4	1	2	1	7	7	7	7	7
Business administrative services	3	3	2	3	3	2	2	2	2	2
Plant operations and maintenance	5	6	4	5	5	5	6	6	6	6
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	90	98	108	107	109	115	115	111	114	114

Source: District Personnel Records

Prospect Park Board of Education
Operating Statistics
Last Ten Fiscal Years

Fiscal	Enrollment	Operating	Cost Per	Percentage	Teaching	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	883	11,050,891	12,515	4.77%	69	1:20.7	1:15.3	871.4	833.3	-1.48%	95.63%
2011	865	11,019,277	12,739	1.79%	78	1:20.7	1:15.3	873.5	832.0	0.24%	95.25%
2012	900	11,740,006	13,044	2.40%	73	1:20.7	1:15.3	898.6	859.3	2.87%	95.63%
2013	908	12,894,338	14,201	8.86%	74	1:20.7	1:15.3	899.9	857.6	0.14%	95.30%
2014	878	12,782,783	14,559	2.52%	74	1:20.7	1:15.3	870.6	828.7	-3.26%	95.19%
2015	895	13,076,287	14,610	0.35%	73	1:18.1	1:15.4	861.7	834.0	-1.02%	96.79%
2016	914	13,275,317	14,524	-0.59%	74	1:19.5	1:17.5	909.6	869.2	5.56%	95.56%
2017	939	12,707,193	13,533	-6.83%	67	1:19.7	1:17.6	932.7	866.4	2.54%	92.89%
2018	942	13,429,394	14,256	5.35%	69	1:14.4	1:12.25	925.2	877.9	-0.80%	94.89%
2019	942	15,403,660	16,352	14.70%	69	1:14.4	1:12.25	925.2	877.9	0.00%	94.89%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count for all students attending school facilities.

a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay; Schedule J-4

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).

Prospect Park Board of Education
 School Building Information
 Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Buildings</u>										
<u>Elementary/Middle School</u>										
Square Feet	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950
Capacity (students)	972	972	972	972	972	972	972	972	972	972
Enrollment	885	867	900	908	896	895	914	939	942	942
<u>Other</u>										
Board Office										
Square Feet	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424

Number of Schools at June 30, 2019
 Elementary/Middle School = 1
 Other = 1

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included

Prospect Park Board of Education
 General Fund
 Schedule of Required Maintenance for School Facilities
 Last Ten Fiscal Years
 Unaudited

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

School Facilities	Project # (s)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Elementary/Middle School	N/A	222,599	201,211	199,107	176,198	103,230	150,404	168,435	121,577	141,564	119,833
Grand Total		\$ 222,599	\$ 201,211	\$ 199,107	\$ 176,198	\$ 103,230	\$ 150,404	\$ 168,435	\$ 121,577	\$ 141,564	\$ 119,833

**Prospect Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2019
Unaudited**

Company	Type of Coverage	Coverage	Deductible
School Package policy:			
New Jersey School Boards Association Insurance Group			
	Property - Blanket Building and Contents	\$ 25,242,150	5,000
	Blanket Extra Expense	50,000,000	5,000
	Valuable Papers & Records	1,000,000	5,000
	Blanket Dishonesty Bond	100,000	500
	Forgery & Alteration	100,000	500
	Money & Securities	25,000	500
	Money Orders & Counterfeit Paper Currency	100,000	500
	Computer Fraud	100,000	500
	General Liability	16,000,000	
	Automobile Liability	16,000,000	
	Cyber Liability	1,000,000	15,000
	Excess Liability	5,000,000	
	Environmental Impairment Liability	1,000,000	Various
	Equipment Breakdown	100,000,000	5,000
Workers' Compensation and Employers Liability			
New Jersey School Boards Association Insurance Group			
	Bodily Injury by Accident	2,000,000	
	Bodily Injury by Disease - each employee	2,000,000	
	Bodily Injury by Disease - Policy limit	2,000,000	
Computers and schedule equipment:			
	Data Processing Equipment	485,000	1,000
School Board legal liability			
	Professional Errors and Omissions	15,000,000	5,000
Public Employees' Faithful Performance Blanket			
	Position Bond - Treasurer	200,000	1,000
	Position Bond - Board Secretary	200,000	1,000
	Public Employees' Faithful Performance Blanket		

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

K-1
Page 1 of 2

**INDEPENDENT AUDITOR'S 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**

Honorable President and
Members of the Board of Education
Borough of Prospect Park School District
County of Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Prospect Park School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Borough of Prospect Park Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Prospect Park Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Prospect Park Board of Education'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 a 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

We noted certain matters that were required to be reported to the Board of Education of the Borough of Prospect Park School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated January 10, 2020.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steven D. Wielkocz

Steven D. Wielkocz, C.P.A.
Licensed Public School Accountant
No. 816

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

January 10, 2020

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

K-2
Page 1 of 3

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

Honorable President and
Members of the Board of Education
Borough of Prospect Park School District
County of Passaic, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Prospect Park School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Prospect Park Board of Education's major federal and state programs for the year ended June 30, 2019. The Borough of Prospect Park Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Prospect Park Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB

Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Prospect Park Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Prospect Park Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Prospect Park Board of Education 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 federal and state programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and N.J. OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-004. Our opinion on each major federal and state program is not modified with respect to these matters.

The Borough of Prospect Park Board of Education's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Borough of Prospect Park Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these responses.

Report on Internal Control Over Compliance

Management of the Borough of Prospect Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Prospect Park Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Prospect Park Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-004 that we consider to be significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

January 10, 2020

BOROUGH OF PROSPECT PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2019

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2019	
					From	To						(Accounts Receivable)	Due to Grantor at Revenue
General Fund:													
US Department of Education													
Special Education Medicaid Initiative													
Total General Fund													
US Department of Education													
Passed Through State Dept of Education:													
Special Revenue Fund													
Title I, Part A	93.778	1805NJSMAP		41,430	7/1/2018	6/30/2019		41,430	41,430				
	84.010	S010A180030	ESEA-4310-19	595,816	7/1/2018	6/30/2019	(41,012)	490,330	657,322	(8,034)		(216,038)	
	84.010	S010A170030	ESEA-4310-18	742,376	7/1/2017	6/30/2018	41,012	490,330	657,322	(8,034)		(216,038)	
Title II, Part A, Teacher/Principal Training and Recruiting	84.367	S367A180029	ESEA-4310-19	54,075	7/1/2018	6/30/2019	(8,963)	63,902	63,888	4,276		(4,673)	
Title II, Part A, Teacher/Principal Training and Recruiting	84.367	S367A170029	ESEA-4310-18	55,574	7/1/2017	6/30/2018	(11,128)						
Title II, Part A, Teacher/Principal Training and Recruiting	84.367	S367A160029	ESEA-4310-17	24,097	7/1/2016	6/30/2017	2,165	63,902	63,888	4,276		(4,673)	
Title III	84.365	S365A180030	ESEA-4310-19	10,690	7/1/2018	6/30/2019		441	13,156			(12,715)	
Title III, Immigrant	84.365	S365A180030	ESEA-4310-19	4,768	7/1/2018	6/30/2019		441	13,156			(12,715)	
Title IV	84.369	S369A180031	ESEA-4310-19	36,064	7/1/2018	6/30/2019		8,049	19,685			(11,636)	
	84.027	H027A180100	IDEA-4310-19	248,149	7/1/2018	6/30/2019	(41,265)	232,318	253,474	14,103		(48,318)	
IDEA, Part B-Basic	84.027	H027A170100	IDEA-4310-18	243,844	7/1/2017	6/30/2018	41,265						
IDEA, Part B-Pre-school	84.173	H173A180114	IDEA-4310-19	9,086	7/1/2018	6/30/2019	1,383	556	6,276	(1,939)		(6,276)	
IDEA, Part B-Pre-school	84.173	H173A170114	IDEA-4310-18	8,869	7/1/2017	6/30/2018	(1,383)	232,874	259,750	12,164		(54,594)	
Total Special Revenue Fund							(89,857)	795,596	1,013,801	8,406		(299,656)	
US Department of Agriculture													
Passed Through State Dept of Education:													
Enterprise Fund													
Food Distribution Program	10.555	181NJ09N1099	N/A	30,629	7/1/2018	6/30/2019		30,629	29,623				1,006
Food Distribution Program	10.555	171NJ09N1099	N/A	14,878	7/1/2017	6/30/2018	1,401		1,401				
National School Breakfast Program	10.553	181NJ04N1099	N/A	61,009	7/1/2018	6/30/2019		56,662	61,009			(4,347)	
National School Breakfast Program	10.553	171NJ04N1099	N/A	43,225	7/1/2017	6/30/2018	(7,685)	7,685					
National School Lunch Program	10.555	181NJ04N1099	N/A	385,431	7/1/2018	6/30/2019		361,147	385,431			(24,284)	
National School Lunch Program	10.555	171NJ04N1099	N/A	404,070	7/1/2017	6/30/2018	(81,149)	81,149					
Total Enterprise Fund							(87,433)	537,272	477,464			(28,631)	1,006
Total Federal Financial Assistance							\$ (177,290)	1,374,298	1,532,695	8,406		(328,287)	1,006

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
Schedule of Expenditures of State and Local Financial Awards
Year ended June 30, 2019

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Deferred Revenue (Assets Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass through Funds	Budgetary Expenditures Direct	Repayment of Prior Years' Balances	Balance at June 30, 2019		Memo
			From	To								(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
State Department of Education:														
General Fund														
Transportation Aid	495-034-5120-014	\$ 64,723	7/1/2018	6/30/2019	\$		58,271	64,723				(6,452)	64,723	
Equitization Aid	495-034-5120-078	7,410,842	7/1/2018	6/30/2019			6,693,242	7,410,842				(717,600)	7,410,842	
Special Education Categorical Aid	495-034-5120-089	794,961	7/1/2018	6/30/2019			715,715	794,961				(79,246)	794,961	
Security Aid	495-034-5120-084	366,508	7/1/2018	6/30/2019			329,973	366,508				(36,535)	366,508	
Extraordinary Aid	495-034-5120-044	236,884	7/1/2018	6/30/2019				236,884			(236,884)		236,884	
Extraordinary Aid	495-034-5120-044	114,551	7/1/2017	6/30/2018	(114,551)		114,551				(7,749)		114,551	
Non Public Transportation	495-078-6066-034	7,749	7/1/2018	6/30/2019			11,310	7,749					7,749	
Non Public Transportation	495-078-6066-034	11,310	7/1/2017	6/30/2018	(11,310)		374,856	394,453			(19,597)		11,310	
Reimbursed TPAF Social Security	495-034-5094-003	394,453	7/1/2018	6/30/2019			457,817	394,453					394,453	
On Behalf TPAF - Post Retirement Medical	495-034-5094-001	457,817	7/1/2018	6/30/2019			988,606	457,817					457,817	
On Behalf TPAF Pension	495-034-5094-002	988,606	7/1/2018	6/30/2019			20,694	988,606					988,606	
On Behalf TPAF NCI Premium	495-034-5094-004	20,694	7/1/2018	6/30/2019			944	20,694					20,694	
On-Behalf TPAF - LTDI	495-034-5094-004	944	7/1/2018	6/30/2019				944					944	
Total General Fund					(125,861)		9,765,979	10,744,181			(264,230)	(839,833)	10,870,042	
Special Revenue Fund														
Preschool Education Aid	495-034-5120-086	212,175	7/1/2018	6/30/2019			190,957	201,955			(10,998)	(21,218)	201,955	
Preschool Education Aid	495-034-5120-086	204,380	7/1/2017	6/30/2018	(4,249)		4,249						184,342	
NJ NonPublic Aid:														
Textbook Aid	100-034-5120-064	12,068	7/1/2018	6/30/2019			12,068	12,054		1,484			12,054	
Textbook Aid	100-034-5120-064	11,011	7/1/2017	6/30/2018		1,484							9,527	
Technology Aid	100-034-5120-373	8,136	7/1/2018	6/30/2019			8,136	5,069		5,042			5,069	
Technology Aid	100-034-5120-373	7,437	7/1/2017	6/30/2018		5,042							2,395	
Nursing Services	100-034-5120-070	22,116	7/1/2018	6/30/2019			22,116	22,116					22,116	
Security Aid	100-034-5120-509	34,200	7/1/2018	6/30/2019			34,200	19,811		10,033			19,811	
Security Aid	100-034-5120-509	15,075	7/1/2017	6/30/2018		10,033							5,042	
Handicapped Services:														
Exam & Classification	100-034-5120-066	17,474	7/1/2018	6/30/2019			17,474	730		7,825			730	
Exam & Classification	100-034-5120-066	13,833	7/1/2017	6/30/2018		7,825							6,008	
Exam & Classification	100-034-5120-066	9,725	7/1/2016	6/30/2017		1,981							7,744	
Exam & Classification	100-034-5120-066	13,838	7/1/2018	6/30/2019			13,838	10,089		2,232			10,089	
Corrective Speech	100-034-5120-066	8,571	7/1/2017	6/30/2018		2,232							6,339	
Corrective Speech	100-034-5120-066	17,670	7/1/2016	6/30/2017		13,417							4,253	
Corrective Speech	100-034-5120-066	12,292	7/1/2018	6/30/2019			12,292	7,930		6,422			7,930	
Supplementary Inst.	100-034-5120-066	11,894	7/1/2017	6/30/2018		6,422							5,472	
Supplementary Inst.	100-034-5120-066	7,847	7/1/2016	6/30/2017		2,276							5,571	
Auxiliary Services:														
Compensatory Education	100-034-5120-067	42,470	7/1/2018	6/30/2019			42,470	35,447		799			35,447	
Compensatory Education	100-034-5120-067	24,981	7/1/2017	6/30/2018		799							24,182	
English as a Second Language	100-034-5120-067	4,314	7/1/2018	6/30/2019			4,314							
English as a Second Language	100-034-5120-067	3,884	7/1/2017	6/30/2018		361				361			3,523	
Transportation	100-034-5120-068	20,815	7/1/2017	6/30/2018		20,815				20,815				
Total Special Revenue Fund					(4,249)	72,687	362,114	315,201		55,013	(10,998)	(21,218)	579,599	

BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
Schedule of Expenditures of State and Local Financial Awards

Year ended June 30, 2019

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass through Funds	Budgetary Expenditures Direct	Repayment of Prior Years' Balances	Balance at June 30, 2019		Due to Grantor at	Memo
			From	To						(Accounts Receivable)	Deferred Revenue/ Interfund Payable		
Capital Projects Fund													
N.J. Schools Development Authority Grant	4270-01-0-14-1001	123,730								(34,623)			
Masonry Upgrades										(34,623)			98,877
Total Capital Projects Fund													98,877
Enterprise Fund													
State Department of Agriculture													
National School Lunch Program (State Share)	100-010-3350-023	6,376	7/1/2018	6/30/2019		5,974	6,376			(402)			6,376
National School Lunch Program (State Share)	100-010-3350-023	6,801	7/1/2017	6/30/2018		1,375							6,801
Total Enterprise Fund													13,177
Total State Financial Assistance													11,065,758
									55,013	(310,253)	71,336	(861,051)	11,561,695
Less: On-Behalf/TPAF Pension System Contributions													
Total State Financial Assistance													9,997,697
Local Sources													
Special Revenue Fund													
Fortuin Estates Grade 1		7,253											7,253
Panjoia Donation - Uniforms		210											210
NSB Safety Grant		6,800				6,800							6,800
Total Local Financial Assistance													14,263
Total State and Local Financial Assistance													11,065,758
									55,013	(310,253)	71,336	(861,051)	11,561,695

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Borough of Prospect Park School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(D) and 1(E) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 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 expenditures have been made.

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(30,931) for the general fund and \$(175,398) for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$41,430	\$10,713,250	\$10,754,680
Special Revenue Fund	841,233	312,371	1,153,604
Food Service Fund	<u>477,069</u>	<u>6,376</u>	<u>483,445</u>
Total Awards and Financial Assistance	<u>\$1,359,732</u>	<u>\$11,031,997</u>	<u>\$12,391,729</u>

NOTE 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.

NOTE 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 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, 2019.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of \$1,468,061 of on-behalf payments is excluded from major program determination.

NOTE 7. INDIRECT COST RATE

The Borough of Prospect Park School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

<u>Program</u>	<u>Total</u>
Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$657,322
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	63,888
Title III: <i>English Language Acquisition State Grants</i>	13,156
Title IV: <i>Student Support and Academic Enrichment Grants</i>	<u>19,685</u>
Total	<u>\$754,051</u>

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: qualified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

2. Material weakness(es) identified? X yes no

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

2. Material weakness(es) identified? yes X no

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200 section .516(a) of the Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	(B) <u>S010A180030</u>	<u>Title I, Part A</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

Finding 2019-001

There is a lack of segregation of duties within the Business Office.

Criteria or specific requirement:

Management is responsible for establishing and maintaining an internal control system to ensure compliance with requirements of laws, regulations, contracts and grants.

Condition:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of transactions. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Board Office are handled by one person.

Context:

While this situation is not unusual in operations the size of the School District, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Effect:

Our audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employees' duties and responsibilities.

Cause:

Certain functions, including payroll preparation, in the Board Office are handled by one person.

Recommendation:

Internal control policies and procedures be implemented to reduce the possibility that unintentional or intentional errors or irregularities be detected.

Views of responsible official and planned corrective actions:

Management is aware of the situation and is planning to develop internal control policies to be implemented.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

Section II – Financial Statement Findings

Finding 2019-002

The District did not provide an updated fixed asset report.

Criteria or specific requirement:

Governmental Accounting Standards Board Statement (GASBS) 34 requires school districts and other public entities to accurately track and account for fixed assets. The District failed to provide an updated fixed asset report including additions, deletions and depreciation expense which is to be reported as a direct expense.

Condition:

The District did not provide an updated fixed asset report including additions, deletions and depreciation expense which is to be reported as a direct expense.

Context:

The District has not updated the financial statements for depreciation expense and has not implemented a system to record assets in accordance with state requirements.

Effect:

The effects on the financial statements, although not reasonably determinable, are presumed to be material.

Cause:

The District did not provide an updated fixed asset report including additions, deletions and depreciation expense which is to be reported as a direct expense.

Recommendation:

The District's fixed asset accounting and reporting system be updated to reflect additions, deletions and depreciation expense on an annual basis.

Views of responsible official and planned corrective actions:

The District has reviewed this finding and has indicated corrective action will be taken.

**BOROUGH OF PROSPECT PARK BOARD OF EDUCATION
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

NONE

**BOROUGH OF PROSPECT PARK BOARD OF EDUCATION
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

STATE AWARDS

Finding 2019-001

Information on the state program:

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/18-6/30/19.

Criteria or specific requirement:

The school district must complete the Application for State School Aid (ASSA) in accordance with the instructions provided by the Office of School Finance. The district must complete a set of workpapers that document the compilation of data and provide an audit trail for testing the enrollments reported on the ASSA. In addition, the district must have on file written procedures that provide a description of the count process. The workpapers and internal procedures must be maintained on file for seven years.

Condition:

The internal control procedures and related workpapers were not made available for audit.

Questioned Costs:

None

Context:

The district submitted the 2018/2019 ASSA but were unable to provide the related workpapers and internal control procedures that document the compilation of data which provide an audit trail for testing enrollments reported on the ASSA.

Effect:

By not maintaining appropriate supporting documentation in accordance with the instructions provided by the Office of School Finance, the enrollments reported on the district's ASSA are unable to be verified.

Cause:

The district did not maintain written procedures describing the count process or workpapers that document the compilation of data and provide an audit trail for testing the enrollments reported on the ASSA.

**BOROUGH OF PROSPECT PARK BOARD OF EDUCATION
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

Finding 2019-001 (continued)

Recommendation:

The district should complete a set of workpapers that document the compilation of data and provide an audit trail for testing the enrollments reported on the ASSA in accordance with the instructions provided by the Office of School Finance. In addition, the district should have written procedures on file which provide a description of the count process. The procedures should describe how the count was taken, who was responsible for compiling the data, completing the enrollment count submission, and detail the various assigned responsibilities for collection of the data and the follow-up procedures to identify student information to be corrected in the subsequent count. The internal control procedures and related workpapers must be maintained on file for seven years and made available for audit.

Management's response:

The district will prepare written procedures providing a description of the count process annually. The district will maintain workpapers that provide an audit trail for testing the enrollments reported on the ASSA.

Finding 2019-002

Information on the state program:

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/18-6/30/19.

Criteria or specific requirement:

In accordance with N.J.S.A. 18A:18A-37, for contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount the purchasing agent shall award the contract after soliciting at least two competitive quotations. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The purchasing agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor.

Condition:

The district did not solicit at least two competitive quotations prior to awarding a contract.

Questioned Costs:

None

Context:

The district contracted for repairs to school locker rooms and maintenance in classrooms, both of which exceeded 15 percent of the bid threshold, and failed to solicit at least two competitive quotations.

**BOROUGH OF PROSPECT PARK BOARD OF EDUCATION
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

Finding 2019-002 (continued)

Effect:

By not soliciting at least two competitive quotations, the district is not in compliance with New Jersey Public School Contracts Law N.J.S.A. 18A:18A.

Cause:

The district performed repairs and maintenance to school property without soliciting at least two competitive quotations.

Recommendation:

When awarding contracts that in total are less than the bid threshold but at least 15 percent or more of that amount, the district should award the contract only after soliciting at least two competitive quotations. The award should be made to the vendor whose response is the most advantageous to the district. The district should retain the record of the quotation solicitation and should include a copy of the record with the voucher used to pay the vendor.

Management's response:

The district will solicit at least two competitive quotations when awarding contracts that are less than the bid threshold but at least 15 percent or more of that amount. In addition, record of the quotations will be included with the voucher used to pay the vendor.

Finding 2019-003

Information on the state program:

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/18-6/30/19.

Criteria or specific requirement:

In accordance with N.J.S.A. 18A:17-9, the Treasurer shall prepare the monthly reconciliation of bank account statements and in conjunction with the Board Secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to the completion of the secretary's monthly report. In addition, pursuant to N.J.S.A. 18A:17-10, all school districts must submit the Annual Report to the board and the executive county superintendent by August 1.

Condition:

The Treasurer's Report and Board Secretary's Report were not in agreement for the months of September 2018 and June 2019. Also, the district could not provide documentation that the Annual Report was submitted to the executive county superintendent by August 1.

**BOROUGH OF PROSPECT PARK BOARD OF EDUCATION
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

Finding 2019-003 (continued)

Questioned Costs:

None

Context:

The Treasurer's Report and Board Secretary's Report presented in the minutes for acceptance by the board were not in agreement for the months of September 2018 and June 2019. Documentation of submission of the Annual Report by the August 1 deadline could not be obtained.

Context:

The Treasurer's Report and Board Secretary's Report presented in the minutes for acceptance by the board were not in agreement for the months of September 2018 and June 2019. Documentation of submission of the Annual Report by the August 1 deadline could not be obtained.

Effect:

The cash balances by fund are not in agreement with the reconciled bank account balances in the manner and form prescribed by the commissioner. In addition, the district is not in compliance with N.J.S.A. 18A:17-10.

Cause:

The Treasurer and Board Secretary did not take the steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to the completion of the secretary's monthly report. In addition, the Board Secretary did not maintain documentation for the submission of the Annual Report.

Recommendation:

The Treasurer and Board Secretary should prepare the monthly reconciliation of bank account statements and in conjunction with the Board Secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the secretary's monthly report in accordance with N.J.S.A. 18A:17.9. In addition, the Board Secretary should maintain supporting documentation regarding the submission of the Annual Report to the executive county superintendent in accordance with N.J.S.A. 18A:17-10.

Management's response:

The Treasurer and Board Secretary will take steps necessary to ensure the cash record balance is in agreement with the reconciled bank balance prior to the completion of the secretary's monthly report. The Board Secretary will maintain documentation regarding the submission of the Annual Report to the executive county superintendent.

**BOROUGH OF PROSPECT PARK BOARD OF EDUCATION
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

Finding 2019-004

Information on the state program:

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/18-6/30/19.

Criteria or specific requirement:

In accordance with N.J.S.A. 18A:16-17.1, employees of a board of education shall contribute, through the withholding of the contribution from the pay, salary or other compensation, toward the cost of health care benefits coverage for the employee and any dependent provided pursuant to P.L. 1979, c.391. The amount payable by any employee shall not under any circumstance be less than the 1.5 percent of base salary notwithstanding any other amount that may be required additionally.

Condition:

The prescription premiums used in the employee health benefit contribution calculation do not agree to the monthly prescription premium bills. In addition, employees are being calculated utilizing the incorrect percentage of premium and/or type of coverage.

Questioned Costs:

None

Context:

Recalculation of employee health benefit contributions do not agree to amounts being deducted from employees pay.

Effect:

Employee health benefit contributions are not being deducted in accordance with N.J.S.A. 18A:16-17.1.

Cause:

The prescription premium amounts were not updated to reflect the increase in costs between years. Percentage of premiums and types of coverage were not adjusted to reflect accurate information.

Recommendation:

The district should review all information input into the system for health benefit contribution calculations and make necessary adjustments.

Management's response:

All health benefit contribution input information will be reviewed and compared to the proper supporting documentation to ensure the proper amounts are being calculated and deducted from employees pay.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Status of Prior Year Findings

Finding 2018-001

Condition:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of transactions. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Board Office are handled by one person.

Current Status:

Corrective action has not been taken – See Finding 2019-001.