

**SCHOOL DISTRICT OF THE  
BOROUGH OF PROSPECT PARK  
COUNTY OF PASSAIC, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**School District  
of**

# **PROSPECT PARK**

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

**Comprehensive Annual Financial Report  
Year Ended June 30, 2021**

# Comprehensive Annual Financial Report

of the

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

**Year Ended June 30, 2021**

**Prepared by**

**Dr. Tyeshia A. Reels**  
**Business Administrator/Board Secretary**

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## **INTRODUCTORY SECTION**





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

94 Brown Avenue  
Prospect Park, NJ 07508



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District Website: [www.prospectparknj.com](http://www.prospectparknj.com)

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Tyeshia A. Reels, Ed.D  
Acting Superintendent  
Email: [treels@prospectparknj.com](mailto:treels@prospectparknj.com)

February 2, 2022

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, 2021 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 organization 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 a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendment of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and 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 School District 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 general education classes for Pre K-8 as well as special education classes for handicapped students. As of the October 2020 ASSA count the District had 859 students enrolled, which is 6.6 students more 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.

<b>AVERAGE DAILY ENROLLMENT</b>		
<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percentage Change</b>
2020-2021	805.0	
2019-2020	852.4	-3.6
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

**2. ECONOMIC CONDITION AND OUTLOOK**

The Borough of Prospect Park has experienced some economic development and growth. There has been recent expansion in the development of nearby condominiums with more expansion in the future. Additional state aid funding could assist the District in the near future.

**3. MAJOR INITIATIVES**

The District continues its commitment to the implementation of the New Jersey Student Learning Standards and desires to see more student growth and achievement. Although the District experienced its host of challenges due to the pandemic, the District aims for its school to thrive in all grade levels and subgroups. To meet the needs of the whole child, the District is implementing a number of initiatives for the 2021-2022 school year. The Spartan Spark Wellness Center will be housed in the library to address the social and emotional needs of both staff and students. Social Emotional Learning (SEL) periods will be infused into the curriculum with activities and discussions embedded into the daily routine. Each child received a Chromebook to enhance 21<sup>st</sup> Century Learning Skills through Internet-based reinforcement. Teachers will collaborate through Professional Learning Communities, collaborative teaching and with coaching in math and English language arts. Professional development will be provided for equity and diversity to meet the needs of our diverse student population. Parent seminars will be conducted to teach families about bullying, conflict resolution, and to bridge the home/school collaborative relationship.

#### **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 is also 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 Board of Education. 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 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported a reservations of fund balance at June 30, 2021.

#### **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 Wielkotz & Company LLC, 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 was also 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 supplemental 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**

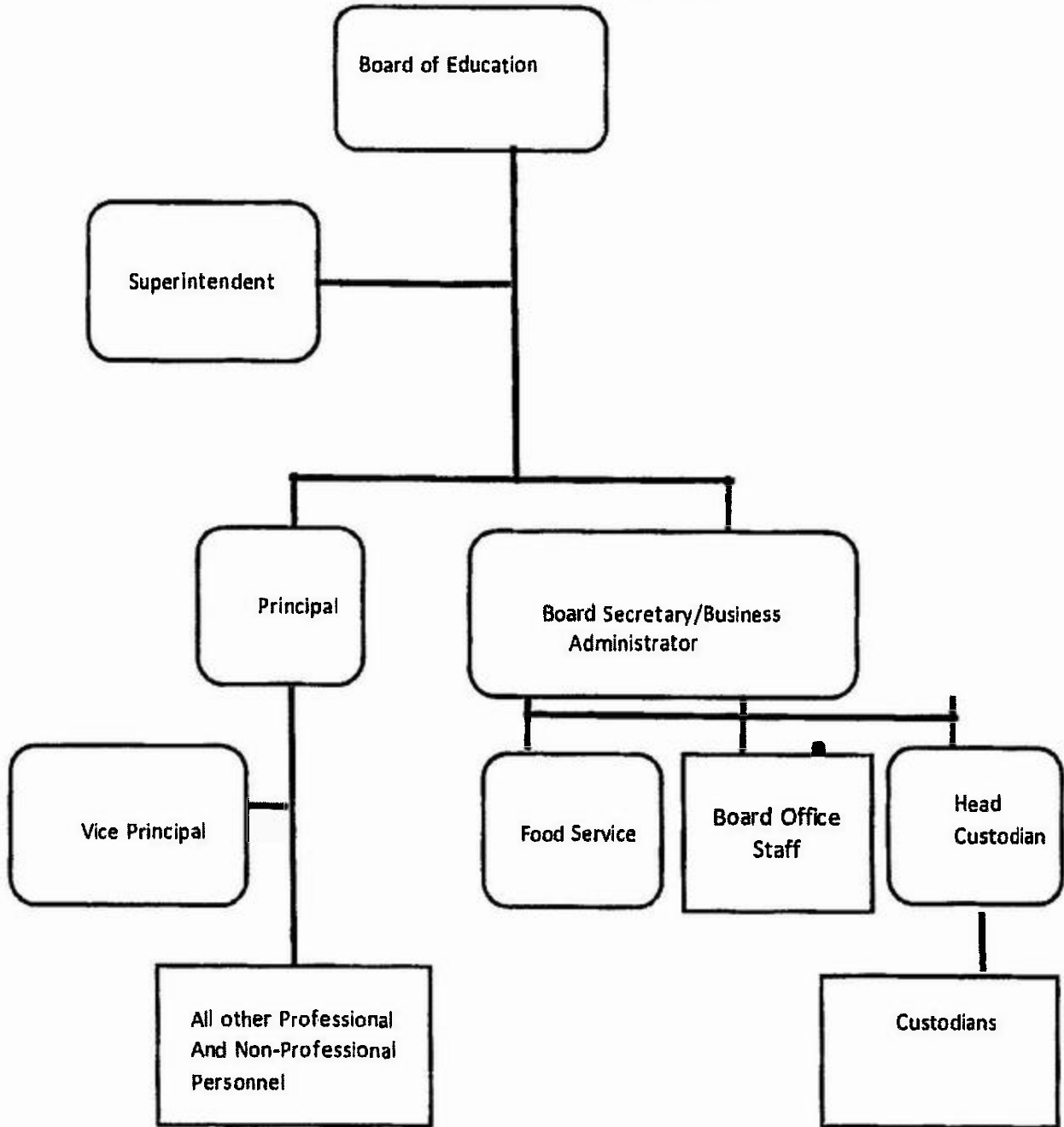
I would like to express my appreciation to the members of the Prospect Park Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district, and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



Tyeshia A. Reels, Ed.D  
Acting Superintendent/School Business Administrator

**PROSPECT PARK BOARD OF EDUCATION  
ORGANIZATIONAL CHART**



**PALISADES PARK BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2021**

**Members of the Board of Education**

**Term Expires**

Frank Caraccio (7/1/20-12/31/20)	2020
Mohammed Hussain, Vice President (7/1/20-12/31/20)	2020
Naiz Nadim, President (1/1/21-6/30/21)	2021
Ashley Alba	2021
Daysi Gonzalez, President (7/1/20-12/31/20)	2021
Daysi Gonzalez, Vice President (1/1/21-6/30/21)	2021
Euyenibert Lopez	2023
Esslam Zakaria (7/1/20-9/30/20)	2023
Delshawn Colcloughly (1/1/21-6/30/21)	2024
Dhariany Valerio (12/15/20-6/30/21)	2024
Ariosto Rodriguez (3/16/21-6/30/21)	2024
Arwa Ensour (3/16/21-6/30/21)	2024

**Other Officials**

Allison Angermeyer, Superintendent of Schools

James Shoop, Interim Business Administrator/Board Secretary (7/1/20-11/30/20)

Edward J. Appleton, Interim Business Administrator (12/1/20-6/30/21)

Erin Delaney, Board Secretary (12/1/20-6/30/21)

**PROSPECT PARK BOARD OF EDUCATION**

**CONSULTANTS & ADVISORS**

**June 30, 2021**

**Attorney**

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**





**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
JAMES J. CERULLO, CPA, RMA, PSA  
THOMAS M. FERRY, CPA, RMA, PSA

HEADQUARTERS  
401 WANAQUE AVENUE  
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ROCKAWAY OFFICE  
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SUITE 301  
ROCKAWAY, NEW JERSEY 07866

**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, 2021, 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.



Honorable President and  
Members of the Board of Education  
Page 2.

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

***Change in Accounting Principle***

As discussed in Note 1 to the basic financial statements, in fiscal year 2021, the Board adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. As a result, prior year balances were restated (Note 18) to reflect the implementation of this Statement. Our opinions are not modified with respect to this matter.



*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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



Honorable President and  
Members of the Board of Education  
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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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2022 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. Wielkocz*

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

*Wielkocz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

February 2, 2022



**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, 2021**

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, 2021.

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 increased \$785,237. Net position of governmental activities increased \$790,661 while net assets of business-type activity decreased by \$(5,424).

General revenues accounted for \$17,635,585 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 \$1,732,114 or 9 percent of total revenues of \$19,367,699.

The School District had \$18,206,290 in expenses related to governmental activities; only \$1,361,426 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$17,635,525 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, 2021  
(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, 2021  
(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, 2021  
(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, 2021  
(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 \$8,060,919 at June 30, 2021 and \$7,273,968 at June 30, 2020, 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 2021 compared to 2020 (Table 1) and change in net position (Table 2) of the School District.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>						
Current and Other Assets	2,629,884	2,804,490	215,995	252,399	2,845,879	3,056,889
Capital Assets	<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>
Total Assets	<u>12,756,543</u>	<u>12,931,149</u>	<u>232,920</u>	<u>269,324</u>	<u>12,989,463</u>	<u>13,200,473</u>
<b>Deferred Outflows:</b>						
Deferred Outflows of Resources						
Related to PERS	<u>417,979</u>	<u>514,060</u>	_____	_____	<u>417,979</u>	<u>514,060</u>
Total Deferred Outflows	<u>417,979</u>	<u>514,060</u>	_____	_____	<u>417,979</u>	<u>514,060</u>
<b>Liabilities</b>						
Current Liabilities	813,917	1,396,621	31,741	62,721	845,658	1,459,342
Noncurrent Liabilities	<u>3,549,546</u>	<u>3,986,022</u>	_____	_____	<u>3,549,546</u>	<u>3,986,022</u>
Total Liabilities	<u>4,363,463</u>	<u>5,382,643</u>	<u>31,741</u>	<u>62,721</u>	<u>4,395,204</u>	<u>5,445,364</u>
<b>Deferred Inflows:</b>						
Deferred Inflows of Resources						
Related to PERS	<u>951,319</u>	<u>995,201</u>	_____	_____	<u>951,319</u>	<u>995,201</u>
Total Deferred Inflows	<u>951,319</u>	<u>995,201</u>	_____	_____	<u>951,319</u>	<u>995,201</u>
<b>Net Assets</b>						
Net Investment in Capital Assets	8,767,659	8,507,659	16,925	16,925	8,784,584	8,524,584
Restricted	1,908,895	2,013,877			1,908,895	2,013,877
Unrestricted	<u>(2,816,814)</u>	<u>(3,454,171)</u>	<u>184,254</u>	<u>189,678</u>	<u>(2,632,560)</u>	<u>(3,264,493)</u>
Total Net Position	<u>7,859,740</u>	<u>7,067,365</u>	<u>201,179</u>	<u>206,603</u>	<u>8,060,919</u>	<u>7,273,968</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

Table 2 below shows the changes in net position for fiscal year 2021 compared to 2020.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales			546	7,706	546	7,706
Operating Grants and Contributions	1,361,426	1,432,471	370,142	546,301	1,731,568	1,978,772
General Revenues:						
Taxes:						
Property taxes	3,249,022	3,256,822			3,249,022	3,256,822
Federal and State Aid not Restricted	14,331,280	12,488,871			14,331,280	12,488,871
Rents and Royalties		13,200			0	13,200
Miscellaneous Income	55,051	64,186			55,051	64,186
Investment Income	<u>172</u>	<u>13,326</u>	<u>60</u>	<u>688</u>	<u>232</u>	<u>14,014</u>
Total Revenues and Transfers	<u>18,996,951</u>	<u>17,268,876</u>	<u>370,748</u>	<u>554,695</u>	<u>19,367,699</u>	<u>17,823,571</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

start

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Functions/Program Expenses</b>						
Instruction:						
Regular	6,347,337	6,179,134			6,347,337	6,179,134
Special Education	1,599,842	1,636,081			1,599,842	1,636,081
Other Special Instruction	167,560	255,180			167,560	255,180
Other Instruction	233,054	255,002			233,054	255,002
Support Services:						
Instruction	1,514,038	1,667,942			1,514,038	1,667,942
Student & Instruction Related Services	1,829,606	1,897,002			1,829,606	1,897,002
General Administrative Services	415,311	519,230			415,311	519,230
School Administrative Services	390,549	534,873			390,549	534,873
Central Services	350,175	317,857			350,175	317,857
Administrative Information Technology	142,109	137,115			142,109	137,115
Plant Operations and Maintenance	952,381	1,119,373			952,381	1,119,373
Pupil Transportation	376,585	610,848			376,585	610,848
Unallocated Benefits	3,545,364	2,254,154			3,545,364	2,254,154
Capital Outlay -						
Non-depreciable	76,955	76,955			76,955	76,955
Charter Schools	215,477	234,156			215,477	234,156
Interest on Long-Term Debt	49,947	57,748			49,947	57,748
Food Service			<u>376,172</u>	<u>562,004</u>	<u>376,172</u>	<u>562,004</u>
Total Expenses	<u>18,206,290</u>	<u>17,752,650</u>	<u>376,172</u>	<u>562,004</u>	<u>18,582,462</u>	<u>18,314,654</u>
Increase or (Decrease) in						
Net Position	<u>790,661</u>	<u>(483,774)</u>	<u>(5,424)</u>	<u>(7,309)</u>	<u>785,237</u>	<u>(491,083)</u>

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(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 \$18,582,462. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$3,249,022 because some of the cost was paid by those who benefitted from the programs \$546, by other governments and organizations who subsidized certain programs with grants and contributions \$1,731,568, unrestricted federal and state aid \$14,331,280, and by miscellaneous sources \$55,283.

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 expenses exceeded revenues by \$5,424.
- ✓ Charges for services provided totaled \$546 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 \$370,142.

The following schedules present a summary of governmental fund revenues for the fiscal year ended June 30, 2021, 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 2020</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Local Source	\$3,304,245	19.3%	(\$56,289)	(1.68)%	\$3,360,534
State Source	12,648,133	74.0%	857,961	7.28%	11,790,172
Federal Source	<u>1,146,532</u>	<u>6.7%</u>	<u>(30,841)</u>	(2.62)%	<u>1,177,373</u>
Total	<u>\$17,098,910</u>	<u>100.0%</u>	<u>\$770,831</u>	4.72%	<u>\$16,328,079</u>

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2020</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Current Expenditures:					
Instruction	\$6,232,681	37.3%	\$4,271	0.07%	\$6,228,410
Undistributed	10,083,092	60.3%	(313,323)	(3.01)%	10,396,415
Debt Service	313,197	1.9%	(7,801)	(2.43)%	320,998
Capital Outlay	<u>76,955</u>	<u>0.5%</u>	<u>          </u>	0.00%	<u>76,955</u>
Total	<u>\$16,705,925</u>	<u>100.0%</u>	<u>(\$316,853)</u>	(1.86)%	<u>\$17,022,778</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, 2021, 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 \$791,042 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, 2021  
(CONTINUED)**

**General Fund**

The general fund actual revenue was \$15,750,000 including transfers. That amount is \$2,843,718 above the final amended budget of \$12,906,282. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$2,356,576 for TPAF social security reimbursements and on-behalf pension payments, an increase in other state and federal aids of \$485,419, and an excess of \$1,723 in miscellaneous anticipated revenues.

The actual expenditures of the general fund were \$15,325,925 including transfers which is \$1,538,856 above the final amended budget of \$13,787,069. The variance between the actual expenditures and final budget was due to non-budget on-behalf TPAF social security and pension payments of \$2,356,576, and \$817,720 unexpended budgeted funds.

General fund had total revenues of \$15,750,000 including transfers and total expenditures and transfers of \$15,325,925 with an ending fund balance of \$2,439,887.

**Special Revenue Fund**

The special revenue fund actual revenue was \$1,380,588 including transfers. That amount is \$658,823 below the final amended budget of \$2,039,411. 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 \$1,380,588, which is \$658,823 below the final amended budget of \$2,039,411. 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, 2021  
(CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2021 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</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, 2021, the District had \$3,549,546 of long-term debt. Of this amount, \$157,202 is for compensated absences, \$1,359,000 is school improvement serial bonds and \$2,033,344 is for net pension liability.

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

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
School Bonds – 2010	<u>\$1,359,000</u>	<u>\$1,619,000</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(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 2021-2022 school year that is greater than the level of the 2020-2021 school year.

These factors were considered in preparing the Borough of Prospect Park School District's budgets for the 2021-2022 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:

Dr. Tyeshia A. Reels  
Board Secretary/School Business Administrator  
Prospect Park Board of Education  
290 N. 8<sup>th</sup> Street  
Prospect Park, NJ 07508

# **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**PROSPECT PARK BOARD OF EDUCATION**  
**Statement of Net Position**  
**June 30, 2021**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	397,680	6,292	403,972
Receivables, Net	1,756,754	76,001	1,832,755
Internal Balances	(123,449)	123,449	-
Inventory		10,253	10,253
Restricted Assets:			
Cash and Cash Equivalents	598,899		598,899
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>12,756,543</u>	<u>232,920</u>	<u>12,989,463</u>
Deferred Outflow of Resources:			
Deferred Outflows of Resources Related to PERS	417,979		417,979
Total Deferred Outflows	<u>417,979</u>		<u>417,979</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	652,201	31,175	683,376
Payable to State Government	100,039		100,039
Unearned Revenue	42,341	566	42,907
Payroll Deductions and Withholdings Payable	19,336		19,336
Noncurrent Liabilities:			
Due Within One Year	270,000		270,000
Due Beyond One Year	3,279,546		3,279,546
Total Liabilities	<u>4,363,463</u>	<u>31,741</u>	<u>4,395,204</u>
Deferred Inflow of Resources:			
Deferred Inflows of Resources Related to PERS	951,319		951,319
Total Deferred Inflows	<u>951,319</u>		<u>951,319</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,767,659	16,925	8,784,584
Restricted for:			
Debt Service	455,561		455,561
Other Purposes	1,453,334		1,453,334
Unrestricted (Deficit)	(2,816,814)	184,254	(2,632,560)
Total Net Position	<u>7,859,740</u>	<u>201,179</u>	<u>8,060,919</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, 2021

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	4,842,456	1,504,881		978,338	(5,368,999)		(5,368,999)
Special Education	1,111,887	487,955			(1,599,842)		(1,599,842)
Other Special Instruction	116,417	51,143			(167,560)		(167,560)
Other Instruction	161,921	71,133			(233,054)		(233,054)
Support Services:							
Instruction	1,514,038			383,088	(1,130,950)		(1,130,950)
Student & Instruction Related Services	1,594,181	235,425			(1,829,606)		(1,829,606)
General Administrative Services	334,620	80,691			(415,311)		(415,311)
School Administrative Services	273,379	117,170			(390,549)		(390,549)
Central Services	280,871	69,304			(350,175)		(350,175)
Administrative Information Tech.	142,109				(142,109)		(142,109)
Plant Operations and Maintenance	841,076	111,305			(952,381)		(952,381)
Pupil Transportation	376,585				(376,585)		(376,585)
Unallocated Benefits	3,545,364				(3,545,364)		(3,545,364)
Transfer to Charter Schools	215,477				(215,477)		(215,477)
Capital Outlay - Non-Depreciable	76,955				(76,955)		(76,955)
Interest on Long-Term Debt	49,947				(49,947)		(49,947)
Unallocated Depreciation							
Total Governmental Activities	15,477,283	2,729,007	-	1,361,426	(16,844,864)		(16,844,864)
Business-Type Activities:							
Food Service	376,172		546	370,142		(5,484)	(5,484)
Total Business-Type Activities	376,172		546	370,142		(5,484)	(5,484)
Total Primary Government	15,853,455		546	1,731,568	(16,844,864)	(5,484)	(16,850,348)
General Revenues:							
Taxes:							
Levied for General Purposes					3,195,824		3,195,824
Taxes Levied for Debt Service					53,198		53,198
Federal and State Aid Not Restricted					14,331,280		14,331,280
Interest Earned on Capital Reserve Funds					172		172
Miscellaneous Income					55,051	60	55,111
Total General Revenues, Special Items, Extraordinary Items and Transfers					17,635,525	60	17,635,585
Change in Net Position					790,661	(5,424)	785,237
Net Position—Beginning					7,067,365	206,603	7,273,968
Prior Period adjustments					1,714		1,714
Net Position—beginning (Restated)					7,069,079	206,603	7,275,682
Net Position—Ending					7,859,740	201,179	8,060,919

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, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents				
Checking			455,561	455,561
Accounts Receivable -				
Intergovernmental - State	562,307			562,307
Intergovernmental - Federal		652,944		652,944
Taxes Receivable	541,503			541,503
Interfund Receivables	485,706			485,706
Restricted Cash and Cash Equivalents:				
Capital Reserve	281,935			281,935
Maintenance Reserve	195,914			195,914
Emergency Reserve	100,000			100,000
Payroll Withholdings and Deductions	5,839 *			5,839
Summer Savings	13,477 *			13,477
Flexible Spending	20 *			20
Student Activities		1,714 *		1,714
Total Assets	<u>2,186,701</u>	<u>654,658</u>	<u>455,561</u>	<u>3,296,920</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Deficit in Cash and Cash Equivalents	57,881			57,881
Accounts Payable	300,915	24,858		325,773
Accrued Salaries and Benefits	179,633			179,633
Intergovernmental Payable:				
State		100,039		100,039
Payroll Deductions and Withholdings Payable	19,336 **			19,336
Interfund Payable	123,449	485,706		609,155
Unearned Revenue		42,341		42,341
Total Liabilities	<u>681,214</u>	<u>652,944</u>	<u>-</u>	<u>1,334,158</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	311,466			311,466
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	324,853			324,853
Capital Reserve Account	281,935			281,935
Maintenance Reserve Account	195,914			195,914
Emergency Reserve Account	100,000			100,000
Student Activity Accounts		1,714		1,714
Assigned to:				
Year-End Encumbrances	49,422			49,422
Designated by the BOE for Subsequent Year's Expenditures	188,030			188,030
Debt Service Fund			455,561	455,561
Unassigned:				
General Fund	53,867			53,867
Total Fund Balances	<u>1,505,487</u>	<u>1,714</u>	<u>455,561</u>	<u>1,962,762</u>
Total Liabilities and Fund Balances	<u>2,186,701</u>	<u>654,658</u>	<u>455,561</u>	



**PROSPECT PARK BOARD OF EDUCATION**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

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	(126,254)
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	417,979
Deferred Inflows of Resources Related to PERS Pension Liability	(951,319)
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)	(20,541)
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>(3,549,546)</u>
Net Position of Governmental Activities	<u><u>7,859,740</u></u>

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

\* Include former fiduciary fund cash and cash equivalents

\*\* Include payroll deductions payable and flexible benefits liabilities (flex spending has no net position, only liabilities)

**PROSPECT PARK BOARD OF EDUCATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Fiscal Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	3,195,824			53,198	3,249,022
Interest Earned on Capital Reserve Funds	172				172
Miscellaneous	55,051				55,051
Student Group Receipts					-
Total - Local Sources	<u>3,251,047</u>	-	-	53,198	3,304,245
State Sources	12,419,398	263,358	(34,623)		12,648,133
Federal Sources	<u>48,464</u>	<u>1,098,068</u>			<u>1,146,532</u>
Total Revenues	<u>15,718,909</u>	<u>1,361,426</u>	<u>(34,623)</u>	<u>53,198</u>	<u>17,098,910</u>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	3,864,118	978,338			4,842,456
Special Education Instruction	1,111,887				1,111,887
Other Special Instruction	116,417				116,417
School Sponsored/Other Instructional	161,921				161,921
Support Services and Undistributed Costs:					
Instruction	1,130,950	383,088 **			1,514,038
Attendance and Social Work Services	35,290				35,290
Health Services	49,241				49,241
Student & Instruction Related Services	1,509,650				1,509,650
General Administrative Services	334,620				334,620
School Administrative Services	273,379				273,379
Central Services	280,871				280,871
Administrative Information Tech.	142,109				142,109
Plant Operations and Maintenance	841,076				841,076
Pupil Transportation	376,585				376,585
Unallocated Benefits	2,154,180				2,154,180
On-behalf Contributions	2,356,576				2,356,576
Transfer to Charter Schools	215,477				215,477
Debt Service:					
Principal				260,000	260,000
Interest and Charges				53,197	53,197
Capital Outlay	<u>76,955</u>				<u>76,955</u>
Total Expenditures	<u>15,031,302</u>	<u>1,361,426</u>	-	<u>313,197</u>	<u>16,705,925</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>687,607</u>	-	<u>(34,623)</u>	<u>(259,999)</u>	<u>392,985</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In - Capital Reserves			34,623	260,000	294,623
Transfers Out - Capital Reserves	(294,623)				(294,623)
Transfers Out - Debt Service Fund			(455,559)		(455,559)
Transfers In - Capital Projects Fund				455,559	455,559
Total Other Financing Sources and Uses	<u>(294,623)</u>	-	<u>(420,936)</u>	<u>715,559</u>	-
Net Change in Fund Balances	392,984	-	(455,559)	455,560	392,985
Fund Balance—July 1	1,112,503	-	455,559	1	1,568,063
Prior Period Adjustments		1,714 ***			
Fund balance - July 1 (Restated)	<u>1,112,503</u>	<u>1,714</u>	<u>455,559</u>	<u>1</u>	<u>1,568,063</u>
Fund Balance—June 30	<u>1,505,487</u>	<u>1,714</u>	-	<u>455,561</u>	<u>1,961,048</u>

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

\* Special revenue fund now includes revenues from scholarships and student activities

\*\* Special revenue fund now includes expenditures from scholarships and student activities

\*\*\* Scholarship Fund and Student Activity Fund Net Position as of June 30, 2020

**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, 2021**

<b>Total Net Change in Fund Balances - Governmental Funds (from B-2)</b>		<b>392,985</b>
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:</p>		
<p>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.</p>		
	Depreciation Expense - Asset Retired Prior to Full Depreciation Depreciable Outlays	- - <hr style="width: 100%;"/> -
<p>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:</p>		
Serial Bond Obligations		260,000
<p>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.</p>		
Prior Year		23,791
Current Year		(20,541)
		<hr style="width: 100%;"/> 3,250
<p>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 (+).</p>		
Decrease in Compensated Absences Payable		6,417
<p>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.</p>		
	District Pension Contributions Less: Pension Expense (Increase)/Decrease in Pension Expense	136,403 (8,394) <hr style="width: 100%;"/> 128,009
<p>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.</p>		
	Increase in On-behalf State Aid TPAF Pension Increase in On-behalf TPAF Pension Expense	574,827 (574,827)
<p>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</p>		
	Increase in On-behalf State Aid TPAF Post Employment Medical Revenue Increase in On-behalf State Aid TPAF Post Employment Medical Expense	1,323,214 (1,323,214) <hr style="width: 100%;"/>
<b>Change in Net Position of Governmental Activities</b>		<hr style="width: 100%;"/> <b>790,661</b>

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, 2021**

	<b><u>Food Service Program</u></b>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Cash Equivalents	6,292
Accounts Receivable:	
State	2,187
Federal	73,814
Interfund - General Fund	123,449
Inventories	10,253
Total Current Assets	<u>215,995</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>232,920</u></u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts Payable	31,175
Deferred Revenues	566
Total Current Liabilities	<u>31,741</u>
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	16,925
Unrestricted	184,254
Total Net Position	<u><u>201,179</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, 2021**

	<b>Food Service Program</b>
Operating Revenues:	
Charges for Services:	
Daily Sales - Non-Reimbursable Programs	546
Total Operating Revenues	546
Operating Expenses:	
Cost of Sales - Reimbursable	134,451
Salaries	180,626
Benefits	11,481
Supplies and Materials	4,463
Purchased Property Services	12,215
Other Expenses	32,936
Total Operating Expenses	376,172
Operating Income (Loss)	(375,626)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	9,357
Federal sources:	
National School Breakfast Program	134,406
National School Lunch Program	196,029
Emergency Operational Cost Program - Schools	14,155
P-EBT Administrative Cost	614
Food Distribution Program	15,581
Interest Income	60
Total Nonoperating Revenues (Expenses)	370,202
Income (Loss) before Contributions & Transfers	(5,424)
Change in Net Position	(5,424)
Total Net Position—Beginning	206,603
Total Net Position—Ending	201,179

**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, 2021**

	<b>Food Service Program</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	546
Payments to Suppliers	(254,833)
Net Cash Provided by (Used for) Operating Activities	(254,287)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Local Sources	176,438
State Sources	2,888
Federal Sources	142,921
Net Cash Provided by (Used for) Non-Capital Financing Activities	322,247
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and Dividends	60
Net Cash Provided by (Used for) Investing Activities	60
Net Increase (decrease) in Cash and Cash Equivalents	68,020
Balances—Beginning of Year	(61,728)
Balances—End of Year	6,292
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	(375,626)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Increase (Decrease) in Interfund Receivable	78,848
Food Distribution Program	15,581
Increase (Decrease) in Accounts Payable	27,328
Increase (Decrease) in Deferred Revenues	(418)
Total Adjustments	121,339
Net Cash Provided by (Used for) Operating Activities	(254,287)

**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, 2021**

**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, 2020**

**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, 2020**

**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, 2021**

**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. The District does not have any activities that are required to be included in the Fiduciary 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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, 2021 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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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 2021, the District adopted the following GASB Statement:

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.

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, 2021**

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

**X. New Accounting Standards, (continued)**

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. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

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. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

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 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. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 92, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. This Statement is effective for reporting periods beginning after December 15, 2020. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

**Borough of Prospect Park School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2021**

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

**X. New Accounting Standards, (continued)**

GASB Statement No. 93, *Replacement of Interbank Offering Rates*. The objective of this Statement is to address certain issues with Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, Statement No. 87, *Leases*, as amended and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**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, 2021, \$-0- of the District's bank balance of \$2,088,748 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, 2021**

**NOTE 3. RECEIVABLES**

Receivables at June 30, 2021, 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	\$485,706	\$123,449	\$
State Aid	562,307	2,187	564,494
Federal Aid	652,944	73,814	726,758
Other Receivables	<u>541,503</u>	<u>          </u>	<u>541,503</u>
Gross Receivables	2,242,460	199,450	1,832,755
Less: Allowance for Uncollectibles	<u>          </u>	<u>          </u>	<u>          </u>
Total Receivables, Net	<u>\$2,242,460</u>	<u>\$199,450</u>	<u>\$1,832,755</u>

**NOTE 4. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at June 30, 2021, consist of the following:

<u>Amount</u>	<u>Description</u>
\$123,449	Due to the Food Service Fund from the General Fund for subsidy reimbursements received but not turned over less reimbursement of expenses paid.
<u>485,706</u>	Due to the General Fund from the Special Revenue Fund to cover deficit in cash.
<u>\$609,155</u>	

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

Interfunds transfers for the year ended June 30, 2021 consisted of the following:

\$260,000	Due from the General Fund to the Debt Service Fund for budgeted capital reserve funds.
34,623	Due from the General Fund to the Capital Projects Fund for budgeted capital reserve funds.
<u>455,559</u>	Due from the Capital Projects Fund to the Debt Service Fund for unexpended project funds which are completed.
<u>\$750,182</u>	

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	<u>Balance</u> <u>6/30/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/21</u>
<b>Governmental Activities</b>				
Capital Assets that are not being depreciated:				
Land:	\$39,658			\$39,658
Construction in progress	<u>3,466,751</u>	\$ _____	\$ _____	<u>3,466,751</u>
Total Capital Assets, not being depreciated	<u>3,506,409</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>521,954</u>
Totals at historical cost	<u>11,207,670</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>(586,728)</u>
Total accumulated depreciation	<u>(4,587,420)</u>	_____	_____	<u>(4,587,420)</u>
Total Capital Assets, being depreciated, net of accumulated depreciation	<u>6,620,250</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, 2021**

**NOTE 5. CAPITAL ASSETS, (continued)**

	<u>Balance 6/30/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/20</u>
<b>Business-Type Activity</b>				
Equipment	\$103,370	\$	\$	\$103,370
Less Accumulated Depreciation for:				
Equipment	<u>(86,445)</u>	_____	_____	<u>(86,445)</u>
<b>Business-Type Activity Capital Assets, Net</b>	<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, 2021 are as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>	<u>Long-term Portion</u>
<b>Governmental Activities:</b>						
Bonds payable:						
General obligation debt	\$1,619,000	\$	(\$260,000)	\$1,359,000	\$270,000	\$1,089,000
Total Bonds Payable	<u>1,619,000</u>	_____	<u>(260,000)</u>	<u>1,359,000</u>	<u>270,000</u>	<u>1,089,000</u>
Other Liabilities:						
Compensated absences payable	163,619	73,653	(80,070)	157,202		157,202
Net Pension Liability PERS	<u>2,203,403</u>	_____	<u>(170,059)</u>	<u>2,033,344</u>	_____	<u>2,033,344</u>
Total other liabilities	<u>2,367,022</u>	<u>73,653</u>	<u>(250,129)</u>	<u>2,190,546</u>	_____	<u>2,190,546</u>
<b>Total Governmental Activities</b>	<u>\$3,986,022</u>	<u>\$73,653</u>	<u>(\$510,129)</u>	<u>\$3,549,546</u>	<u>\$270,000</u>	<u>\$3,279,546</u>

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**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, 2021 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, 2021</u>
School Bonds of 2010	\$2,679,000	7/27/10	2.0%-5.0%	8/1/2025	<u>\$1,359,000</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>
2022	\$270,000	\$45,248	\$315,248
2023	270,000	36,979	306,979
2024	270,000	27,360	297,360
2025	275,000	16,460	291,460
2026	<u>274,000</u>	<u>5,480</u>	<u>279,480</u>
	<u>\$1,359,000</u>	<u>\$131,527</u>	<u>\$1,490,527</u>

**B. Bonds Authorized But Not Issued:**

As of June 30, 2021 the Board has no authorized but not issued bonds.

**C. Capital Leases:**

The District had no capital leases outstanding at June 30, 2021.

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**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, 2021 were \$9,780. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$9,780
2023	<u>1,630</u>
Total future minimum lease payments	<u><u>\$11,410</u></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](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, 2021**

**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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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, 2021**

**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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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, 2021**

**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> 6/30/21	\$136,403	\$11,530
6/30/20	118,948	8,370
6/30/19	116,967	11,543

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> 6/30/21	\$1,469,923	\$469,416	\$27,967	\$748
6/30/20	1,110,264	419,270	19,900	859
6/30/19	988,606	457,817	20,694	944

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 \$388,522 during the year ended June 30, 2021 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, 2021, the District had a liability of \$2,033,344 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the District's proportion was 0.0124688564 percent, which was an increase of 0.0002402828 percent from its proportion measured as of June 30, 2019.



**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**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, 2021, the District recognized pension expense of \$(8,394). At June 30, 2021, 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	\$37,024	\$7,191
Changes of assumptions	65,964	851,381
Net difference between projected and actual earnings on pension plan investments	69,501	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	119,236	92,747
District contributions subsequent to the measurement date	<u>126,254</u>	<u>          </u>
Total	<u>\$417,979</u>	<u>\$951,319</u>

The \$126,254 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, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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:	
2021	\$(255,148)
2022	(232,617)
2023	(132,935)
2024	(53,757)
2025	(11,626)

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**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 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$2,347,583,337	\$3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,018,482,972
District's Proportion	0.0124688564%	0.0122285736%

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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 Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2020.

**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, 2020) 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, 2020 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, 2021**

**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>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
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**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, 2020 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, 2020</u>		
	<u>1%</u> Decrease <u>6.00%</u>	<u>At Current</u> Discount Rate <u>7.00%</u>	<u>1%</u> Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$2,563,780	\$2,033,344	\$1,583,255

**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](http://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  
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**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, 2021 was as follows:

Net Pension Liability:	
District's proportionate share	\$
State's proportionate share associated with the District	<u>33,331,855</u>
	<u><u>\$33,331,855</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020. 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, 2020, the proportion of the TPAF net pension liability associated with the District was 0.0506187761%.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue of \$2,072,717 for contributions provided by the State in the District-Wide Financial Statements.

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

**Mortality Rates**

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
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**NOTE 8. PENSION PLANS, (continued)**

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

on the Pub-2010 Teachers Above-Median Income Health Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with a future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**NOTE 8. PENSION PLANS, (continued)**

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

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, 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 of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2020, the State paid PRM benefits for 143,053 State and local retirees.



**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**NOTE 9. POST-RETIREMENT BENEFITS, (continued)**

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 2020, the State contributed \$1.578 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered retirees. The State’s “pay-as-you-go” contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new medicare advantage contracts. The Fiscal Year 2020 Appropriations Act includes \$1.775 billion as the State's contribution to fund “pay-as-you-go” PRM costs.

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. The Fiscal Year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

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/GASBnoticesOPEBSHTML>.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2021 was as follows:

OPEB Liability:	
District's proportionate share	\$
State's proportionate share associated with the District	<u>32,080,125</u>
	<u>\$32,080,125</u>

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**NOTE 9. POST-RETIREMENT BENEFITS, (continued)**

*Actual Assumptions and Other Imputes*

The total OPEB liability in the June 30, 2020 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, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 4.45% based on service years	3.00 - 7.00% based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP). “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**NOTE 9. POST-RETIREMENT BENEFITS, (continued)**

**(a) *Health Care Trend Assumptions***

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**(b) *Discount Rate***

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

***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, 2021, the board of education/board of trustees recognized on-behalf OPEB expense of \$1,792,630 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, 2021**

**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:

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**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, 2021**

**NOTE 12. CAPITAL RESERVE ACCOUNT, (continued)**

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$451,386
Increased by:	
Deposits Approved by Board Resolution	125,000
Interest Earnings	<u>172</u>
	576,558
Decreased by:	
Budget Appropriations	<u>(294,623)</u>
Ending balance, June 30, 2021	<u><u>\$281,935</u></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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	<u>\$375,114</u>
Decreased by:	
Budget Appropriations	<u>(179,200)</u>
Ending Balance, June 30, 2021	<u><u>\$195,914</u></u>

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	<u>\$100,000</u>
Ending Balance, June 30, 2021	<u>\$100,000</u>

**NOTE 15. FUND BALANCE APPROPRIATED**

**General Fund [Exhibit B-1]** - Of the \$1,505,487 General Fund fund balance at June 30, 2021, \$636,319 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$324,853 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2022); \$281,935 has been reserved in the Capital Reserve Account; \$195,914 has been reserved in the Maintenance Reserve Account; \$100,000 has been reserved in the Emergency Reserve Account; \$53,867 is unreserved and undesignated.

**Special Revenue Fund** - Of the \$1,714 Special Revenue Fund fund balance at June 30, 2021, \$1,714 is reserved for Student Activities.

**Debt Service Fund** - The Debt Service Fund fund balance at June 30, 2021 of \$455,561 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, 2021 is \$636,319. Of this amount, \$311,466 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, 2021**

**NOTE 17. INVENTORY**

Inventory in the Food Service Fund at June 30, 2021 consisted of the following:

Food	\$7,319
Supplies	<u>2,934</u>
	<u>\$10,253</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. RESTATEMENT**

Net position for June 30, 2020 was restated to reflect the reclassification of the Unemployment Trust Fund net position from the Fiduciary Fund to the General Fund and reclassification of the Student Activity Fund to the Special Revenue Fund as per Governmental Accounting Standards Board ("GASB") number 84. This resulted in restatement of net position and/or fund balance as of June 30, 2020 as follows:

	<u>Governmental Activities</u>	<u>Special Revenue Fund</u>	<u>Fiduciary Fund</u>
Net Position/Fund Balance at June 30, 2020	\$7,067,365	\$	\$1,714
Prior Period Adjustment for Implementation of GASB #84	<u>1,714</u>	<u>1,714</u>	<u>(1,714)</u>
Net Position/Fund Balance at June 30, 2020 - Restated	<u>\$7,069,079</u>	<u>\$1,714</u>	<u>\$0</u>

**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.

**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.

**Borough of Prospect Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2021**

**NOTE 20. OTHER MATTERS**

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. The Board has identified several risks as a result of this pandemic, including a possible delay in collection of District taxes and cash flow shortages as the result of these delayed collections. During the year, the District has received grants from the federal government for increase expenditures related to the COVID-19 pandemic. The Board will continue to monitor the situation closely.

**NOTE 21. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through February 2, 2022, the date which the financial statements were available to be issued and no additional 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, 2021**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>General Fund:</b>					
Revenues from Local Sources:					
Local Tax Levy	3,195,824		3,195,824	3,195,824	
Rents and Royalties	19,000		19,000		(19,000)
Interest Earned on Capital Reserve Funds	4,000		4,000	172	(3,828)
Unrestricted Miscellaneous Revenues	30,500		30,500	55,051	24,551
<b>Total - Local Sources</b>	<u>3,249,324</u>		<u>3,249,324</u>	<u>3,251,047</u>	<u>1,723</u>
Revenues from State Sources:					
Categorical Special Education Aid	794,961		794,961	794,961	
Equalization Aid	8,839,743	(514,470)	8,325,273	8,325,273	
Categorical Security Aid	366,508		366,508		
Categorical Transportation Aid	64,723		64,723	64,723	
Extraordinary Aid	72,955		72,955	538,968	466,013
Non-Public Transportation Aid				3,480	3,480
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				469,416	469,416
On-behalf TPAF Pension (non-budgeted)				1,469,923	1,469,923
On-behalf TPAF NCGI Premium (non-budgeted)				27,967	27,967
On-behalf TPAD LTDI				748	748
Reimbursed TPAF Social Security Contributions (non-budgeted)				388,522	388,522
<b>Total - State Sources</b>	<u>10,138,890</u>	<u>(514,470)</u>	<u>9,624,420</u>	<u>12,450,489</u>	<u>2,826,069</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	32,538		32,538	35,916	3,378
Medicaid Administrative Claiming (MAC)				7,743	7,743
FFCRA - SEMI				4,805	4,805
<b>Total - Federal Sources</b>	<u>32,538</u>		<u>32,538</u>	<u>48,464</u>	<u>15,926</u>
<b>TOTAL REVENUES</b>	<u>13,420,752</u>	<u>(514,470)</u>	<u>12,906,282</u>	<u>15,750,000</u>	<u>2,843,718</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Preschool - Salaries of Teachers	45,732	6,294	52,026	43,490	8,536
Kindergarten - Salaries of Teachers	322,227	(21,240)	300,987	297,255	3,732
Grades 1-5 - Salaries of Teachers	1,875,227	(80,174)	1,795,053	1,787,944	7,109
Grades 6-8 - Salaries of Teachers	1,312,233	(39,758)	1,272,475	1,228,942	43,533
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	5,000		5,000	3,720	1,280
Purchased Professional-Educational Services		12,197	12,197	3,737	8,460
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	21,757	53,705	75,462	64,220	11,242
Purchased Professional-Educational Services	71,160	(18,921)	52,239	37,979	14,260
Purchased Technical Services		24,185	24,185	24,185	
Other Purchased Services (400-500 series)	70,711	(5,570)	65,141	56,166	8,975
General Supplies	210,541	(39,166)	171,375	164,564	6,811
Textbooks	207,129	(54,172)	152,957	151,916	1,041
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>4,141,717</u>	<u>(162,620)</u>	<u>3,979,097</u>	<u>3,864,118</u>	<u>114,979</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	156,096		156,096	147,336	8,760
Other Salaries for Instruction	101,186	(35,000)	66,186	61,630	4,556
General Supplies	2,500	(1,000)	1,500	625	875
<b>Total Learning and/or Language Disabilities</b>	<u>259,782</u>	<u>(36,000)</u>	<u>223,782</u>	<u>209,591</u>	<u>14,191</u>
<b>Multiple Disabilities</b>					
Salaries of Teachers	91,979		91,979	86,843	5,136
Other Salaries for Instruction	70,486	(40,000)	30,486	27,060	3,426
General Supplies	500	28	528	527	1
<b>Total Multiple Disabilities</b>	<u>162,965</u>	<u>(39,972)</u>	<u>122,993</u>	<u>114,430</u>	<u>8,563</u>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	376,235	(12,000)	364,235	355,734	8,501
Other Salaries for Instruction	151,905		151,905	112,996	38,909
General Supplies	1,000	(28)	972		972
<b>Total Resource Room/Resource Center</b>	<u>529,140</u>	<u>(12,028)</u>	<u>517,112</u>	<u>468,730</u>	<u>48,382</u>
<b>Autism</b>					
Salaries of Teachers	114,477		114,477	111,626	2,851
Other Salaries for Instruction	64,112	40,668	104,780	95,258	9,522
General Supplies	1,000	(1,000)			
<b>Total Autism</b>	<u>179,589</u>	<u>39,668</u>	<u>219,257</u>	<u>206,884</u>	<u>12,373</u>

Exhibit C-1

**PROSPECT PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2021**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Preschool Disabilities- Full-Time:</b>					
Salaries of Teachers	70,171		70,171	66,143	4,028
Other Salaries for Instruction	49,312		49,312	46,109	3,203
General Supplies	500		500		500
<b>Total Preschool Disabilities - Full-Time</b>	<u>119,983</u>		<u>119,983</u>	<u>112,252</u>	<u>7,731</u>
<b>Home Instruction:</b>					
Salaries of Teachers	10,000		10,000		10,000
Professional Svcs-Educational Services	1,000	(600)	400		400
<b>Total Home Instruction</b>	<u>11,000</u>	<u>(600)</u>	<u>10,400</u>		<u>10,400</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>1,262,459</u>	<u>(48,932)</u>	<u>1,213,527</u>	<u>1,111,887</u>	<u>101,640</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	1,425		1,425		1,425
General Supplies	1,000		1,000		1,000
<b>Total Basic Skills/Remedial - Instruction</b>	<u>2,425</u>		<u>2,425</u>		<u>2,425</u>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	123,855		123,855	116,417	7,438
General Supplies	500		500		500
<b>Total Bilingual Education - Instruction</b>	<u>124,355</u>		<u>124,355</u>	<u>116,417</u>	<u>7,938</u>
<b>School-Sponsored Co/Extra Curricular Activities - Instruction</b>					
Salaries	15,000		15,000		15,000
<b>Total School-Sponsored Co/Extra Curricular Activities - Instruction</b>	<u>15,000</u>		<u>15,000</u>		<u>15,000</u>
<b>Summer School - Instruction</b>					
Salaries	16,600		16,600		16,600
Other Salaries for Instruction	1,000		1,000		1,000
<b>Total Summer School - Instruction</b>	<u>17,600</u>		<u>17,600</u>		<u>17,600</u>
<b>Other Supplemental/At-Risk Programs - Instruction:</b>					
Salaries of Reading Specialists	158,034		158,034	149,186	8,848
<b>Total Other Supplemental/At-Risk Programs - Instruction</b>	<u>158,034</u>		<u>158,034</u>	<u>149,186</u>	<u>8,848</u>
<b>Community Services Programs/Operations:</b>					
Salaries		12,735	12,735	12,735	
<b>Total Community Services Programs/Operations</b>		<u>12,735</u>	<u>12,735</u>	<u>12,735</u>	
<b>TOTAL INSTRUCTION</b>	<u>5,721,590</u>	<u>(198,817)</u>	<u>5,522,773</u>	<u>5,254,343</u>	<u>268,430</u>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Special	217,971	56,929	274,900	253,127	21,773
Tuition to CSSD & Regional Day Schools	120,165	78,013	198,178	186,996	11,182
Tuition to Private Schools for the Disabled Within State	577,133	125,188	702,321	690,827	11,494
<b>Total Undistributed Expenditures - Instruction:</b>	<u>915,269</u>	<u>260,130</u>	<u>1,175,399</u>	<u>1,130,950</u>	<u>44,449</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	45,732	2,413	48,145	35,290	12,855
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<u>45,732</u>	<u>2,413</u>	<u>48,145</u>	<u>35,290</u>	<u>12,855</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	66,366	(27,969)	38,397	38,397	
Purchased Professional and Technical Services		12,744	12,744	6,349	6,395
Supplies and Materials	5,000		5,000	4,495	505
<b>Total Undistributed Expenditures - Health Services</b>	<u>71,366</u>	<u>(15,225)</u>	<u>56,141</u>	<u>49,241</u>	<u>6,900</u>
<b>Undist. Expend. - Speech, OT, PT &amp; Related Services</b>					
Purchased Prof. Services-Educational Services	548,904	24,420	573,324	572,593	731
Supplies and Materials	3,250	(1,255)	1,995	326	1,669
<b>Total Undist. Expend. - Speech, OT, PT &amp; Related Services</b>	<u>552,154</u>	<u>23,165</u>	<u>575,319</u>	<u>572,919</u>	<u>2,400</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>					
Purchased Professional - Educational Services	553,074	(81,896)	471,178	470,373	805
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>	<u>553,074</u>	<u>(81,896)</u>	<u>471,178</u>	<u>470,373</u>	<u>805</u>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	156,177		156,177	147,436	8,741
Other Purchased Professional and Technical Services	1,545		1,545		1,545
Supplies and Materials	1,030		1,030		1,030
<b>Total Undist. Expend. - Guidance</b>	<u>158,752</u>		<u>158,752</u>	<u>147,436</u>	<u>11,316</u>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	190,815	(64,000)	126,815	126,479	336
Salaries of Secretarial and Clerical Assistants	28,110		28,110	17,867	10,243
Professional Svcs-Educational Services	515		515	165	350
Other Purchased Services (400-500 Series)	257		257		257
Supplies and Materials	1,802		1,802	1,472	330
<b>Total Undist. Expend. - Child Study Teams</b>	<u>221,499</u>	<u>(64,000)</u>	<u>157,499</u>	<u>145,983</u>	<u>11,516</u>
<b>Undist. Expend. - Improvement of Instructional Services</b>					
Salaries of Supervisors of Instruction	90,177	(15,000)	75,177	67,177	8,000
Other Objects	1,617		1,617	845	772
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<u>91,794</u>	<u>(15,000)</u>	<u>76,794</u>	<u>68,022</u>	<u>8,772</u>

Exhibit C-1

**PROSPECT PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2021**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Educational Media Serv./Sch. Library</b>					
Salaries	69,715	34,288	104,003	98,580	5,423
Purchased Professional and Technical Services	2,110		2,110	1,406	704
Supplies and Materials	1,745	(1,000)	745	234	511
<b>Total Undist. Expend. - Educational Media Serv./Sch. Library</b>	<b>73,570</b>	<b>33,288</b>	<b>106,858</b>	<b>100,220</b>	<b>6,638</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Other Salaries		4,672	4,672	4,672	
Purchased Professional - Educational Services	50		50		50
Other Purchased Prof. and Tech. Services	1,000		1,000	25	975
Other Purchased Services (400-500 Series)	2,500	(2,000)	500		500
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>3,550</b>	<b>2,672</b>	<b>6,222</b>	<b>4,697</b>	<b>1,525</b>
<b>Undist. Expend. - Supp. Serv. - General Administration</b>					
Salaries	213,011	(29,000)	184,011	183,678	333
Legal Services	70,000		70,000	52,458	17,542
Audit Fees	15,000	3,000	18,000	16,000	2,000
Other Purchased Professional Services	4,500	15,759	20,259	14,930	5,329
Purchased Technical Services	900	173	1,073	1,073	
Communications/Telephone	59,000	17,029	76,029	53,995	22,034
BOE Other Purchased Services	1,030	(700)	330		330
Other Purch Services (400-500 Series)		1,320	1,320	1,320	
General Supplies	2,000	(124)	1,876	1,449	427
Misc. Expenditures	10,000	(4,834)	5,166	5,166	
BOE Membership Dues and Fees	4,875	(324)	4,551	4,551	
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<b>380,316</b>	<b>2,299</b>	<b>382,615</b>	<b>334,620</b>	<b>47,995</b>
<b>Undist. Expend. - Support Serv. - School Administration</b>					
Salaries of Principals/Assistant Principals	277,399	(102,889)	174,510	173,906	604
Salaries of Secretarial and Clerical Assistants	112,837		112,837	92,810	20,027
Purchased Professional and Technical Services	2,030	25	2,055	2,055	
Supplies and Materials	1,750	661	2,411	2,068	343
Other Objects	3,000	(175)	2,825	2,540	285
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>397,016</b>	<b>(102,378)</b>	<b>294,638</b>	<b>273,379</b>	<b>21,259</b>
<b>Undist. Expend. - Central Services</b>					
Salaries	234,714	(38,048)	196,666	157,756	38,910
Purchased Professional Services	400	124,600	125,000	116,750	8,250
Misc. Pur Services (400-500 Series)	1,385	814	2,199	2,125	74
Supplies and Materials	2,000	(1,826)	174	174	
Other Objects	1,500	2,567	4,067	4,066	1
<b>Total Undist. Expend. - Central Services</b>	<b>239,999</b>	<b>88,107</b>	<b>328,106</b>	<b>280,871</b>	<b>47,235</b>
<b>Undist. Expend. - Admin Info. Technology</b>					
<b>Information Technology</b>					
Purchased Professional Services	92,125	1,363	93,488	93,488	
Purchased Technical Services	24,574	157	24,731	24,731	
Other Purchased Services (400-500 series)		12,765	12,765	12,764	1
Supplies and Materials	1,000	10,127	11,127	11,126	1
<b>Total Undist. Expend. - Support Serv. - Administrative Information Technology</b>	<b>117,699</b>	<b>24,412</b>	<b>142,111</b>	<b>142,109</b>	<b>2</b>
<b>Undist. Expend. - Required Maint. for School Facilities (261)</b>					
Cleaning, Repair and Maintenance Services	161,700	(29,300)	132,400	117,331	15,069
General Supplies	17,500	2,250	19,750	19,739	11
<b>Total Undist. Expend. - Required Maint. for School Facilities</b>	<b>179,200</b>	<b>(27,050)</b>	<b>152,150</b>	<b>137,070</b>	<b>15,080</b>
<b>Undist. Expend. - Custodial Services (262)</b>					
Salaries	267,340		267,340	250,875	16,465
Salaries of Non-Instructional Aides		3,641	3,641	2,490	1,151
Purchased Professional and Technical Services	175	4,018	4,193	2,184	2,009
Cleaning, Repair and Maintenance Services	30,600	2,219	32,819	32,604	215
Rental of Land & Bldg. Oth. Than Lease Purch Agreement	3,600	(350)	3,250	3,224	26
Other Purchased Property Services	10,000	3,594	13,594	13,593	1
Insurance	83,675	(1,000)	82,675	82,361	314
General Supplies	20,000	(18,416)	1,584	1,583	1
Energy (Natural Gas)	41,100	9,163	50,263	33,752	16,511
Energy (Electricity)	110,000	(3,754)	106,246	94,402	11,844
Other Objects	112	213	325	325	
<b>Total Undist. Expend. - Custodial Services</b>	<b>566,602</b>	<b>(672)</b>	<b>565,930</b>	<b>517,393</b>	<b>48,537</b>

Exhibit C-1

**PROSPECT PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2021**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Care and Upkeep of Grounds (263)</b>					
Purchased Professional and Technical Services	3,500		3,500	1,557	1,943
General Supplies	500	3,895	4,395	4,395	
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>	<u>4,000</u>	<u>3,895</u>	<u>7,895</u>	<u>5,952</u>	<u>1,943</u>
<b>Undist. Expend. - Security (266)</b>					
Purchased Professional and Technical Services	174,600		174,600	174,600	
Cleaning, Repair and Maintenance Services	4,000	5,001	9,001	6,061	2,940
General Supplies	2,800	(645)	2,155	2,155	
<b>Total Undist. Expend. - Security</b>	<u>181,400</u>	<u>4,356</u>	<u>185,756</u>	<u>180,661</u>	<u>5,095</u>
<b>Undist. Expend. - Student Transportation Services (270)</b>					
Contract Services - Aid in Lieu Pymts - NonPub Sch.	35,000	(34,800)	200		200
Contract Services (Other than Between Home & School)-Vendors	6,800	(5,000)	1,800		1,800
Contract Services (Spl. Ed. Students) - ESCs & CTSA's	609,631	(205,607)	404,024	376,585	27,439
<b>Total Undist. Expend. - Student Transportation Services</b>	<u>651,431</u>	<u>(245,407)</u>	<u>406,024</u>	<u>376,585</u>	<u>29,439</u>
<b>UNALLOCATED BENEFITS (291)</b>					
Social Security Contributions	117,997	4,608	122,605	113,837	8,768
Other Retirement Contributions-PERS	144,581	(9,677)	134,904	134,903	1
Other Retirement Contributions-Regular	3,787	14,595	18,382	7,221	11,161
Unemployment Compensation	21,124	29,462	50,586	13,327	37,259
Workmen's Compensation	63,815	(4,143)	59,672	56,347	3,325
Health Benefits	1,849,041	43,441	1,892,482	1,774,344	118,138
Tuition Reimbursement	13,385	6,396	19,781	19,781	
Other Employee Benefits	34,174	246	34,420	34,420	
Unused Sick Payment to Terminated/Retired Staff	16,593		16,593		16,593
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>2,264,497</u>	<u>84,928</u>	<u>2,349,425</u>	<u>2,154,180</u>	<u>195,245</u>
On-behalf TPAF Post Retirement Medical (non-budgeted)				469,416	(469,416)
On-behalf TPAF Pension (non-budgeted)				1,469,923	(1,469,923)
On-behalf TPAF NCGI Premium (non-budgeted)				27,967	(27,967)
On-behalf TPAF LTDI				748	(748)
Reimbursed TPAF Social Security Contributions (non-budgeted)				388,522	(388,522)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<u>2,356,576</u>	<u>(2,356,576)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>2,264,497</u>	<u>84,928</u>	<u>2,349,425</u>	<u>4,510,756</u>	<u>(2,161,331)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>7,668,920</u>	<u>(21,963)</u>	<u>7,646,957</u>	<u>9,484,527</u>	<u>(1,837,570)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>13,390,510</u>	<u>(220,780)</u>	<u>13,169,730</u>	<u>14,738,870</u>	<u>(1,569,140)</u>
<b>CAPITAL OUTLAY</b>					
<b>Facilities Acquisition and Construction Services</b>					
Assessment for Debt Service on SDA Funding	76,955		76,955	76,955	
<b>Total Facilities Acquisition and Construction Services</b>	<u>76,955</u>		<u>76,955</u>	<u>76,955</u>	
<b>TOTAL CAPITAL OUTLAY</b>	<u>76,955</u>		<u>76,955</u>	<u>76,955</u>	
Transfer of Funds to Charter Schools	256,250	(10,489)	245,761	215,477	30,284
<b>TOTAL EXPENDITURES</b>	<u>13,723,715</u>	<u>(231,269)</u>	<u>13,492,446</u>	<u>15,031,302</u>	<u>(1,538,856)</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<u>(302,963)</u>	<u>(283,201)</u>	<u>(586,164)</u>	<u>718,698</u>	<u>1,304,862</u>
<b>Other Financing Sources/(Uses):</b>					
Operating Transfers Out:					
Capital Reserve - Transfer to Debt Service	(260,000)		(260,000)	(260,000)	
Capital Reserve - Transfer to Capital Projects		(34,623)	(34,623)	(34,623)	
<b>Total Other Financing Sources/(Uses):</b>	<u>(260,000)</u>	<u>(34,623)</u>	<u>(294,623)</u>	<u>(294,623)</u>	

Exhibit C-1

**PROSPECT PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2021**

	<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)	(562,963)	(317,824)	(880,787)	424,075	1,304,862
Fund Balance, July 1	2,015,812		2,015,812	2,015,812	
Fund Balance, June 30	<u>1,452,849</u>	<u>(317,824)</u>	<u>1,135,025</u>	<u>2,439,887</u>	<u>1,304,862</u>
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Increase in Capital Reserve:					
Principal				125,000	(125,000)
Interest Deposit to Capital Reserve	4,000		4,000	172	3,828
Withdrawal from Capital Reserve	(260,000)	(34,623)	(294,623)	(294,623)	
Withdrawal from Maintenance Reserve		(179,200)	(179,200)	(179,200)	
Budgeted Fund Balance	<u>(306,963)</u>	<u>(104,001)</u>	<u>(410,964)</u>	<u>772,726</u>	<u>1,426,034</u>
	<u>(562,963)</u>	<u>(317,824)</u>	<u>(880,787)</u>	<u>424,075</u>	<u>1,304,862</u>
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Excess Surplus - Current Year				311,466	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures				324,853	
Capital Reserve				281,935	
Maintenance Reserve				195,914	
Emergency Reserve				100,000	
Committed Fund Balance:					
Year-End Encumbrances				49,422	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				188,030	
Unassigned Fund Balance				<u>988,267</u>	
Total Fund Balance per Governmental Funds (Budgetary)				2,439,887	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>934,400</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u>1,505,487</u>	

**PROSPECT PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2021**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Source		6,400	6,400	-	(6,400) note 1
State Sources	366,339	(10,257)	356,082	263,358	(92,724)
Federal Sources	882,030	794,899	1,676,929	1,117,230	(559,699)
<b>Total Revenues</b>	<u>1,248,369</u>	<u>791,042</u>	<u>2,039,411</u>	<u>1,380,588</u>	<u>(658,823)</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	538,231	86,544	624,775	500,176	124,599
Other Salaries for Instruction	79,952	(22,206)	57,746	39,560	18,186
Purchased Professional and Technical Services	148,567	(34,370)	114,197	67,115	47,082
Other Purchased Services (400-500 series)	234,361	25,657	260,018	254,783	5,235
General Supplies	26,895	195,223	222,118	118,612	103,506
Textbooks	14,051	-	14,051	14,051	-
Other Objects		3,203	3,203	3,203	-
<b>Total instruction</b>	<u>1,042,057</u>	<u>254,051</u>	<u>1,296,108</u>	<u>997,500</u>	<u>298,608</u>
<b>Support services:</b>					
Salaries of Program Directors		65,000	65,000	28,076	36,924
Personal Services - Employee Benefits	94,384	55,892	150,276	-	150,276
Purchased Professional - Educational Services	46,670	8,482	55,152	42,236	12,916
Other Purchased Professional Services	34,000	5,012	39,012	10,005	29,007
Purchased Technical Services		105,416	105,416	62,498	42,918
General Supplies	31,258	263,589	294,847	217,273	77,574
Other Objects		27,200	27,200	23,000	4,200
Student Activities		-	-	-	-
<b>Total support services</b>	<u>206,312</u>	<u>530,591</u>	<u>736,903</u>	<u>383,088</u>	<u>353,815</u>
<b>Facilities acquisition and const. serv.:</b>					
Instructional Equipment		6,400	6,400	-	6,400
<b>Total facilities acquisition and const. serv.</b>	<u>-</u>	<u>6,400</u>	<u>6,400</u>	<u>-</u>	<u>6,400</u>
<b>Total Expenditures</b>	<u>1,248,369</u>	<u>791,042</u>	<u>2,039,411</u>	<u>1,380,588</u>	<u>658,823</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1					
Prior Period Adjustment				\$ 1,714 *	
Fund Balance, July 1 (Restated)				<u>1,714</u>	
Fund Balance, June 30				<u>\$ 1,714</u>	
<b>Recapitulation:</b>					
Restricted:					
Student Activities				\$ <u>1,714</u>	
Total Fund Balance				<u>\$ 1,714</u>	

note 1 Not required to budget for student activity or scholarship funds

\* - Represents the Student Activity Fund ending balance as of June 30, 2020 for payable to Student Groups.



**PROSPECT PARK BOARD OF EDUCATION**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information - Part II**  
**Fiscal Year Ended June 30, 2021**

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

		General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>			
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	[C-1]&[C-2]	15,750,000	1,380,588
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			(19,162)
The Last State Aid Payment is Recognized for GAAP Statements in the Current Year, Previously Recognized for Budgetary Purposes		903,309	
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).		(934,400)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2]	15,718,909	1,361,426
<b>Uses/Outflows of Resources</b>			
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	[C-1]&[C-2]	15,031,302	1,380,588
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			(19,162)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2]	15,031,302	1,361,426

**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%
2020	0.0122285736%	2,203,403	882,000	249.82%	78.30%
2021	0.0124688564%	2,033,344	833,572	243.93%	73.38%

\* 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%	
2020	\$ 118,948	\$ (118,948)	\$ -	\$ -	\$ 882,000	13.49%	
2021	\$ 136,403	\$ (136,403)	\$ -	\$ -	\$ 833,572	16.36%	

\* 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	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	District's Covered Payroll - TPAF Employee's	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%	33.64%
2016	0.0542856328%			-	34,310,838	0.00%	28.71%
2017	0.0564971989%			-	44,444,294	0.00%	22.33%
2018	0.0555086704%			-	37,425,947	0.00%	25.41%
2019	0.0577263677%			-	36,724,275	0.00%	26.49%
2020	0.0502657470%			-	30,848,563	0.00%	26.95%
2021	0.0506187761%			-	33,331,855	0.00%	24.60%

\* 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, 2021**

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 (3.50%) to the current measurement date (2.21%), resulting in a change in the discount rate from 6.28% to 7.00%. 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 (3.50%) to the current measurement date (2.21%), resulting in a change in the discount rate from 5.60% to 5.40%. 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\**

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service Costs	\$ 881,940	\$ 855,578	\$ 1,057,325	\$ 1,270,438
Interest on Total OPEB Liability	706,455	831,724	886,969	762,365
Differences between Expected and Actual Experiences	5,602,428	(2,749,931)	(2,064,242)	
Changes in Assumptions	5,859,936	291,804	(2,401,216)	(3,256,515)
Gross Benefit Payments	(558,489)	(600,769)	(559,519)	(555,568)
Contribution from the Member	16,928	17,808	19,338	20,457
<b>Net Changes in total Share of OPEB Liability</b>	<u>12,509,198</u>	<u>(1,353,786)</u>	<u>(3,061,345)</u>	<u>(1,758,823)</u>
<b>Total OPEB Liability - Beginning</b>	<u>19,570,927</u>	<u>20,924,713</u>	<u>0</u>	<u>25,744,881</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 32,080,125</u>	<u>\$ 19,570,927</u>	<u>\$ (3,061,345)</u>	<u>\$ 23,986,058</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	32,080,125	19,570,927	20,924,713	23,986,058
Total OPEB Liability - Ending	<u>\$ 32,080,125</u>	<u>\$ 19,570,927</u>	<u>\$ 20,924,713</u>	<u>\$ 23,986,058</u>
District's Covered Employee Payroll	<u>\$ 6,289,273</u>	<u>\$ 6,509,470</u>	<u>\$ 6,475,053</u>	<u>\$ 6,207,397</u>
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	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 9.

\* 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, 2021

	Total Brought Forward (Ex. E-1a)	I.D.E.A Part B Basic	Title I, Part A	Title II, Part A Teacher & Principal Training & Recruiting	Title III	Title III, Immigrant	Totals 2021
<b>REVENUES</b>							
Local Sources	-	-	-	-	-	-	-
State Sources	263,358	245,018	387,219	45,439	18,066	4,587	263,358
Federal Sources	416,901						1,117,230
<b>Total Revenues</b>	680,259	245,018	387,219	45,439	18,066	4,587	1,380,588
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	185,639		310,747		3,720	70	500,176
Other Salaries for Instruction	-		39,560				39,560
Purchased Professional and Technical Services	67,115						67,115
Other Purchased Services (400-500 series)	9,765	245,018	13,912		14,346		254,783
General Supplies	90,354						118,612
Textbooks	14,051						14,051
Other Objects	-			3,203			3,203
<b>Total Instruction</b>	366,924	245,018	364,219	3,203	18,066	70	997,500
<b>Support services:</b>							
Salaries of Program Directors	28,076						28,076
Purchased Professional - Educational Services	-			42,236			42,236
Other Purchased Professional Services	10,005						10,005
Purchased Technical Services	62,498						62,498
General Supplies	212,756					4,517	217,273
Other Objects	-		23,000				23,000
Student Activities	-						-
<b>Total Support Services</b>	313,335	-	23,000	42,236	-	4,517	383,088
<b>Total Expenditures</b>	680,259	245,018	387,219	45,439	18,066	4,587	1,380,588
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	-	-	-	-	-	-
Fund Balance, July 1	-						-
Prior Period Adjustment	1,714						1,714
Fund Balance, July 1 (Restated)	1,714	-	-	-	-	-	1,714
Fund Balance, June 30	1,714	-	-	-	-	-	1,714

**PROSPECT PARK BOARD OF EDUCATION**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2021**

	Total Brought Forward (Ex. E-1b)	Title IV	CARES ACT 2020/ ESSER	NonPublic Digital Divide	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Nursing Aid	N.J. Nonpublic Security Aid	Total Carried Forward
<b>REVENUES</b>								
Local Sources	-	-	-	-	-	-	-	-
State Sources	213,710	53,070	353,826	10,005	14,051	23,562	12,035	263,358
Federal Sources	-	-	-	-	-	-	-	416,901
<b>Total Revenues</b>	213,710	53,070	353,826	10,005	14,051	23,562	12,035	680,259
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	185,639	-	-	-	-	-	-	185,639
Other Salaries for Instruction	-	-	-	-	-	-	-	-
Purchased Professional and Technical Services	28,071	15,482	9,765	-	-	23,562	-	67,115
Other Purchased Services (400-500 series)	-	-	52,766	-	-	-	-	9,765
General Supplies	-	37,588	-	-	14,051	-	-	90,354
Textbooks	-	-	-	-	-	-	-	14,051
Other Objects	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	213,710	53,070	62,531	-	14,051	23,562	-	366,924
<b>Support Services:</b>								
Salaries of Program Directors	-	-	28,076	-	-	-	-	28,076
Purchased Professional - Educational Services	-	-	-	-	-	-	-	-
Other Purchased Professional Services	-	-	-	10,005	-	-	-	10,005
Purchased Technical Services	-	-	62,498	-	-	-	-	62,498
General Supplies	-	-	200,721	-	-	-	12,035	212,756
Other Objects	-	-	-	-	-	-	-	-
Student Activities	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	-	-	291,295	10,005	-	-	12,035	313,335
<b>Total Expenditures</b>	213,710	53,070	353,826	10,005	14,051	23,562	12,035	680,259
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>								
Fund Balance, July 1	-	-	-	-	-	-	-	-
Prior Period Adjustment	1,714	-	-	-	-	-	-	1,714
Fund Balance, July 1 (Restated)	1,714	-	-	-	-	-	-	1,714
Fund Balance, June 30	1,714	-	-	-	-	-	-	1,714

**PROSPECT PARK BOARD OF EDUCATION**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2021**

	Preschool Education Aid	N.J. Nonpublic Handicapped Services, Chapter 193	Supplemental Instruction	Examination & Classification	Corrective Speech	N.J. Nonpublic Auxiliary Services Chapter 192	Student Council Account	Total Carried Forward
<b>REVENUES</b>								
Local Sources	185,639	2,185	12,632	4,284	8,970			213,710
State Sources								
Federal Sources								
<b>Total Revenues</b>	185,639	2,185	12,632	4,284	8,970			213,710
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	185,639							185,639
Other Salaries for Instruction								
Purchased Professional and Technical Services		2,185	12,632	4,284	8,970			28,071
Other Purchased Services (400-500 series)								
General Supplies								
Textbooks								
Other Objects								
<b>Total Instruction</b>	185,639	2,185	12,632	4,284	8,970			213,710
<b>Support Services:</b>								
Salaries of Program Directors								
Purchased Professional - Educational Services								
Other Purchased Professional Services								
Purchased Technical Services								
General Supplies								
Other Objects								
Student Activities								
<b>Total Support Services</b>								
<b>Total Expenditures</b>	185,639	2,185	12,632	4,284	8,970			213,710
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>								
Fund Balance, July 1							1,714	**
Prior Period Adjustment								
Fund Balance, July 1 (Restated)							1,714	1,714
Fund Balance, June 30							1,714	1,714

\*\* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

**PROSPECT PARK BOARD OF EDUCATION**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid**  
**Budgetary Basis**  
**Fiscal Year Ended June 30, 2021**

	<b>District Wide Total</b>		
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Salaries of Teachers	196,265	185,639	10,626
General Supplies	8,023		8,023
<b>Total Instruction</b>	204,288	185,639	18,649
 <b>Total Expenditures</b>	 204,288	 185,639	 18,649

**Summary of Location Totals**

Total revised 2020-21 Preschool Education Aid	204,288
Add: Actual Preschool Education Aid Carryover (June 30, 2020)	30,258
Total Preschool Education Aid Funds Available for 2020-21 Budget	234,546
Less: 2020-21 Budgeted Preschool Education Aid (prior year budgeted carryover)	204,288
Available & Unbudgeted Preschool Educaiton Aid Funds as of June 30, 2021	30,258
 Add: June 30, 2021 Unexpended Preschool Education Aid	 18,649
2020-21 Carryover - Preschool Education Aid/Preschool	48,907

**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, 2021**

<b>Revenues and Other Financing Sources</b>	
State Sources - SCC Grant	(34,623)
Bond Proceeds and Transfers	-
Transfers from Capital Reserve	34,623
Transfers from Capital Outlay	-
Interest on Investments	-
	-
 <b>Expenditures and Other Financing Uses</b>	
Purchased Professional and Technical Services	-
Land and Improvements	-
Construction Services	-
Equipment Purchases	-
Cancellation of Accounts Receivable	-
Transfer to Capital Reserve	-
Transfer to Debt Service Fund	455,559
	455,559
Excess (Deficiency) of Revenues Over (Under) Expenditures	(455,559)
Fund Balance - Beginning	455,559
Fund Balance - Ending	-

**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, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
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>
<b>Expenditures and Other Financing Uses</b>				
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		463,841	463,841	
	<u>3,791,954</u>	<u>463,841</u>	<u>4,255,795</u>	<u>4,256,717</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>463,841</u>	<u>(463,841)</u>	<u>-</u>	<u>-</u>
<b>Additional Project Information:</b>				
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	100%			
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, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	123,750	(34,623)	89,127	123,750
Bond Proceeds and Transfers			-	
Transfers from Capital Reserve	-	34,623	34,623	33,420
Transfers from Capital Outlay	-		-	-
	<u>123,750</u>	<u>-</u>	<u>123,750</u>	<u>157,170</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	16,765		16,765	20,000
Land and Improvements	-		-	-
Construction Services	115,267		115,267	137,170
Equipment Purchases			-	-
Transfer to Capital Reserve				
Transfer to Debt Service		(8,282)	(8,282)	
	<u>132,032</u>	<u>(8,282)</u>	<u>123,750</u>	<u>157,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,282)</u>	<u>8,282</u>	<u>-</u>	<u>-</u>
<b>Additional Project Information:</b>				
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	79%			
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, 2021**

Project Title/Issue	Date	Appropriations	Expenditures to Date		Operating Transfer Out
			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	132,032		(8,282)
		<u>4,379,545</u>	<u>3,923,986</u>	<u>-</u>	<u>455,559</u>

**PROPRIETARY FUNDS**

**PROSPECT PARK BOARD OF EDUCATION  
Combining Statement of Net Position  
Enterprise Funds  
Fiscal Year Ended June 30, 2021**

	<u>Food Service Program</u>	<u>Totals</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	6,292	6,292
Accounts Receivable:		
State	2,187	2,187
Federal	73,814	73,814
Interfund - General Fund	123,449	123,449
Inventories	10,253	10,253
Total Current Assets	<u>215,995</u>	<u>215,995</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>232,920</u></u>	<u><u>232,920</u></u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	31,175	31,175
Deferred Revenues	566	566
Total Current Liabilities	<u>31,741</u>	<u>31,741</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	16,925	16,925
Unrestricted	184,254	184,254
Total Net Position	<u><u>201,179</u></u>	<u><u>201,179</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, 2021**

	<b>Food Service Program</b>	<b>Totals</b>
Operating Revenues:		
Charges for Services:		
Daily Sales - Non-Reimbursable Programs	546	546
Total Operating Revenues	546	546
Operating Expenses:		
Cost of Sales - Reimbursable Programs	134,451	134,451
Salaries	180,626	180,626
Benefits	11,481	11,481
Supplies and Materials	4,463	4,463
Purchased Property Services	12,215	12,215
Other Expenses	32,936	32,936
Total Operating Expenses	376,172	376,172
Operating Income (Loss)	(375,626)	(375,626)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	9,357	9,357
Federal Sources:		
National School Breakfast Program	134,406	134,406
National School Lunch Program	196,029	196,029
Emergency Operational Cost Program - Schools	14,155	14,155
P-EBT Administrative Cost	614	614
Food Distribution Program	15,581	15,581
Interest Income	60	60
Total Nonoperating Revenues (Expenses)	370,202	370,202
Income (Loss) Before Contributions & Transfers	(5,424)	(5,424)
Change in Net Position	(5,424)	(5,424)
Total Net Position—Beginning	206,603	206,603
Total Net Position—Ending	201,179	201,179

**PROSPECT PARK BOARD OF EDUCATION**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**Fiscal Year Ended June 30, 2021**

	<b>Food Service Program</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	546	546
Payments to Suppliers	(254,833)	(254,833)
Net Cash Provided by (Used for) Operating Activities	(254,287)	(254,287)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Local Sources	176,438	176,438
State Sources	2,888	2,888
Federal Sources	142,921	142,921
Net Cash Provided by (Used for) Non-Capital Financing Activities	322,247	322,247
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and Dividends	60	60
Net Cash Provided by (Used for) Investing Activities	60	60
Net Increase (Decrease) in Cash and Cash Equivalents	68,020	68,020
Balances—Beginning of Year	(61,728)	(61,728)
Balances—End of Year	6,292	6,292
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	(375,626)	(375,626)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Increase (Decrease) in Interfund Receivable	78,848	78,848
Food Distribution Program	15,581	15,581
Increase (Decrease) in Accounts Payable	27,328	27,328
Increase (Decrease) in Deferred Revenue	(418)	(418)
Total Adjustments	121,339	121,339
Net Cash Provided by (Used for) Operating Activities	(254,287)	(254,287)

**LONG-TERM DEBT**

**PROSPECT PARK BOARD OF EDUCATION**  
**General Long-Term Debt Account Group**  
**Schedule of Serial Bonds**  
**June 30, 2021**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Principal Payment Date</u>	<u>Principal Payment Amount</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2020</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
School Bonds of 2010	Aug. 27, 2010	2,679,000	8/1/2021	270,000	3.000%	1,619,000	260,000	1,359,000
			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%			
								\$ 1,619,000
								260,000
								1,359,000



**PROSPECT PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Fiscal Year Ended June 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	53,198		53,198	53,198	-
Total - Local Sources	53,198	-	53,198	53,198	-
<b>Total Revenues</b>	<b>53,198</b>	<b>-</b>	<b>53,198</b>	<b>53,198</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	53,198	-	53,198	53,197	(1)
Redemption of Principal	260,000	-	260,000	260,000	-
Total Regular Debt Service	313,198	-	313,198	313,197	(1)
<b>Total Expenditures</b>	<b>313,198</b>	<b>-</b>	<b>313,198</b>	<b>313,197</b>	<b>(1)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(260,000)	-	(260,000)	(259,999)	1
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Reserve	260,000	-	260,000	260,000	-
Transfer from Capital Projects		-		455,559	455,559
Total Other Financing Sources	260,000	-	260,000	715,559	455,559
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	455,560	455,560
Fund Balance, July 1	1		1	1	-
Fund Balance, June 30	1		1	455,561	455,560
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Operating Transfer In				455,559	455,559
Budgeted Fund Balance				1	1
	-	-	-	455,560	455,560

**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
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### **Revenue Capacity**

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
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### **Debt Capacity**

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- J-12 Direct and Overlapping Governmental Activities Debt
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### **Demographic and Economic Information**

- J-14 Demographic and Economic Statistics
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- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information\*
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# STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

## J SERIES

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b> 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.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 to J-15</b>
<b>Operating Information</b> 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.	<b>J-16 to J-20</b>
<b>Sources:</b> 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Invested in capital assets	\$ 7,873,163	\$ 7,205,942	\$ 7,570,198	\$ 7,827,376	\$ 7,873,222	\$ 7,857,753	\$ 7,997,659	\$ 8,247,659	\$ 8,507,659	\$ 8,767,659
Restricted	2,132,497	2,827,136	3,863,892	3,266,810	2,772,352	2,744,228	2,901,336	2,647,951	2,013,877	1,908,895
Unrestricted	1,100,840	836,576	104,250	(2,605,442)	(2,750,245)	(2,621,236)	(3,278,852)	(3,344,471)	(3,454,171)	(2,816,814)
<b>Total governmental activities net position</b>	<b>\$ 11,106,500</b>	<b>\$ 10,869,654</b>	<b>\$ 11,538,340</b>	<b>\$ 8,488,744</b>	<b>\$ 7,895,329</b>	<b>\$ 7,980,745</b>	<b>\$ 7,620,143</b>	<b>\$ 7,551,139</b>	<b>\$ 7,067,365</b>	<b>\$ 7,859,740</b>
<b>Business-type activities</b>										
Invested in capital assets	\$ 58,158	\$ 53,631	\$ 45,879	\$ 38,321	\$ 31,077	\$ 24,001	\$ 16,925	\$ 16,925	\$ 16,925	\$ 16,925
Restricted	159,811	136,739	126,165	96,605	101,512	83,411	138,955	196,987	189,678	184,254
Unrestricted	217,969	190,370	172,044	134,926	132,589	107,412	155,880	213,912	206,603	201,179
<b>Total business-type activities net position</b>	<b>\$ 275,938</b>	<b>\$ 380,740</b>	<b>\$ 344,088</b>	<b>\$ 269,852</b>	<b>\$ 265,178</b>	<b>\$ 214,824</b>	<b>\$ 311,760</b>	<b>\$ 327,824</b>	<b>\$ 413,206</b>	<b>\$ 402,358</b>
<b>District-wide</b>										
Invested in capital assets	\$ 7,931,321	\$ 7,259,573	\$ 7,616,077	\$ 7,865,697	\$ 7,904,299	\$ 7,881,754	\$ 8,014,584	\$ 8,264,584	\$ 8,524,584	\$ 8,784,584
Restricted	2,132,497	2,827,136	3,863,892	3,266,810	2,772,352	2,744,228	2,901,336	2,647,951	2,013,877	1,908,895
Unrestricted	1,260,651	973,315	230,415	(2,508,837)	(2,648,733)	(2,537,825)	(3,139,897)	(3,147,484)	(3,264,493)	(2,632,560)
<b>Total district net position</b>	<b>\$ 11,324,469</b>	<b>\$ 11,060,024</b>	<b>\$ 11,710,384</b>	<b>\$ 8,623,670</b>	<b>\$ 8,027,918</b>	<b>\$ 8,088,157</b>	<b>\$ 7,776,023</b>	<b>\$ 7,765,051</b>	<b>\$ 7,273,968</b>	<b>\$ 8,060,919</b>

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 5,512,268	\$ 6,503,427	\$ 5,880,400	\$ 6,370,857	\$ 6,225,269	\$ 6,104,852	\$ 8,252,986	\$ 6,078,150	\$ 6,179,134	\$ 6,347,337
Special education	1,778,279	1,712,950	1,463,725	1,740,884	1,745,232	1,740,443	2,385,247	1,529,001	1,636,081	1,599,842
Other special education								249,154	255,180	167,560
Other instruction	604,045	707,894	874,909	390,299	577,719	357,735	415,864	262,654	255,002	233,054
Support Services:										
Tuition			445,461	507,743	537,430	554,293	772,144	1,035,874	1,667,942	1,514,038
Student & instruction related services	1,647,336	1,653,762	1,753,525	1,560,488	1,632,017	1,533,677	1,964,423	1,948,506	1,897,002	1,829,606
General administrative services	787,869	858,320	858,025	793,460	807,333	899,491	1,091,533	464,772	519,230	415,311
School administrative services	480,068	456,217	465,939	514,795	512,083	561,232	746,465	562,847	534,873	390,549
Central services								367,639	317,857	350,175
Administrative information tech.								124,553	137,115	142,109
Plant operations and maintenance	996,123	1,037,746	997,857	1,032,273	1,109,606	1,089,804	1,272,709	1,178,604	1,119,373	952,381
Pupil transportation	184,835	260,221	268,387	408,655	307,483	247,615	465,789	681,438	610,848	376,585
Unallocated Benefits								2,640,663	2,254,154	3,545,364
Charter Schools			59,197	94,262	136,602	95,105	130,259	189,551	234,156	215,477
Capital outlay - non-depreciable								86,229	76,955	76,955
Interest on long-term debt	124,654	113,967	105,769	97,015	87,720	77,958	71,617	65,419	57,748	49,947
SDA Debt Service Assessment										
Unallocated depreciation										
Capital lease obligations and amortization										
Total governmental activities expenses	12,115,477	13,304,504	13,250,149	13,587,686	13,755,449	13,339,160	17,645,991	17,465,054	17,752,650	18,206,290
Business-type activities:										
Food service	377,061	442,009	466,637	530,143	514,757	521,074	432,692	436,750	562,004	376,172
Total business-type activities expense	377,061	442,009	466,637	530,143	514,757	521,074	432,692	436,750	562,004	376,172
Total district expenses	\$ 12,492,538	\$ 13,746,513	\$ 13,716,786	\$ 14,117,829	\$ 14,270,206	\$ 13,860,234	\$ 18,078,683	\$ 17,901,804	\$ 18,314,654	\$ 18,582,462
<b>Program Revenues</b>										
Governmental activities:										
Changes for services:										
Operating grants and contributions	2,674,893	2,981,733	2,959,378	2,690,459	2,805,542	2,622,035	6,350,309	\$ 1,153,604	\$ 1,432,471	\$ 1,361,426
Interest on long-term debt			105,769	97,015	87,720	77,958	71,617			
Total governmental activities program revenues	2,674,893	2,981,733	3,065,147	2,787,474	2,893,262	2,699,993	6,421,926	1,153,604	1,432,471	1,361,426

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Business-type activities:</b>										
Charges for services										
Food service	55,317	53,948	60,529	13,674	12,680	12,103	14,006	9,305	7,706	546
Operating grants and contributions	338,881	360,272	387,532	479,116	449,491	483,516	466,397	483,445	546,301	370,142
Total business-type activities program revenues	394,198	414,220	448,061	492,790	462,171	495,619	480,403	492,750	554,007	370,688
Total district program revenues	\$ 3,069,091	\$ 3,395,953	\$ 3,513,208	\$ 3,280,264	\$ 3,355,433	\$ 3,195,612	\$ 6,902,329	\$ 1,646,354	\$ 1,986,478	\$ 1,732,114
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (9,440,584)	\$ (10,322,771)	\$ (10,185,002)	\$ (10,800,212)	\$ (10,862,187)	\$ (10,639,167)	\$ (11,224,065)	\$ (16,311,450)	\$ (16,320,179)	\$ (16,844,864)
Business-type activities	17,137	(27,789)	(18,576)	(37,353)	(52,586)	(25,455)	47,711	56,000	(7,997)	(5,484)
Total district-wide net expense	\$ (9,423,447)	\$ (10,350,560)	\$ (10,203,578)	\$ (10,837,565)	\$ (10,914,773)	\$ (10,664,622)	\$ (11,176,354)	\$ (16,255,450)	\$ (16,328,176)	\$ (16,850,348)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 2,535,350	\$ 2,535,350	\$ 2,535,350	\$ 2,535,350	\$ 2,586,057	\$ 3,066,024	\$ 3,066,024	\$ 3,195,824	\$ 3,195,824	\$ 3,195,824
Taxes levied for debt service	329,814	318,900	233,126	233,353	243,552	15,121	2,343	68,023	60,998	53,198
Unrestricted grants and contributions	6,766,756	7,060,173	7,442,745	7,428,738	7,419,389	7,500,319	7,712,942	12,604,071	12,488,871	14,331,280
Rents and Royalties								20,621	13,200	
N.J. Economic Development Authority Grants	72,984	78,340	123,750	8,893	7,433	11,816	40,157	57,406	31,670	172
Investment earnings	8,952	6,678	10,117	17,496	12,341	126,656	41,997	296,501	45,842	55,051
Miscellaneous income	84,030	86,484	92,134							
Transfers										
Total governmental activities	9,797,886	10,085,925	10,437,222	10,223,830	10,268,772	10,719,936	10,863,463	16,242,446	15,836,405	17,635,525
Business-type activities:										
Investment earnings	149	190	250	236	248	278	757	2,031	688	60
Total business-type activities	149	190	250	236	248	278	757	2,031	688	60
Total district-wide	\$ 9,798,035	\$ 10,086,115	\$ 10,437,472	\$ 10,224,066	\$ 10,269,020	\$ 10,720,214	\$ 10,864,220	\$ 16,244,477	\$ 15,837,093	\$ 17,635,585
<b>Change in Net Position</b>										
Governmental activities	\$ 357,302	\$ (236,846)	\$ 252,220	\$ (576,382)	\$ (593,415)	\$ 80,769	\$ (360,602)	\$ (69,004)	\$ (483,774)	\$ 790,661
Business-type activities	17,286	(27,599)	(18,326)	(37,117)	(52,338)	(25,177)	48,468	58,031	(7,309)	(5,424)
Total district	\$ 374,588	\$ (264,445)	\$ 233,894	\$ (613,499)	\$ (645,753)	\$ 55,592	\$ (312,134)	\$ (10,973)	\$ (491,083)	\$ 785,237

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)*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved										
Unreserved	3,654,923	2,442,174	2,687,623	2,469,057	2,135,145	2,215,566	2,058,378	1,830,898	1,558,317	1,214,168
Restricted										
Committed										
Assigned	113,092	1,111,532	1,013,739	739,949	578,318	778,839	487,853	361,493		237,452
Unassigned	(454,450)	(486,169)	(453,840)	(433,791)	(489,120)	(457,317)	(477,511)	(385,189)	(445,814)	53,867
Total general fund	\$ 3,313,565	\$ 3,067,537	\$ 3,247,522	\$ 2,775,215	\$ 2,224,343	\$ 2,537,088	\$ 2,068,720	\$ 1,807,202	\$ 1,112,503	\$ 1,505,487
All Other Governmental Funds										
Reserved	\$ 848,696	\$ 706,996	\$ 527,170	\$ 461,194	\$ 463,747					
Assigned			310,112	71,175	11,107					
Assigned, reported in:										
Special revenue fund	-	-	-	-						1,714
Capital projects fund						455,294	455,294	455,559	455,559	
Debt service fund										
Permanent fund						1	1	1	1	455,561
Total all other governmental funds	\$ 848,696	\$ 706,996	\$ 837,282	\$ 532,369	\$ 474,854	\$ 455,295	\$ 455,295	\$ 455,560	\$ 455,560	\$ 457,275

Source: CAFR Schedule B-1



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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax levy	\$ 286,564	\$ 2,854,250	\$ 2,864,245	\$ 2,865,718	\$ 2,917,329	\$ 3,159,103	\$ 3,139,984	\$ 3,263,847	\$ 3,256,822	\$ 3,249,022
Rents and royalties								20,621	13,200	
Interest earned	8,952	6,678	10,117	8,893	7,433	11,816	40,157	57,406	31,670	1,124
Other local revenue	86,215	86,674	102,370	17,496	14,634	130,363	45,944	296,501	58,842	54,099
State sources	8,471,789	9,200,610	9,479,347	9,152,774	9,281,602	9,287,028	10,404,252	11,025,621	11,790,172	12,648,133
Federal sources	1,040,659	919,446	912,539	966,423	941,036	831,620	786,591	882,663	1,177,373	1,146,532
Total revenue	9,894,179	13,067,658	13,368,618	13,011,304	13,162,034	13,419,930	14,416,928	15,546,659	16,328,079	17,098,910
<b>Expenditures</b>										
Instruction										
Regular instruction	5,485,471	6,258,246	4,141,943	4,470,828	4,329,394	4,097,396	4,318,018	4,469,340	4,719,379	4,842,456
Special education instruction	1,787,462	1,718,252	1,074,076	1,285,208	1,207,679	1,228,730	1,279,804	1,017,731	1,150,384	1,111,887
Other special instruction								166,729	179,527	116,417
Other instruction	604,045	698,692	598,142	268,649	397,737	239,302	201,147	174,695	179,120	161,921
Support Services:										
Tuition			445,461	507,743	537,430	554,293	772,144	1,146,492	1,667,942	1,514,038
Attendance and social work services								50,991	40,782	35,290
Health services								42,454	69,122	49,241
Student & instruction related services	1,429,910	1,644,264	1,405,747	1,228,571	1,305,785	1,212,390	1,331,428	1,438,881	1,529,915	1,509,650
General administrative services	787,869	858,320	676,962	614,514	616,758	681,616	640,167	362,818	431,395	334,620
School Administrative services	468,188	453,111	321,685	359,882	348,732	372,299	365,410	377,997	377,573	273,379
Central services								246,042	228,387	280,871
Administrative information tech								124,553	137,115	142,109
Plant operations and maintenance	992,226	1,003,232	842,195	882,566	951,275	897,965	897,741	986,259	977,621	841,076
Pupil transportation	184,835	260,221	268,387	408,655	307,483	247,615	465,789	681,438	610,848	376,585
Unallocated employee benefits			2,948,989	2,955,410	3,073,542	3,080,482	3,898,223	2,065,175	2,141,160	2,154,180
On-behalf contributions								1,862,514	1,950,399	2,356,576
Transfer to Charter Schools			59,197	94,262	136,602	95,105	130,259	189,551	234,156	215,477
Special Schools										
Capital outlay	232,640	229,035	496,885	381,869	163,831	96,514	261,206	86,229	76,955	76,955
Special Revenue Fund										
Debt service:										
Principal	205,000	215,000	220,000	230,000	240,000	246,000	250,000	250,000	260,000	260,000
Interest and other charges	124,814	117,013	108,895	100,367	91,272	81,682	73,960	68,023	60,998	53,197
Total expenditures	12,302,460	13,455,386	13,608,564	13,788,524	13,707,520	13,131,389	14,885,296	15,807,912	17,022,778	16,705,925
Excess (Deficiency) of revenues over (under) expenditures	(2,408,281)	(387,728)	(239,946)	(777,220)	(545,486)	288,541	(468,368)	(261,253)	(694,699)	392,985

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Other Financing sources (uses)</b>										
N.J. Econ. Develop. Authority Grants			123,750			234,603	250,000	250,000	260,000	750,182
Transfers in						(234,603)	(250,000)	(250,000)	(260,000)	(750,182)
Transfers out										
Total other financing sources (uses)	\$ -	\$ -	\$ 123,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ (2,408,281)	\$ (387,728)	\$ (116,196)	\$ (777,220)	\$ (545,486)	\$ 288,541	\$ (468,368)	\$ (261,253)	\$ (694,699)	\$ 392,985
Debt service as a percentage of noncapital expenditures	2.7%	2.5%	2.5%	2.5%	2.4%	2.5%	2.2%	2.0%	1.9%	1.9%

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rents and</u> <u>Royalties</u>	<u>Misc.</u>	<u>Total</u>
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
2020	31,670	13,326	45,716	90,712
2021	1,124		54,099	55,223

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,	Total Assessed Value				Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
	Vacant Land	Residential	Commercial	Industrial						
2012	\$ 3,118,900	\$159,640,200	\$ 14,832,450	\$ 2,755,700	\$ -	\$ 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	\$ -	\$ 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	\$ -	\$ 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	\$ -	\$ 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	\$ -	\$ 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	\$ -	\$ 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	\$ -	\$ 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	\$ -	\$ 145,000	\$262,973,700	1.239	\$320,825,501	81.97%
2020	\$ 7,005,600	\$228,430,200	\$ 21,777,000	\$ 5,346,900	\$ -	\$ 145,000	\$262,704,700	1.237	\$372,887,334	70.45%
2021	\$ 6,996,500	\$228,448,300	\$ 21,777,000	\$ 5,346,900	\$ 399,700	\$ 145,000	\$263,113,400	1.261	\$342,060,497	76.92%

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
	General				Regional High School District	Borough of Prospect Park	Passaic County	
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>	Total Direct	Obligation				
2012	1.398	0.183	1.581	1.464	2.135	1.093	6.273	
2013	1.413	0.186	1.599	1.387	2.277	0.954	6.217	
2014	1.416	0.184	1.600	1.670	2.276	1.056	6.602	
2015	0.981	0.125	1.106	1.259	1.588	0.763	4.716	
2016	1.072	0.126	1.198	1.382	1.626	0.781	4.987	
2017	1.073	0.125	1.198	1.412	1.650	0.793	5.053	
2018	1.212	0.029	1.241	1.304	1.737	0.843	5.125	
2019	1.213	0.026	1.239	1.318	1.761	0.858	5.176	
2020	1.217	0.020	1.237	1.303	1.808	0.882	5.230	
2021	1.240	0.021	1.261	1.362	1.837	0.941	5.401	

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	2021			2012		
	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	4.57%			
Schon Family LLC	\$ 1,931,000	2	0.74%			
Hazen Realty LLC	\$ 1,747,000	3	0.67%			
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	
<b>Total</b>	<b>\$ 22,175,400</b>		<b>8.44%</b>	<b>\$ -</b>		<b>0.00%</b>
			<b>\$ 262,704,700</b>			<b>#REF!</b>

Source: Municipal Tax Assessor.

**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	
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
2020	3,256,822	2,714,016	83.33%	542,806
2021	3,249,022	2,707,519	83.33%	541,503

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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Temporary Note Payable	Capital Leases	Total District			
2012	3,530,000	-	-	-	-	3,530,000	1.402%	\$ 82	
2013	3,315,000	-	-	-	-	3,315,000	1.299%	\$ 76	
2014	3,095,000	-	-	-	-	3,095,000	1.151%	\$ 68	
2015	2,865,000	-	-	-	-	2,865,000	1.035%	\$ 61	
2016	2,625,000	-	-	-	-	2,625,000	0.938%	\$ 55	
2017	2,379,000	-	-	-	-	2,379,000	0.841%	\$ 49	
2018	2,129,000	-	-	-	-	2,129,000	0.726%	\$ 43	
2019	1,879,000	-	-	-	-	1,879,000	0.617%	\$ 36	
2020	1,619,000	-	-	-	-	1,619,000	Not Available	Not Available	
2021	1,359,000	-	-	-	-	1,359,000	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			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	3,530,000	-	3,530,000	1.96%	\$ 82
2013	3,315,000	-	3,315,000	1.85%	\$ 76
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%	\$ 55
2017	2,379,000	-	2,379,000	0.90%	\$ 49
2018	2,129,000	-	2,129,000	0.81%	\$ 43
2019	1,879,000	-	1,879,000	0.71%	\$ 36
2020	1,619,000	-	1,619,000	0.62%	Not Available
2021	1,359,000	-	1,359,000	Not Available	Not Available

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

**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, 2021**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct Debt of School District as of June 30, 2021</b>			
<b>Net overlapping debt of School District:</b>			
Borough of Prospect Park	100.000%	\$ 4,843,953	
County of Passaic	0.704%	2,633,777	
Passaic County Utilities Authority	0.737%	310,822	
Passaic Valley Sewerage Commission	0.171%	<u>1,506,898</u>	
<b>Subtotal, overlapping debt</b>			<b>\$ 9,295,450</b>
<b>Total direct and overlapping debt</b>			<b><u>\$ 10,654,450</u></b>

**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 2020

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 10,524,019	\$ 9,140,580	\$ 8,327,709	\$ 7,840,823	\$ 8,029,612	\$ 8,179,731	\$ 8,539,334	\$ 8,569,272	\$ 9,597,452
Total net debt applicable to limit	3,530,922	3,315,922	3,095,000	2,865,000	2,625,000	2,379,000	2,129,000	1,879,000	1,619,000
Legal debt margin	\$ 6,993,097	\$ 5,824,658	\$ 5,232,709	\$ 4,975,823	\$ 5,404,612	\$ 5,800,731	\$ 6,410,334	\$ 6,690,272	\$ 7,978,452
Total net debt applicable to the limit as a percentage of debt limit	33.55%	36.28%	37.17%	36.54%	32.69%	29.08%	24.93%	21.93%	16.87%
									13.80%

	2020	2019	2018
Equalized valuation basis	\$ 344,444,562		
	341,025,950		
	299,153,829		
[A]	\$ 984,624,341		
Average equalized valuation of taxable property	[A/3]		
	\$ 328,208,114		
Debt limit (3 % of average equalization value)	[B]		
Net bonded school debt	[C]		
Legal debt margin	[B-C]		
	\$ 9,846,243		
	1,359,000		
	\$ 8,487,243		

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

a Limit set by NJSIA 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 <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2012	5,881	\$ 251,742,086	42,806	14.20%
2013	5,879	\$ 255,119,205	43,395	14.20%
2014	5,876	\$ 268,915,140	45,765	8.10%
2015	5,875	\$ 276,771,250	47,110	6.40%
2016	5,865	\$ 279,912,990	47,726	6.30%
2017	5,868	\$ 282,861,072	48,204	5.70%
2018	5,855	\$ 293,165,705	50,071	5.30%
2019	5,840	\$ 304,433,360	52,129	4.80%
2020	5,817	Not Available	Not Available	13.00%
2021	Not Available	Not Available	Not Available	Not Available

**Source:**

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal income - Passaic County - provided by NJ Dept of Labor and Workforce Development
- <sup>c</sup> Per Capita Personal Income - Passaic County - provided by NJ Dept of Labor and Workforce Development
- <sup>d</sup> 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>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	75	72	73	69	57	50	56	56	56	56
Special education	18	19	19	23	33	38	33	33	33	33
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	5	5	5	7	8	6	8	8	8	8
General administrative services	3	1	3	2	2	2	2	2	2	2
School administrative services	1	2	1	7	7	7	7	7	7	7
Business administrative services	2	3	3	2	2	2	2	2	2	2
Plant operations and maintenance	4	5	5	5	6	6	6	6	6	6
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>108</b>	<b>107</b>	<b>109</b>	<b>115</b>	<b>115</b>	<b>111</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>114</b>

**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) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
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%
2020	942	16,624,825	17,648	7.93%	69	1:14.4	1:12.25	925.2	877.9	0.00%	94.89%
2021	942	16,315,773	17,320	-1.86%	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-
- 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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>District Buildings</u></b>										
<b><u>Elementary/Middle School</u></b>										
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	900	908	896	895	914	939	942	942	942	942
<b><u>Other</u></b>										
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, 2021  
Elementary/Middle School = 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-XXX

School Facilities	Project# (s)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Elementary/Middle School	N/A	137,070	164,048	222,599	201,211	199,107	176,198	103,230	150,404	168,435	121,577
Grand Total		\$ 137,070	\$ 164,048	\$ 222,599	\$ 201,211	\$ 199,107	\$ 176,198	\$ 103,230	\$ 150,404	\$ 168,435	\$ 121,577

**Prospect Park Board of Education  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2021  
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	5,000,000	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**



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**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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 2, 2022 which was qualified for no fixed asset report including additions, deletions and depreciation expense which is to be reported as a direct expense.

***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 2021-001 and 2021-002 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 February 2, 2022.

### ***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. Wielkotz*

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

*Wielkotz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

February 2, 2022





**WIELKOTZ & COMPANY** LLC  
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**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, 2021. 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, 2021.

### **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 2021-003, 2021-004, 2021-005, 2021-006 and 2021-007. 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 2021-003, 2021-004, 2021-005, 2021-006 and 2021-007 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. Wielkocz*

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Licensed Public School Accountant  
No. 816

*Wielkocz + Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

February 2, 2022





**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Award Amount	From	To	Balance at June 30, 2020	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021	
													(Accounts Receivable)	Deferred Revenue
<b>General Fund:</b>														
<b>US Department of Education</b>														
Special Education Medicaid Initiativ FFCRA/SEMI Revenue	93.778 93.775	2005NI5MAP 2005NI5MAP		43,659 4,805	7/1/2020 7/1/2020	6/30/2021 6/30/2021			43,659 4,805	43,659 4,805				
<b>Total General Fund</b>									48,464	48,464				
<b>US Department of Education</b>														
<b>Passed Through State Dept of Education:</b>														
Special Revenue Fund	84.010 84.010	S010A200030 S010A190030	ESEA-4270-21 ESEA-4270-20	564,563 566,046	7/1/2020 7/1/2019	9/30/2021 9/30/2020	(513,792) (513,792)	(513,792) 513,792	625,427 625,427	387,219 387,219			(275,584) (275,584)	
Title I, Part A														
Title II, Part A, Teacher/Principal Training and Recruiting	84.367 84.367	S367A200029 S367A190029	ESEA-4270-21 ESEA-4270-20	43,506 51,928	7/1/2020 7/1/2019	9/30/2021 9/30/2020	(64,393) (64,393)	64,393	70,843 70,843	45,439 45,439			(38,989) (38,989)	
Title III	84.365 84.365	S365A200030 S365A190030	ESEA-4270-21 ESEA-4270-20	11,051 10,455	7/1/2020 7/1/2019	9/30/2021 9/30/2020	(2,003) (2,003)	2,003	5,723 945	18,066 4,587			(14,346) (4,587)	
Title III, Immigrant	84.365	S365A200030	ESEA-4270-21	4,587	7/1/2018	9/30/2020	(945) (2,948)	945	6,668	22,653			(18,933)	
Title IV	84.369	S369A200031	ESEA-4270-21	41,482	7/1/2020	9/30/2021	(46,436)	(46,436)	43,975	53,070			(55,531)	
Title IV	84.369	S369A190031	ESEA-4270-20	35,025	7/1/2019	9/30/2020	(46,436)	46,436	43,975	53,070			(55,531)	
CARES ACT 2020/ESSER Non-Public Digital Divide	84.425D 84.425D	S425D200027 S377A130031		588,620 10,005	3/13/2020 7/16/2020	10/15/2022 10/31/2020	(20,235) (20,235)		284,070 10,005	353,826 10,005			(89,991) (89,991)	
Coronavirus Relief Fund	21.019	S425D200027		79,964	3/13/2020	12/31/2021	(79,964) (79,964)		79,964 79,964					
IDEA, Part B-Basic	84.027	H027A200100	IDEA-4270-21	253,313	7/1/2020	9/30/2021	(223,836)	(223,836)	275,776	245,018			(193,078)	
IDEA, Part B-Basic	84.027	H027A190100	IDEA-4270-20	239,058	7/1/2019	9/30/2020	(223,836)	223,836						
IDEA, Part B-Preschool	84.173	H173A200114	IDEA-4270-21	9,082	7/1/2020	9/30/2021	(13,544)	(13,544)	13,544				(193,078)	
IDEA, Part B-Preschool	84.173	H173A190114	IDEA-4270-20	9,076	7/1/2019	9/30/2020	(237,580)	13,544	289,320	245,018			(193,078)	
<b>Total Special Revenue Fund</b>							(965,148)		1,410,272	1,117,230			(672,106)	

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2020	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021	
					From	To							(Accounts Receivable)	Deferred Revenue
<b>US Department of Agriculture</b>														
<b>Passed Through State Dept of Education:</b>														
<b>Enterprise Fund</b>														
Food Distribution Program	10.555	211NJ309N1099	N/A	15,581	7/1/2020	6/30/2021			15,581					
National School Breakfast Program SSO	10.553	211NJ304N1099	N/A	134,406	7/1/2020	6/30/2021		121,211	134,406				(15,526)	2,331
National School Breakfast Program SSO	10.553	201NJ304N1099	N/A	51,253	3/18/2020	6/30/2020	(19,217)	19,217						
National School Lunch Program SSO	10.555	211NJ304N1099	N/A	196,029	7/1/2020	6/30/2021		153,981	196,029				(43,519)	1,471
National School Lunch Program SSO	10.555	201NJ304N1099	N/A	81,172	3/18/2020	6/30/2020	(30,335)	30,335						
Emergency Operational Cost Program - School	10.555	211NJ304N1099	N/A	14,155	7/1/2020	6/30/2021			14,155				(14,155)	
P-EBT Administrative Cost	10.649		N/A	614	7/1/2020	6/30/2021			614				(614)	
<b>Total Enterprise Fund</b>							(49,552)	340,325	360,785				(73,814)	3,802
<b>Total Federal Financial Assistance</b>							\$ (1,014,700)	1,799,061	1,526,479				(745,920)	3,802

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, 2021

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass through Funds	Budgetary Expenditures Direct	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021		Cumulative Total Expenditures
			From	To									Deferred Revenue/ Interfund Payable	Budgetary Receivable	
			Memo												
<b>State Department of Education:</b>															
<b>General Fund</b>															
Transportation Aid	495-034-5120-014	\$ 64,723	7/1/2020	6/30/2021	\$		\$ 58,391	64,723							64,723
Equitation Aid	495-034-5120-078	8,325,273	7/1/2020	6/30/2021			7,510,829	8,325,273							8,325,273
Special Education Categorical Aid	495-034-5120-089	704,961	7/1/2020	6/30/2021			717,182	704,961							704,961
Security Aid	495-034-5120-084	366,598	7/1/2020	6/30/2021			330,653	366,598							366,598
Extraordinary Aid	495-034-5120-044	538,968	7/1/2020	6/30/2020			299,598	538,968			(538,968)				538,968
Extraordinary Aid	495-034-5120-044	3,480	7/1/2020	6/30/2021				3,480			(3,480)				3,480
Non Public Transportation	495-078-6060-034	870	7/1/2019	6/30/2020			870								870
Reimbursed TPAF Social Security	495-034-5094-003	388,522	7/1/2020	6/30/2021			368,663	388,522			(19,859)				388,522
Reimbursed TPAF Social Security	495-034-5094-003	400,106	7/1/2019	6/30/2020			160,603								400,106
On Behalf TPAF - Post Retirement Medical	495-034-5094-001	469,416	7/1/2020	6/30/2021			469,416	469,416							469,416
On Behalf TPAF Pension	495-034-5094-002	1,469,923	7/1/2020	6/30/2021			1,469,923	1,469,923							1,469,923
On Behalf TPAF NCGI Premium	495-034-5094-004	27,967	7/1/2020	6/30/2021			27,967	27,967							27,967
On-Behalf TPAF - LTDI	495-034-5094-004	748	7/1/2020	6/30/2021			748	748							748
<b>Total General Fund</b>					(461,071)		11,414,853	12,450,489			(562,307)			(934,400)	13,151,063
<b>Special Revenue Fund</b>															
Preschool Education Aid	495-034-5120-086	204,288	7/1/2020	6/30/2021			30,258	185,639					28,478		185,639
Preschool Education Aid	495-034-5120-086	186,537	7/1/2019	6/30/2020			(30,258)	18,654							156,279
<b>NJ NonPublic Aid:</b>															
Textbook Aid	100-034-5120-064	14,051	7/1/2020	6/30/2021			14,051	14,051							14,051
Textbook Aid	100-034-5120-064	11,702	7/1/2019	6/30/2020							2,588				9,114
Technology Aid	100-034-5120-373	7,992	7/1/2019	6/30/2020			47				47				7,945
Nursing Services	100-034-5120-070	23,562	7/1/2019	6/30/2021			23,562	23,562							23,562
Nursing Services	100-034-5120-070	21,631	7/1/2019	6/30/2020			10				10				21,621
Security Aid	100-034-5120-509	40,425	7/1/2020	6/30/2021			40,425	12,035							40,425
Security Aid	100-034-5120-509	33,450	7/1/2019	6/30/2020							11,250				22,200
<b>Handicapped Services:</b>															
Exam & Classification	100-034-5120-066	32,871	7/1/2020	6/30/2021			32,871	12,632							32,871
Exam & Classification	100-034-5120-066	10,412	7/1/2019	6/30/2020			1,185				7,441				2,971
Corrective Speech	100-034-5120-066	11,848	7/1/2020	6/30/2021			11,848	4,284							11,848
Corrective Speech	100-034-5120-066	23,696	7/1/2019	6/30/2020			2,697				10,845				7,564
Supplementary Inst.	100-034-5120-066	9,714	7/1/2020	6/30/2021			9,714	2,185							9,714
Supplementary Inst.	100-034-5120-066	11,495	7/1/2019	6/30/2020			1,308				7,286				7,529
<b>Auxiliary Services:</b>															
Compensatory Education	100-034-5120-067	45,287	7/1/2020	6/30/2021			45,287	8,970							45,287
Compensatory Education	100-034-5120-067	25,958	7/1/2019	6/30/2020			2,596				5,272				20,686
English as a Second Language	100-034-5120-067	42,470	7/1/2019	6/30/2020			413				41,36				42,470
<b>Total Special Revenue Fund</b>					3,405		48,875	263,358			48,875		28,478		443,515
							388,470							(20,429)	443,515



**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 \$(31,091) for the general fund and \$(19,162) 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	\$48,464	\$12,419,398	\$12,467,862
Special Revenue Fund	1,098,068	263,358	1,361,426
Food Service Fund	<u>360,785</u>	<u>9,357</u>	<u>370,142</u>
Total Awards and Financial Assistance	<u>\$1,507,317</u>	<u>\$12,692,113</u>	<u>\$14,199,430</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, 2021.

**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 \$1,968,054 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>	\$387,219
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	45,439
Title III: <i>English Language Acquisition State Grants</i>	22,653
Title IV: <i>Student Support and Academic Enrichment Grants</i>	<u>53,070</u>
Total	<u>\$508,381</u>

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*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?            yes   X   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?   X   yes            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?   X   yes            no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425D</u>	<u>S425D200027</u> (B)	<u>CARES ACT</u> Child Nutrition Cluster:
<u>10.553/10.555</u>	<u>211NJ304N1099</u> (B)	<u>National School Lunch Program/ National School Breakfast Program</u>

Note: (B) - Tested as Major Type B Program.

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

Auditee qualified as low-risk auditee?            yes   X   no



**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

***Section I - Summary of Auditor's Results, (continued)***

**State Awards**

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

Auditee qualified as low-risk auditee?                                     \_\_\_\_\_ yes       X   no

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

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08?                                       X   yes     \_\_\_\_\_ no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
495-034-5120-89/ 495-034-5120-84/ <u>495-034-5120-078</u> <u>495-034-5094-003</u>	State Aid Public Cluster: Special Education Categorical Aid/Security <u>Aid/Equalization Aid</u> <u>Reimbursed TPAF Social Security</u>
(A)	
(B)	

Note: (A) - Tested as Major Type A Program.  
(B) - Tested as Major Type B Program.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

*Section II - Financial Statement Findings*

**Finding 2021-001**

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 FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

*Section II - Financial Statement Findings*

**Finding 2021-002**

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 SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

**FEDERAL AWARDS**

**Finding 2021-003**

**Information on the Federal Program:**

Child Nutrition Cluster, CFDA Numbers 10.553/10.555, FAIN 211NJ304N1099 Grant Period 7/1/20-6/30/21.

**Criteria or specific requirement:**

The school district must provide verification of low income status for students attending Community Eligibility Program (CEP) schools. A completed valid 2020-21 New Jersey Household Information Survey Form or direct certification through the SNEARS matching system is required to support the number of students in a CEP school reported as low income.

**Condition:**

The required documentation required to support the number of students reported as low income was not available for audit.

**Questioned Costs:**

Unknown

**Context:**

The district submitted the 2020/2021 ASSA but were unable to provide the related supporting documents 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 number of students reported as Low Income on the district's ASSA are unable to be verified.

**Cause:**

The district did not provide the required documentation to support the number of students reported as low income.

**Recommendation:**

The district should maintain the completed valid New Jersey Household Information Survey Form or documentation of direct certification for all students reported as low income.

**Management Response:**

The district will maintain and make available all required documentation to support the number of students reported as low income.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2021-004**

**Information on the Federal Program:**

Child Nutrition Cluster, CFDA Numbers 10.553/10.555, FAIN 211NJ304N1099, Grant Period 7/1/20-6/30/21.

**Criteria or specific requirement:**

The school 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 fixed asset report was not appropriately maintained and updated during the year under review.

**Questioned Costs:**

None

**Context:**

The school district failed to provide an updated fixed asset report including additions, deletions and depreciation expense which is to be reported as a direct expense.

**Effect:**

The school district is not in compliance with the requirements of the Child Nutrition Cluster.

**Cause:**

The school district failed to 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 and reporting system be updated to reflect additions, deletions and depreciation expense on an annual basis.

**Management's Response:**

The district plans to hire an outside consultant to prepare the required fixed asset report.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2021-005**

**Information on the federal program:**

Child Nutrition Cluster, CFDA Numbers 10.553/10.555, FAIN 211NJ304N1099, Grant Period 7/1/20-6/30/21.

**Criteria or specific requirement:**

The number of meals claimed on a reimbursement claim must agree to the tally sheets completed for every breakfast and lunch reimbursement claim submitted.

**Condition:**

There were instances in which the number of meals claimed did not agree with meal count records resulting in an over/under claim.

**Questioned Costs:**

None

**Context:**

The number of meals claimed did not agree with meal count records.

**Effect:**

The District received unsupported reimbursements which is an instance of noncompliance with the program requirements.

**Cause:**

There was one month in which the incorrect number of meals served was entered into the SNEARS system.

**Recommendation:**

Prior to submitting reimbursement claims to the NJ Department of Agriculture, the meals claimed should be verified to the meal count activity records.

**Management's response:**

More care will be taken to ensure the meals claimed agree to the meal count activity records.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

**STATE AWARDS**

**Finding 2021-006**

**Information on the state program:**

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/20-6/30/21.

**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 were not made available for audit. In addition, students reported as Special Education, Low Income, Low Income Limited English Proficient and Limited English Proficient could not be verified to supporting documents

**Questioned Costs:**

None

**Context:**

The district submitted the 2020/2021 ASSA but were unable to provide the related supporting documents 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 as Special Education, Low Income, Low Income Limited English Proficient and Limited English Proficient 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 enrollment categories reported on the ASSA.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2021-006 (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 supporting documentation that provide an audit trail for testing the enrollment categories reported on the ASSA.

**Finding 2021-007**

**Information on the state program:**

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/20-6/30/21.

**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:**

Bank reconciliations for the month of June were not provided for the Cafeteria, Net Payroll, Payroll Agency, Summer Savings, Flex Spending or Student Council Accounts. Also, the district could not provide documentation that the Annual Report was submitted to the executive county superintendent by August 1.

**Questioned Costs:**

None

**Context:**

Bank reconciliations for the month of June were not provided for the Cafeteria, Net Payroll, Payroll Agency, Summer Savings, Flex Spending or Student Council Accounts. Documentation of submission of the Annual Report by the August 1 deadline could not be obtained.



**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2021-007 (continued)**

**Effect:**

The district is not in compliance with N.J.S.A. 18A:17-9 and N.J.S.A. 18A:17-36.

**Cause:**

Bank reconciliations for the month of June were not provided for the Cafeteria, Net Payroll, Payroll Agency, Summer Savings, Flex Spending or Student Council Accounts. In addition, the Board Secretary did not maintain documentation for the submission of the Annual Report.

**Recommendation:**

Bank reconciliation should be prepared monthly and be made available for review. 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:**

Bank reconciliations will be prepared in a timely manner. The Board Secretary will maintain documentation regarding the submission of the Annual Report to the executive county superintendent.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Status of Prior Year Findings**

**Financial Statement Findings:**

**Finding 2020-001**

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 2021-001.

**Finding 2020-002**

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.

Current Status:

Corrective action has not been taken – See Finding 2021-002.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

**Status of Prior Year Findings (continued)**

**Federal Awards:**

**Finding 2020-003**

Condition:

The required documentation required to support the number of students reported as low income was not available for audit.

Current Status:

Corrective action has not been taken – See Finding 2021-003

**Finding 2020-004**

Condition:

The fixed asset report was not appropriately maintained and updated during the year under review.

Current Status

Corrective action has not been taken – See Finding 2021-004

**State Awards:**

**Finding 2020-005**

Condition:

The internal control procedures and related workpapers were not made available for audit. In addition, students reported as Special Education, Low Income, Low Income Limited English Proficient and Limited English Proficient could not be verified to supporting documents.

Current Status:

Workpapers were provided for the current year; however, the internal control procedures were not made available – See Finding 2021-006

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(continued)**

**Status of Prior Year Findings, (continued)**

**State Awards, continued:**

**Finding 2020-006:**

Condition:

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

Current Status:

There were no instances of noncompliance noted in the current year.

**Finding 2020-007:**

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.

Current Status:

Corrective action has not been taken – See Finding 2021-008.

**Finding 2020-008:**

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.

Current Status:

There were no instances of incorrect calculations in the current year.