

**SCHOOL DISTRICT OF THE
BOROUGH OF PROSPECT PARK
COUNTY OF PASSAIC, NEW JERSEY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**School District
of
PROSPECT PARK**

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

**Annual Comprehensive Financial Report
Year Ended June 30, 2022**

Annual Comprehensive Financial Report

of the

PROSPECT PARK BOARD OF EDUCATION
Prospect Park, New Jersey

Year Ended June 30, 2022

Prepared by

Richard Giglio
Business Office

OUTLINE OF ACFR

INTRODUCTORY SECTION

Letter of Transmittal.	1
Organizational Chart.	6
Roster of Officials.	7
Consultants and Advisors.	8

FINANCIAL SECTION

Independent Auditor's Report.	9
Required Supplementary Information - Part I Management's Discussion and Analysis.	14

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:

A-1 Statement of Net Position.	27
A-2 Statement of Activities.	28

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet.	29
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances.	31
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.	32

Proprietary Funds:

B-4 Statement of Net Position.	33
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position.	34
B-6 Statement of Cash Flows.	35

Fiduciary Funds:

Not Applicable

Notes to the Financial Statements.	36
--	----

Required Supplementary Information - Part II

OUTLINE OF ACFR

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule - General Fund.....	75
C-1a	Not Applicable	
C-1b	Not Applicable	
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	80
Notes to the Required Supplementary Information		
C-3	Budgetary Comparison Schedule.	81

Required Supplementary Information - Part III

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

L-1	Schedule of District's Share of the Net Pension Liability – PERS.....	82
L-2	Schedule of District's Contributions – PERS.....	83
L-3	Schedule of District's Share of the Net Pension Liability – TPAF.....	84
L-4	Note to Required Schedules of Supplementary Information - Part III.	85

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

M-1	Schedule of Changes in the District's Proportionate Share of the State OPEB Liability.....	86
-----	---	----

Other Supplementary Information

D. School Level Schedules:

Not Applicable

E. Special Revenue Fund:

E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.	87
E-1a	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.	88
E-1b	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.	89
E-1c	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.	90
E-2	Schedule of Preschool Education Aid - Budgetary Basis.....	91
E-3	Not Applicable	

OUTLINE OF ACFR

F. Capital Projects Fund:

- F-1 Not Applicable
- F-1a Not Applicable
- F-1b Not Applicable
- F-2 Not Applicable

G. Proprietary Funds:

Enterprise Fund:

- G-1 Combining Statement of Net Position. 92
- G-2 Combining Statement of Revenues, Expenses and Changes in
Fund Net Position. 93
- G-3 Combining Statement of Cash Flows. 94

Internal Service Fund:

Not Applicable

H. Fiduciary Funds:

Not Applicable

I. Long-Term Debt:

- I-1 Schedule of Serial Bonds. 95
- I-2 Not Applicable
- I-3 Budgetary Comparison Schedule - Debt Service Fund. 96

J. Statistical Section (Unaudited)

Financial Trends

Introduction to the Statistical Section

- J-1 Net Assets/Position by Component. 97
- J-2 Changes in Net Assets/Position. 98
- J-3 Fund Balances - Governmental Funds. 100
- J-4 Changes in Fund Balances - Governmental Funds. 101
- J-5 General Fund Other Local Revenue by Source. 103

OUTLINE OF ACFR

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property.	104
J-7	Direct and Overlapping Property Tax Rates.	105
J-8	Principal Property Taxpayers.	106
J-9	Property Tax Levies and Collections.	107

Debt Capacity

J-10	Ratios of Outstanding Debt by Type.	108
J-11	Ratios of Net General Bonded Debt Outstanding.	109
J-12	Ratios of Overlapping Governmental Activities Debt.	110
J-13	Legal Debt Margin Information.	111

Demographic and Economic Information

J-14	Demographic and Economic Statistics.	112
J-15	Principal Employers.	113

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program.	114
J-17	Operating Statistics.	115
J-18	School Building Information.	116
J-19	Schedule of Required Maintenance for School Facilities.	117
J-20	Insurance Schedule.	118

K. SINGLE AUDIT SECTION

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.	119
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and N.J. OMB Circular Letter 15-08.	121
K-3	Schedule of Expenditures of Federal Awards - Schedule A.	125
K-4	Schedule of Expenditures of State and Local Financial Awards - Schedule B.	127
K-5	Notes to the Schedules of Awards and Financial Assistance.	129
K-6	Schedule of Findings and Questioned Costs.	132
K-7	Summary Schedule of Prior Audit Findings.	141

INTRODUCTORY SECTION

**PROSPECT PARK SCHOOL DISTRICT
OFFICE OF THE CHIEF SCHOOL ADMINISTRATOR**

94 Brown Avenue
Prospect Park, NJ 07508

PHONE: (973) 790-7910 FAX: (973) 720-1992
District Website: www.prospectparknj.com

Tyeshia A. Reels, Ed.D
Superintendent/Principal
Email: treels@prospectparknj.com

February 28, 2023

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, 2022 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.

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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 2021 ASSA count the District had 805 students enrolled, which is 19 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

AVERAGE DAILY ENROLLMENT		
Fiscal Year	Student Enrollment	Percentage Change
2021-2022	839.0	4.2
2020-2021	805.0	-5.6
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.

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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. The District continues to recover from the learning loss caused by the COVID-19 pandemic but is committed to implementing best practices and learning experiences to ensure that all grade levels and subgroups thrive academically, socially, and emotionally. To meet the needs of the whole child, the District is implementing a number of initiatives for the 2022-2023 school year. The Spartan Spark Wellness Center will become mobile with 2 teachers visiting classrooms and providing strategies, support, and lessons to assist with social and emotional learning needs. Each child received a Chromebook to enhance 21st Century Learning Skills through Internet-based reinforcement; each content area offers learning supports and virtual lessons and interventions. Teachers will collaborate through Professional Learning Communities, collaborative teaching and with coaching in math and English language arts. New programs will be introduced in math and English Language Arts to enhance students' reading skills and math proficiency. A Professor in Residence will be provided for our preschool community, and K-8 community to infuse best practice strategies across grade levels and content areas, and to provide on-site coaching for teachers, and free professional development sessions. We will provide full-day preschool programs for our 3 and 4-year-old population both at School #1, at onsite at the William Paterson University Child Development Center. Assembly programs for children and families will be implemented with a focus on 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. We are revamping our Business Office to streamline processes, implement internal controls, and create procedures to ensure an efficient operation and function of fiscal and governance operations.

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.

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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, 2022.

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 Wielkottz & 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

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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

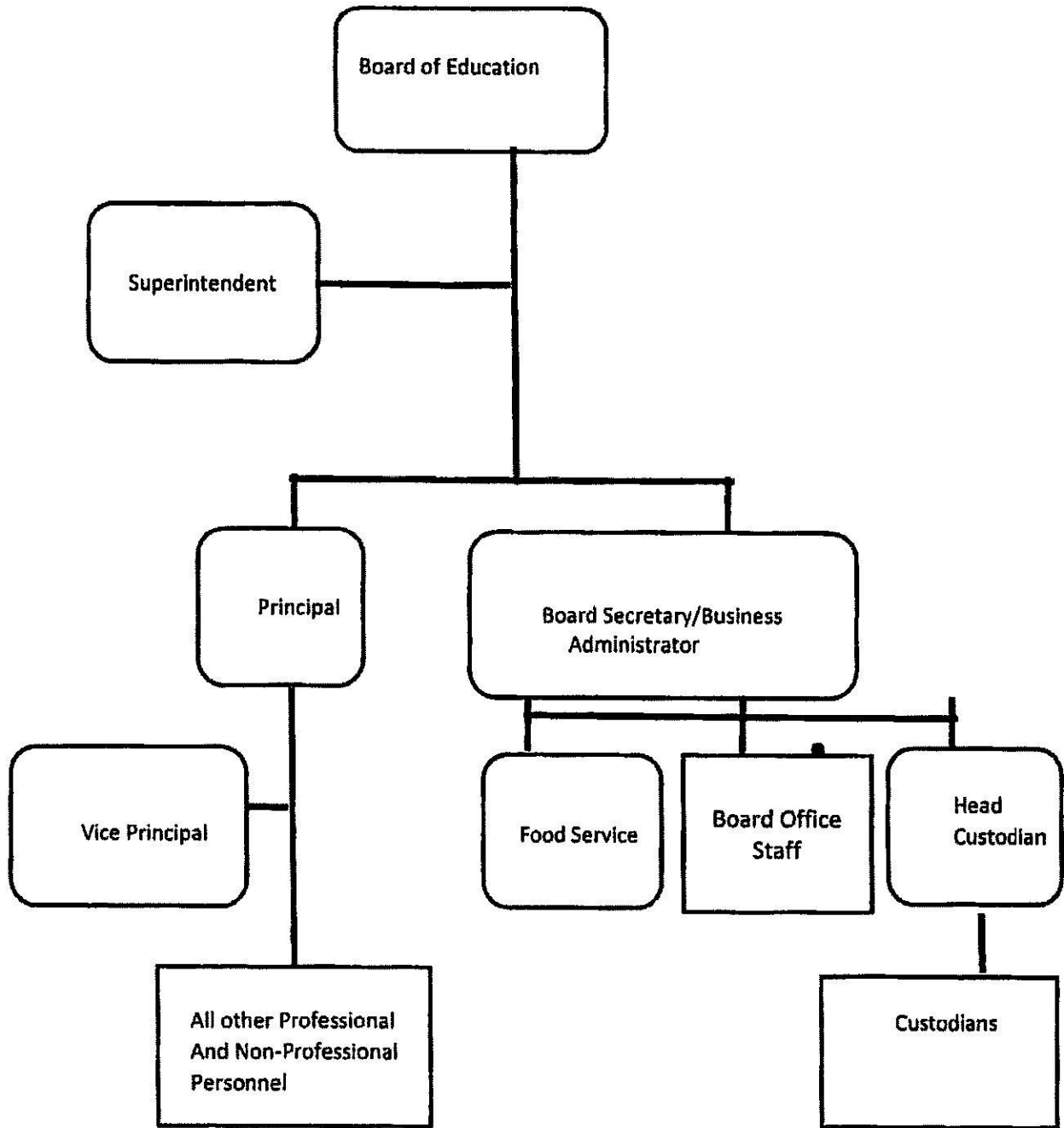
I would like to express my appreciation to the members of the Prospect Park Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district, and thereby contributing their full support to the development and maintenance of our financial operation. 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
Superintendent / Principal

**PROSPECT PARK BOARD OF EDUCATION
ORGANIZATIONAL CHART**



PALISADES PARK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2022

Members of the Board of Education

Term Expires

Naiz Nadim, President (7/1/21-1/3/22)	2025
Daysi Gonzalez, Vice President (7/1/21-1/3/22)	2025
Euyenibert Lopez	2023
Delshawn Colcloughly, Vice President (1/4/22-6/30/22)	2024
Dhariany Valerio	2024
Ariosto Rodriguez, President (1/4/22-6/30/22)	2024
Arwa Ensour	2024

Other Officials

Allison Angermeyer, Superintendent of Schools (7/1/21-12/31/21)
Dr. Tyeshia A. Reels, Acting Superintendent of Schools(1/1/22 - 6/30/22)

Dr. Tyeshia A. Reels, Business Administrator/Board Secretary (7/1/21-1/3/22)
Melissa Simmons, Interim School Business Administrator (3/15/22-6/30/22)
Erin Delaney, Board Secretary (1/4/22-6/30/22)
Anand Shah - Treasurer of School Monies (3/15/22-6/30/22)

PROSPECT PARK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

June 30, 2022

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
KARI FERGUSON, CPA, RMA, CMFO, PSA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Borough of Prospect Park Board of Education, in the County Passaic, State of New Jersey, as of June 30, 2022, 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.

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 for all assets, which is to be reported as a direct expense.

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



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

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Prospect Park Board of Education, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Prospect Park Board of Education's ability to continue as a going concern for the next twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and Government Auditing Standards, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.



Honorable President and
Members of the Board of Education
Page 3.

In performing an audit in accordance with generally accepted auditing standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Prospect Park Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Prospect Park Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Honorable President and
Members of the Board of Education
Page 5.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023 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 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 28, 2023



**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, 2022**

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, 2022.

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 \$10,024. Net position of governmental activities increased \$41,957 while net assets of business-type activity decreased by \$(31,933).

General revenues accounted for \$17,167,418 in revenue or 89 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,196,382 or 11 percent of total revenues of \$19,363,800.

The School District had \$18,747,929 in expenses related to governmental activities; only \$1,622,557 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$17,167,329 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, 2022
(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, 2022
(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, 2022
(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, 2022
(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 \$8,428,184 at June 30, 2022 and \$8,418,160 at June 30, 2021 (restated), 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 2022 compared to 2021 (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, 2022
(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>2022</u>	<u>Restated 2021</u>	<u>2022</u>	<u>Restated 2021</u>	<u>2022</u>	<u>Restated 2021</u>
Assets						
Current and Other Assets	\$2,936,227	\$2,629,884	\$260,594	\$215,995	\$3,196,821	\$2,845,879
Capital Assets	<u>10,443,542</u>	<u>10,478,510</u>	<u>18,865</u>	<u>22,315</u>	<u>10,462,407</u>	<u>10,500,825</u>
Total Assets	<u>13,379,769</u>	<u>13,108,394</u>	<u>279,459</u>	<u>238,310</u>	<u>13,659,228</u>	<u>13,346,704</u>
Deferred Outflows:						
Deferred Outflows of Resources						
Related to PERS	<u>260,592</u>	<u>417,979</u>	_____	_____	<u>260,592</u>	<u>417,979</u>
Total Deferred Outflows	<u>260,592</u>	<u>417,979</u>	_____	_____	<u>260,592</u>	<u>417,979</u>
Liabilities						
Current Liabilities	1,640,973	813,917	104,823	31,741	1,745,796	845,658
Noncurrent Liabilities	<u>2,599,672</u>	<u>3,549,546</u>	_____	_____	<u>2,599,672</u>	<u>3,549,546</u>
Total Liabilities	<u>4,240,645</u>	<u>4,363,463</u>	<u>104,823</u>	<u>31,741</u>	<u>4,345,468</u>	<u>4,395,204</u>
Deferred Inflows:						
Deferred Inflows of Resources						
Related to PERS	<u>1,146,168</u>	<u>951,319</u>	_____	_____	<u>1,146,168</u>	<u>951,319</u>
Total Deferred Inflows	<u>1,146,168</u>	<u>951,319</u>	_____	_____	<u>1,146,168</u>	<u>951,319</u>
Net Assets						
Net Investment in Capital Assets	9,354,542	9,119,510	18,865	22,315	9,373,407	9,141,825
Restricted	1,778,912	1,908,895			1,778,912	1,908,895
Unrestricted	<u>(2,879,906)</u>	<u>(2,816,814)</u>	<u>155,771</u>	<u>184,254</u>	<u>(2,724,135)</u>	<u>(2,632,560)</u>
Total Net Position	<u>\$8,253,548</u>	<u>\$8,211,591</u>	<u>\$174,636</u>	<u>\$206,569</u>	<u>\$8,428,184</u>	<u>\$8,418,160</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2022 compared to 2021.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues:						
Charges for Services and Sales	\$ 7,149		\$332	\$546	\$7,481	\$546
Operating Grants and Contributions	1,615,408	1,361,426	573,493	370,142	2,188,901	1,731,568
General Revenues:						
Taxes:						
Property taxes	3,315,685	3,249,022			3,315,685	3,249,022
Federal and State Aid not						
Restricted	13,825,785	14,331,280			13,825,785	14,331,280
Federal and State Aid - Capital Outlay	4,179				4,179	
Miscellaneous Income	21,451	55,051			21,451	55,051
Investment Income	<u>229</u>	<u>172</u>	<u>89</u>	<u>60</u>	<u>318</u>	<u>232</u>
Total Revenues and Transfers	<u>\$18,789,886</u>	<u>\$18,996,951</u>	<u>\$573,914</u>	<u>\$370,748</u>	<u>\$19,363,800</u>	<u>\$19,367,699</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Functions/Program Expenses						
Instruction:						
Regular	\$5,771,906	\$6,347,337			\$5,771,906	\$6,347,337
Special Education	1,438,364	1,599,842			1,438,364	1,599,842
Other Special Instruction	160,251	167,560			160,251	167,560
Other Instruction	149,790	233,054			149,790	233,054
Support Services:						
Instruction	1,738,959	1,514,038			1,738,959	1,514,038
Student & Instruction Related Services	1,711,821	1,829,606			1,711,821	1,829,606
General Administrative Services	431,146	415,311			431,146	415,311
School Administrative Services	361,441	390,549			361,441	390,549
Central Services	185,557	350,175			185,557	350,175
Administrative Information Technology	144,865	142,109			144,865	142,109
Plant Operations and Maintenance	1,044,948	952,381			1,044,948	952,381
Pupil Transportation	929,587	376,585			929,587	376,585
Unallocated Benefits	4,247,231	3,545,364			4,247,231	3,545,364
Capital Outlay -						
Non-depreciable	58,148	76,955			58,148	76,955
Charter Schools	274,088	215,477			274,088	215,477
Interest on Long-Term Debt	41,873	49,947			41,873	49,947
Unallocated Depreciation	57,954				57,954	
Food Service	<u> </u>	<u> </u>	<u>605,847</u>	<u>376,172</u>	<u>605,847</u>	<u>376,172</u>
Total Expenses	<u>18,747,929</u>	<u>18,206,290</u>	<u>605,847</u>	<u>376,172</u>	<u>19,353,776</u>	<u>18,582,462</u>
Increase or (Decrease) in						
Net Position	<u>\$41,957</u>	<u>\$790,661</u>	<u>(\$31,933)</u>	<u>(\$5,424)</u>	<u>\$10,024</u>	<u>\$785,237</u>

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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 \$19,353,776. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$3,315,685 because some of the cost was paid by those who benefitted from the programs \$7,481, by other governments and organizations who subsidized certain programs with grants and contributions \$2,188,901, unrestricted federal and state aid \$13,825,785, federal and state aid-capital outlay \$4,179, and by miscellaneous sources \$25,948.

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 \$31,933.
- ✓ Charges for services provided totaled \$332 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 \$573,493.

The following schedules present a summary of governmental fund revenues for the fiscal year ended June 30, 2022, 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 2021</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Local Source	\$3,344,514	17.7%	\$40,269	1.22%	\$3,304,245
State Source	14,122,162	75.0%	1,474,029	11.65%	12,648,133
Federal Source	<u>1,382,633</u>	<u>7.3%</u>	<u>236,101</u>	20.59%	<u>1,146,532</u>
Total	<u>\$18,849,309</u>	<u>100.0%</u>	<u>\$1,750,399</u>	10.24%	<u>\$17,098,910</u>

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Current Expenditures:					
Instruction	\$6,889,426	35.6%	\$656,745	10.54%	\$ 6,232,681
Undistributed	12,061,549	62.3%	1,978,457	19.62%	10,083,092
Debt Service	315,248	1.6%	2,051	0.65%	313,197
Capital Outlay	<u>81,134</u>	<u>0.4%</u>	<u>4,179</u>	5.43%	<u>76,955</u>
Total	<u>\$19,347,357</u>	<u>100.0%</u>	<u>\$2,641,432</u>	15.81%	<u>\$16,705,925</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, 2022, 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 \$7,238,896 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, 2022
(CONTINUED)**

General Fund

The general fund actual revenue was \$17,188,446 including transfers. That amount is \$3,166,219 above the final amended budget of \$14,022,227. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$3,076,575 for TPAF social security reimbursements and on-behalf pension payments, an increase in other state and federal aids of \$121,814, and a deficit of \$(32,170) in miscellaneous anticipated revenues.

The actual expenditures of the general fund were \$17,602,935 including transfers which is \$2,121,515 above the final amended budget of \$15,481,420. The variance between the actual expenditures and final budget was due to non-budget on-behalf TPAF social security and pension payments of \$3,076,575, and \$955,060 unexpended budgeted funds.

General fund had total revenues of \$17,188,446 including transfers and total expenditures and transfers of \$17,602,935 with an ending fund balance of \$2,025,398.

Special Revenue Fund

The special revenue fund actual revenue was \$1,626,013 including transfers. That amount is \$6,523,744 below the final amended budget of \$8,149,757. 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 \$1,623,838, which is \$6,525,919 below the final amended budget of \$8,149,757. 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, 2022
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022 the School District had \$14,753,701 invested in sites, buildings, equipment. Of this amount \$4,291,294 in depreciation has been taken over the years. We currently have a net book value of \$10,462,407.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>Restated 2021</u>	<u>2022</u>	<u>Restated 2021</u>	<u>2022</u>	<u>Restated 2021</u>
Sites and Improvements	\$3,603,497	\$3,603,497	\$	\$	\$3,603,497	\$3,603,497
Buildings and Improvements	6,587,936	6,587,936			6,587,936	6,587,936
Furniture, Equipment and Vehicles	<u>252,109</u>	<u>287,077</u>	<u>18,865</u>	<u>22,316</u>	<u>270,974</u>	<u>309,393</u>
	<u>\$10,443,542</u>	<u>\$10,478,510</u>	<u>\$18,865</u>	<u>\$22,316</u>	<u>\$10,462,407</u>	<u>\$10,500,826</u>

Debt Administration

At June 30, 2022, the District had \$2,599,672 of long-term debt. Of this amount, \$233,542 is for compensated absences, \$1,089,000 is school improvement serial bonds and \$1,277,130 is for net pension liability.

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

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
School Bonds – 2010	<u>\$1,089,000</u>	<u>\$1,359,000</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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 2022-2023 school year that is greater than the level of the 2021-2022 school year.

These factors were considered in preparing the Borough of Prospect Park School District's budgets for the 2022-2023 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:

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

PROSPECT PARK BOARD OF EDUCATION
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	577,968	19,217	597,185
Receivables, Net	1,986,285	83,689	2,069,974
Internal Balances	(143,283)	143,283	-
Inventory		14,405	14,405
Restricted Assets:			
Cash and Cash Equivalents	515,257		515,257
Capital Assets, Net:			
Land	3,506,409		3,506,409
Other Capital Assets, Net	6,937,133	18,865	6,955,998
Total Assets	<u>13,379,769</u>	<u>279,459</u>	<u>13,659,228</u>
Deferred Outflow of Resources:			
Deferred Outflows of Resources Related to PERS	260,592		260,592
Total Deferred Outflows	<u>260,592</u>		<u>260,592</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	1,401,185	84,005	1,485,190
Payable to State Government	79,516		79,516
Unearned Revenue	31,595	20,818	52,413
Payroll Deductions and Withholdings Payable	128,677		128,677
Noncurrent Liabilities:			
Due Within One Year	270,000		270,000
Due Beyond One Year	2,329,672		2,329,672
Total Liabilities	<u>4,240,645</u>	<u>104,823</u>	<u>4,345,468</u>
Deferred Inflow of Resources:			
Deferred Inflows of Resources Related to PERS	1,146,168		1,146,168
Total Deferred Inflows	<u>1,146,168</u>		<u>1,146,168</u>
NET POSITION			
Net Investment in Capital Assets	9,354,542	18,865	9,373,407
Restricted for:			
Debt Service	455,561		455,561
Other Purposes	1,323,351		1,323,351
Unrestricted (Deficit)	(2,879,906)	155,771	(2,724,135)
Total Net Position	<u>8,253,548</u>	<u>174,636</u>	<u>8,428,184</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, 2022

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	5,321,115	450,791		1,045,013	(4,726,893)		(4,726,893)
Special Education	1,290,341	148,023			(1,438,364)		(1,438,364)
Other Special Instruction	143,685	16,566			(160,251)		(160,251)
Other Instruction	134,285	15,505			(149,790)		(149,790)
Support Services:							
Instruction	1,738,959		7,149 *	570,395	(1,161,415)		(1,161,415)
Student & Instruction Related Services	1,643,185	68,636			(1,711,821)		(1,711,821)
General Administrative Services	407,983	23,163			(431,146)		(431,146)
School Administrative Services	324,710	36,731			(361,441)		(361,441)
Central Services	169,351	16,206			(185,557)		(185,557)
Administrative Information Tech.	144,865				(144,865)		(144,865)
Plant Operations and Maintenance	1,002,262	42,686			(1,044,948)		(1,044,948)
Pupil Transportation	929,587				(929,587)		(929,587)
Unallocated Benefits	4,247,231				(4,247,231)		(4,247,231)
Transfer to Charter Schools	274,088				(274,088)		(274,088)
Capital Outlay - Non-Depreciable	58,148				(58,148)		(58,148)
Interest on Long-Term Debt	41,873				(41,873)		(41,873)
Unallocated Depreciation	57,954				(57,954)		(57,954)
Total Governmental Activities	17,929,622	818,307	7,149	1,615,408	(17,125,372)	-	(17,125,372)
Business-Type Activities:							
Food Service	605,847		332	573,493		(32,022)	(32,022)
Total Business-Type Activities	605,847		332	573,493		(32,022)	(32,022)
Total Primary Government	18,535,469		7,481	2,188,901	(17,125,372)	(32,022)	(17,157,394)
General Revenues:							
Taxes:							
Levied for General Purposes					3,195,824		3,195,824
Taxes Levied for Debt Service					119,861		119,861
Federal and State Aid Not Restricted					13,825,785		13,825,785
Federal and State aid - Capital Outlay					4,179		4,179
Interest Earned on Capital Reserve Funds					229		229
Miscellaneous Income					21,451	89	21,540
Total General Revenues, Special Items, Extraordinary Items and Transfers					17,167,329	89	17,167,418
Change in Net Position					41,957	(31,933)	10,024
Net Position—Beginning (restated)					8,211,591	206,569	8,418,160
Net Position—Ending					8,253,548	174,636	8,428,184

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

* Student Activity revenue is reported as "charges for services"; scholarship revenue is reported as "operating grants and contributions"

FUND FINANCIAL STATEMENTS

PROSPECT PARK BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents				
Checking	122,407		455,561	577,968
Accounts Receivable -				
Intergovernmental - State	446,472			446,472
Intergovernmental - Federal		987,199		987,199
Taxes Receivable	552,614			552,614
Interfund Receivables	742,166			742,166
Restricted Cash and Cash Equivalents:				
Capital Reserve	86,777			86,777
Maintenance Reserve	195,914			195,914
Emergency Reserve	100,000			100,000
Payroll Withholdings and Deductions	119,046 *			119,046
Summer Savings	9,610 *			9,610
Flexible Spending	21 *			21
Student Activities		3,889 *		3,889
Total Assets	<u>2,375,027</u>	<u>991,088</u>	<u>455,561</u>	<u>3,821,676</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deficit in Cash and Cash Equivalents				-
Accounts Payable	1,097,803	133,922		1,231,725
Intergovernmental Payable:				
State		79,516		79,516
Payroll Deductions and Withholdings Payable	128,677 **			128,677
Interfund Payable	143,283	742,166		885,449
Unearned Revenue		31,595		31,595
Total Liabilities	<u>1,369,763</u>	<u>987,199</u>	<u>-</u>	<u>2,356,962</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	77,398			77,398
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	311,466			311,466
Capital Reserve Account	86,777			86,777
Maintenance Reserve Account	195,914			195,914
Emergency Reserve Account	100,000			100,000
Student Activity Accounts		3,889		3,889
Assigned to:				
Year-End Encumbrances	148,860			148,860
Designated by the BOE for Subsequent Year's Expenditures	399,047			399,047
Debt Service Fund			455,561	455,561
Unassigned:				
General Fund	<u>(314,198)</u>			<u>(314,198)</u>
Total Fund Balances	<u>1,005,264</u>	<u>3,889</u>	<u>455,561</u>	1,464,714
Total Liabilities and Fund Balances	<u>2,375,027</u>	<u>991,088</u>	<u>455,561</u>	

PROSPECT PARK BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2022

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 \$14,702,706 and the Accumulated Depreciation, is \$4,259,164	10,443,542
Accounts Payable for Subsequent Pension Payment is Not a Payable in the Funds	(152,294)
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	260,592
Deferred Inflows of Resources Related to PERS Pension Liability	(1,146,168)
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)	(17,166)
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>(2,599,672)</u>
Net Position of Governmental Activities	<u><u>8,253,548</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, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	3,195,824		119,861	3,315,685
Interest Earned on Capital Reserve Funds	229			229
Miscellaneous	21,451			21,451
Student Group Receipts		7,149 *		7,149
Total - Local Sources	3,217,504	7,149	119,861	3,344,514
State Sources	13,845,422	276,740		14,122,162
Federal Sources	39,786	1,342,847		1,382,633
Total Revenues	17,102,712	1,626,736	119,861	18,849,309
EXPENDITURES				
Current:				
Regular Instruction	4,276,102	1,045,013		5,321,115
Special Education Instruction	1,290,341			1,290,341
Other Special Instruction	143,685			143,685
School Sponsored/Other Instructional	134,285			134,285
Support Services and Undistributed Costs:				
Instruction	1,163,590	575,369 **		1,738,959
Attendance and Social Work Services	33,895			33,895
Health Services	93,878			93,878
Student & Instruction Related Services	1,515,412			1,515,412
General Administrative Services	407,983			407,983
School Administrative Services	324,710			324,710
Central Services	169,351			169,351
Administrative Information Tech.	144,865			144,865
Plant Operations and Maintenance	1,002,262			1,002,262
Pupil Transportation	929,587			929,587
Unallocated Benefits	2,349,984			2,349,984
On-behalf Contributions	3,076,575			3,076,575
Transfer to Charter Schools	274,088			274,088
Debt Service:				
Principal			270,000	270,000
Interest and Charges			45,248	45,248
Capital Outlay	76,955	4,179		81,134
Total Expenditures	17,407,548	1,624,561	315,248	19,347,357
Excess (Deficiency) of Revenues				
Over Expenditures	(304,836)	2,175	(195,387)	(498,048)
OTHER FINANCING SOURCES (USES)				
Transfers In - Capital Reserves			195,387	195,387
Transfers Out - Debt Service Fund	(195,387)			(195,387)
Total Other Financing Sources and Uses	(195,387)	-	195,387	-
Net Change in Fund Balances	(500,223)	2,175	-	(498,048)
Fund Balance—July 1	1,505,487	1,714	455,561	1,962,762
Fund Balance—June 30	1,005,264	3,889	455,561	1,464,714

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

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, 2022

Total Net Change in Fund Balances - Governmental Funds (from B-2) (498,048)

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

Capital Outlays are Reported in Governmental Funds as Expenditures. However, in the Statement of Activities, the Cost of Those Assets is Allocated Over Their Estimated Useful Lives as Depreciation Expense. This is the Amount by Which Capital Outlays Exceeded Depreciation in the Period.

	Depreciation Expense	(57,954)	
	Depreciable Outlays	22,986	
		(34,968)	(34,968)

Repayment of Long-Term Debt is Reported as an Expenditure in the Governmental Funds, but the Repayment Reduces Long-Term Liabilities in the Statement of Net Position and is not Reported in the Statement of Activities.

In the Current Year, These Amounts Consist of:

Serial Bond Obligations	270,000
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In the Statement of Activities, Interest on Long-Term Debt in the Statement of Activities is Accrued, Regardless of When Due. In the Governmental Funds, Interest is Reported When Due. The Change in Interest is an Adjustment in the Reconciliation.

Prior Year	20,541	
Current Year	(17,166)	
	3,375	3,375

In the Statement of Activities, Certain Operating Expenses, e.g., Compensated Absences (Vacations) are Measured by the Amounts Earned During the Year. In the Governmental Funds, However, Expenditures for These Items are Reported in the Amount of Financial Resources Used (Paid). When the Earned Amount Exceeds the Paid Amount, the Difference is Reduction in the Reconciliation (-); When the Paid Amount Exceeds the Earned Amount the Difference is an Addition to the Reconciliation (+).

Increase in Compensated Absences Payable	(76,340)
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District Pension Contributions are Reported as Expenditures in the Governmental Funds When Made.

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

	District Pension Contributions	126,254	
	Less: Pension Expense	251,684	
	(Increase)/Decrease in Pension Expense	377,938	377,938

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

Increase in On-behalf State Aid TPAF Pension	(1,531,677)
Increase in On-behalf TPAF Pension Expense	1,531,677

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

Increase in On-behalf State Aid TPAF Post Employment Medical Revenue	1,472,254
Increase in On-behalf State Aid TPAF Post Employment Medical Expense	(1,472,254)

Change in Net Position of Governmental Activities	41,957
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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, 2022

	<u>Food Service Program</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	19,217
Accounts Receivable:	
State	1,094
Federal	82,595
Interfund - General Fund	143,283
Inventories	14,405
Total Current Assets	<u>260,594</u>
Noncurrent Assets:	
Capital Assets:	
Equipment	50,995
Less Accumulated Depreciation	<u>(32,130)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>18,865</u>
Total Assets	<u><u>279,459</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	84,005
Deferred Revenues	<u>20,818</u>
Total Current Liabilities	<u>104,823</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	18,865
Unrestricted	<u>155,771</u>
Total Net Position	<u><u>174,636</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, 2022

	Food Service Program
Operating Revenues:	
Charges for Services:	
Daily Sales - Non-Reimbursable Programs	332
Total Operating Revenues	332
Operating Expenses:	
Cost of Sales - Reimbursable	208,636
Cost of Sales - Non-Reimbursable	74
Salaries	289,317
Benefits	39,535
Supplies and Materials	43,590
Purchased Property Services	11,379
Other Expenses	9,865
Depreciation	3,451
Total Operating Expenses	605,847
Operating Income (Loss)	(605,515)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	9,143
Federal sources:	
National School Breakfast Program	149,578
National School Lunch Program	388,735
P-EBT Administrative Cost	628
Food Distribution Program	25,409
Interest Income	89
Total Nonoperating Revenues (Expenses)	573,582
Income (Loss) before Contributions & Transfers	(31,933)
Change in Net Position	(31,933)
Total Net Position—Beginning (restated)	206,569
Total Net Position—Ending	174,636

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, 2022

	Food Service Program
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	74
Payments to Suppliers	(372,624)
Net Cash Provided by (Used for) Operating Activities	(372,550)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Local Sources	159,536
State Sources	3,670
Federal Sources	222,180
Net Cash Provided by (Used for) Non-Capital Financing Activities	385,386
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	89
Net Cash Provided by (Used for) Investing Activities	89
Net Increase (decrease) in Cash and Cash Equivalents	12,925
Balances—Beginning of Year	6,292
Balances—End of Year	19,217
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	(605,515)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Increase (Decrease) in Interfund Receivable	155,684
Depreciation and Net Amortization	3,451
Food Distribution Program	25,409
(Increase) Decrease in Inventories	(4,152)
Increase (Decrease) in Accounts Payable	52,830
Increase (Decrease) in Deferred Revenues	(257)
Total Adjustments	232,965
Net Cash Provided by (Used for) Operating Activities	(372,550)

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, 2022**

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, 2022**

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, 2022**

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, 2022**

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, 2022**

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, 2022**

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, 2022**

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, 2022**

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, 2022 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, 2022**

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, 2022**

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, 2022**

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, 2022**

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, 2022

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, 2022**

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 2022, the District adopted the following GASB Statement:

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 implementation of this statement had no material impact on the financial statements.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

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, 2022, \$-0- of the District's bank balance of \$1,345,376 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, 2022**

NOTE 3. RECEIVABLES

Receivables at June 30, 2022, 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 <u>Fund</u>	District Wide Financial <u>Statements</u>
Interfunds	\$742,166	\$143,283	\$
State Aid	446,472	1,094	447,566
Federal Aid	987,199	82,595	1,069,794
Other Receivables	<u>552,614</u>	<u> </u>	<u>552,614</u>
Gross Receivables	2,728,451	226,972	2,069,974
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u><u>\$2,728,451</u></u>	<u><u>\$226,972</u></u>	<u><u>\$2,069,974</u></u>

NOTE 4. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2022, consist of the following:

<u>Amount</u>	<u>Description</u>
\$ 143,283	Due to the Food Service Fund from the General Fund for subsidy reimbursements received but not turned over less reimbursement of expenses paid.
<u>742,166</u>	Due to the General Fund from the Special Revenue Fund to cover deficit in cash.
<u><u>\$885,449</u></u>	

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

Interfunds transfers for the year ended June 30, 2022 consisted of the following:

\$195,387	Due from the General Fund to the Debt Service Fund for budgeted capital reserve funds.
<u> </u>	
<u><u>\$195,387</u></u>	
<u><u>\$0</u></u>	

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Restated Balance <u>6/30/21</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/22</u>
Governmental Activities				
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>487,595</u>	<u>22,986</u>	_____	<u>510,581</u>
Totals at historical cost	<u>11,173,311</u>	<u>22,986</u>	_____	<u>11,196,297</u>
Less accumulated depreciation for:				
Land improvements	(5,110)			(5,110)
Buildings and improvements	(3,995,582)			(3,995,582)
Equipment	<u>(200,518)</u>	<u>(57,954)</u>	_____	<u>(258,472)</u>
Total accumulated depreciation	<u>(4,201,210)</u>	<u>(57,954)</u>	_____	<u>(4,259,164)</u>
Total Capital Assets, being depreciated, net of accumulated depreciation	<u>6,972,101</u>	<u>(34,968)</u>	_____	<u>6,937,133</u>
Governmental Activities Capital Assets, Net	<u>\$10,478,510</u>	<u>(\$34,968)</u>	<u>\$ _____</u>	<u>\$10,443,542</u>

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 5. CAPITAL ASSETS, (continued)

	Restated Balance <u>6/30/21</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/22</u>
Business-Type Activity				
Equipment	\$50,995	\$	\$	\$50,995
Less Accumulated Depreciation for:				
Equipment	<u>(28,679)</u>	<u>(3,451)</u>	_____	<u>(32,130)</u>
Business-Type Activity Capital Assets, Net	<u>\$22,316</u>	<u>(\$3,451)</u>	<u>\$</u>	<u>\$18,865</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, 2022 are as follows:

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>	Amounts Due Within <u>One Year</u>	Long-term <u>Portion</u>
Governmental Activities:						
Bonds payable:						
General obligation debt	\$1,359,000	\$	<u>(\$270,000)</u>	<u>\$1,089,000</u>	<u>\$270,000</u>	<u>\$ 819,000</u>
Total Bonds Payable	<u>1,359,000</u>	_____	<u>(270,000)</u>	<u>1,089,000</u>	<u>270,000</u>	<u>819,000</u>
Other Liabilities:						
Compensated absences payable	157,202	76,339		233,541		233,541
Net Pension Liability PERS	<u>2,033,344</u>	_____	<u>(756,214)</u>	<u>1,277,130</u>	_____	<u>1,277,130</u>
Total other liabilities	<u>2,190,546</u>	<u>76,339</u>	<u>(756,214)</u>	<u>1,510,671</u>	_____	<u>1,510,671</u>
Total Governmental Activities	<u>\$3,549,546</u>	<u>\$76,339</u>	<u>(\$1,026,214)</u>	<u>\$2,599,671</u>	<u>\$270,000</u>	<u>\$2,329,671</u>

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

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, 2022 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, 2022</u>
School Bonds of 2010	\$2,679,000	7/27/10	2.0%-5.0%	8/1/2025	<u>\$1,089,000</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>
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>\$1,089,000</u>	<u>\$86,279</u>	<u>\$1,175,279</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2022 the Board has no authorized but not issued bonds.

C. Capital Leases:

The District had no capital leases outstanding at June 30, 2022.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 7. PENSION PLANS

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

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

Benefits Provided

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

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 7. PENSION PLANS, (continued)

The following represents the membership tiers for TPAF:

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

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

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

Benefits Provided

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

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 7. PENSION PLANS, (continued)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

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

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

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

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 7. 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> 6/30/22	\$126,254	\$17,864
6/30/21	136,403	11,530
6/30/20	118,948	8,370

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> 6/30/22	\$2,074,440	\$491,511	\$29,267	\$699
6/30/21	1,469,923	469,416	27,967	748
6/30/20	1,110,264	419,270	19,900	859

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 \$480,658 during the year ended June 30, 2022 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, 2022, the District had a liability of \$1,277,130 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the District's proportion was 0.0107806550 percent, which was a decrease of 0.0016882014 percent from its proportion measured as of June 30, 2020.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 7. 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, 2022, the District recognized pension expense of \$(251,684). At June 30, 2022, 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	\$20,142	\$9,143
Changes of assumptions	6,651	454,667
Net difference between projected and actual earnings on pension plan investments		336,430
Changes in proportion and differences between the District's contributions and proportionate share of contributions	81,505	345,928
District contributions subsequent to the measurement date	<u>152,294</u>	<u> </u>
Total	<u>\$260,592</u>	<u>\$1,146,168</u>

The \$152,294 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, 2022, 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, 2022. 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:	
2022	\$(301,347)
2023	(215,161)
2024	(146,703)
2025	(110,277)
2026	41

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 7. 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 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for 2021, 2020, 2019, 2018, 2017 and 2016 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2021 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$1,164,738,169	\$2,347,583,337
Collective deferred inflows of resources	8,339,123,762	7,849,949,467
Collective net pension liability	11,846,499,172	16,435,616,426
District's Proportion	0.0107806550%	0.0124688564%

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. 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, 2022**

NOTE 7. 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, 2020 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-2021.

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, 2021) 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, 2021 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, 2022**

NOTE 7. 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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
for the fiscal year ended June 30, 2022**

NOTE 7. 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, 2021 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, 2021</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	\$1,744,118	\$1,277,130	\$880,825

Pension Plan Fiduciary Net Position

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

Teachers Pensions and Annuity Fund (TPAF)

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

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 7. 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, 2022 was as follows:

Net Pension Liability:	
District's proportionate share	\$
State's proportionate share associated with the District	<u>24,310,198</u>
	<u>\$24,310,198</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021. 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 0.0505670370%.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue of \$572,030 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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
for the fiscal year ended June 30, 2022**

NOTE 7. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 7. 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 7.00% as of June 30, 2021. 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 based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

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 8. POST-RETIREMENT BENEFITS:

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Required OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits. The State Required OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premium or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP).

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 8. POST-RETIREMENT BENEFITS, (continued)

State Health Benefit State Retired Employees Plan, (continued)

In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L. 1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No.75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L. 2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 8. POST-RETIREMENT BENEFITS, (continued)

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, 2022 was as follows:

OPEB Liability:	
District's proportionate share	\$
State's proportionate share associated with the District	<u>29,055,331</u>
	<u><u>\$ 29,055,331</u></u>

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2021 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, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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	2.75 - 5.65% based on service years	3.00 - 7.00% based on service years

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 8. POST-RETIREMENT BENEFITS, (continued)

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-2021. 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-2021. 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-2021.

The actuarial assumptions used in the June 30, 2020 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.

(a) *Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

(b) *Discount Rate*

The discount rate for June 30, 2021 was 2.16%. 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.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 8. POST-RETIREMENT BENEFITS, (continued)

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

For the year ended June 30, 2022, the board of education/board of trustees recognized on-behalf OPEB expense of \$1,963,765 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.

NOTE 9. 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 10. 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.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 11. 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.

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning balance, July 1, 2021	\$281,935
Increased by:	
Interest Earnings	<u>229</u>
	282,164
Decreased by:	
Budget Appropriations	<u>19,538</u>
Ending balance, June 30, 2022	<u>\$262,626</u>

NOTE 12. 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.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 12. MAINTENANCE RESERVE ACCOUNT, (continued)

The activity of the maintenance reserve account for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	<u>\$195,914</u>
Ending Balance, June 30, 2022	<u>\$195,914</u>

NOTE 13. 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, 2021 to June 30, 2022 fiscal year is a follows:

Beginning Balance, July 1, 2021	<u>\$100,000</u>
Ending Balance, June 30, 2022	<u>\$100,000</u>

NOTE 14. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$1,005,264 General Fund fund balance at June 30, 2022, \$388,864 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$311,466 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2023); \$86,777 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; \$233,709 is unreserved and undesignated.

Special Revenue Fund - Of the \$3,889 Special Revenue Fund fund balance at June 30, 2022, \$3,889 is reserved for Student Activities.

Debt Service Fund - The Debt Service Fund fund balance at June 30, 2022 of \$455,561 is unreserved and undesignated.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 15. 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, 2022 is \$388,864. Of this amount, \$77,398 is the result of current year operations.

NOTE 16. INVENTORY

Inventory in the Food Service Fund at June 30, 2022 consisted of the following:

Food	\$10,817
Supplies	<u>3,588</u>
	<u>\$14,405</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 17. RETROACTIVE RESTATEMENT DUE TO UPDATED FIXED ASSET SCHEDULE

During fiscal year 2022, the District’s fixed asset report was updated to reflect adjustments not made prior to the issuance of the June 30, 2021 audit report. The following adjustments were made to the capital asset schedule and the Statement of Net Position as of June 30, 2021.

	<u>Balance</u> <u>June 30, 2021</u>	<u>Restatement</u>	<u>Restated Balance</u> <u>June 30, 2021</u>
<u>GOVERNMENTAL FUNDS:</u>			
Assets:			
Capital Assets			
Being Depreciated, Net	\$6,620,250	\$351,851	\$6,972,101
Net Assets:			
Net Investment in Capital Assets	8,767,659	351,851	9,119,510
Total Net Position	7,859,740	351,851	8,211,591
 <u>BUSINESS-TYPE ACTIVITIES:</u>			
Assets:			
Capital Assets			
Being Depreciated, Net	\$16,925	\$5,390	\$22,315
Net Assets:			
Net Investment in Capital Assets	16,925	5,390	22,315
Total Net Position	201,179	5,390	206,569

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2022**

NOTE 18. 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.

NOTE 19. SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 28, 2023, 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

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	3,195,824		3,195,824	3,195,824	
Rents and Royalties	19,000		19,000		(19,000)
Interest Earned on Current Expense Emergency Reserve	50		50		(50)
Interest Earned on Maintenance Reserve Funds	1,800		1,800		(1,800)
Interest Earned on Capital Reserve Funds	2,500		2,500	229	(2,271)
Unrestricted Miscellaneous Revenues	30,500		30,500	21,451	(9,049)
Total - Local Sources	<u>3,249,674</u>		<u>3,249,674</u>	<u>3,217,504</u>	<u>(32,170)</u>
Revenues from State Sources:					
Categorical Special Education Aid	794,961		794,961	794,961	
Equalization Aid	9,203,507		9,203,507	9,203,507	
Categorical Security Aid	366,508		366,508	366,508	
Categorical Transportation Aid	64,723		64,723	64,723	
Extraordinary Aid	300,000		300,000	420,532	120,532
Non-Public Transportation Aid				4,350	4,350
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				491,511	491,511
On-behalf TPAF Pension (non-budgeted)				2,074,440	2,074,440
On-behalf TPAF NCGI Premium (non-budgeted)				29,267	29,267
On-behalf TPAD LTDI				699	699
Reimbursed TPAF Social Security Contributions (non-budgeted)				480,658	480,658
Total - State Sources	<u>10,729,699</u>		<u>10,729,699</u>	<u>13,931,156</u>	<u>3,201,457</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	42,854		42,854	35,742	(7,112)
Medicaid Administrative Claiming (MAC)				4,044	4,044
Total - Federal Sources	<u>42,854</u>		<u>42,854</u>	<u>39,786</u>	<u>(3,068)</u>
TOTAL REVENUES	<u>14,022,227</u>		<u>14,022,227</u>	<u>17,188,446</u>	<u>3,166,219</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	43,000	18,213	61,213	49,370	11,843
Kindergarten - Salaries of Teachers	398,765	(143,343)	255,422	255,422	
Grades 1-5 - Salaries of Teachers	1,836,200	181,730	2,017,930	2,017,930	
Grades 6-8 - Salaries of Teachers	1,292,522	118,012	1,410,534	1,410,534	
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	26,840	31,840	31,840	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	98,783	40,095	138,878	138,878	
Purchased Professional-Educational Services	130,000	(83,714)	46,286	44,210	2,076
Purchased Technical Services	28,000	(23,000)	5,000	5,000	
Other Purchased Services (400-500 series)	70,750	(42,579)	28,171	24,116	4,055
General Supplies	175,815	135,352	311,167	256,326	54,841
Textbooks	250,000	(202,782)	47,218	37,668	9,550
Other Objects	10,000		10,000	4,808	5,192
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>4,338,835</u>	<u>24,824</u>	<u>4,363,659</u>	<u>4,276,102</u>	<u>87,557</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	156,254	24,622	180,876	180,876	
Other Salaries for Instruction	98,241	(21,395)	76,846	76,846	
General Supplies	2,500		2,500	589	1,911
Total Learning and/or Language Disabilities	<u>256,995</u>	<u>3,227</u>	<u>260,222</u>	<u>258,311</u>	<u>1,911</u>
Multiple Disabilities					
Salaries of Teachers	92,073	27,715	119,788	119,788	
Other Salaries for Instruction	45,413	(29,974)	15,439	15,439	
General Supplies	500		500		500
Total Multiple Disabilities	<u>137,986</u>	<u>(2,259)</u>	<u>135,727</u>	<u>135,227</u>	<u>500</u>
Resource Room/Resource Center:					
Salaries of Teachers	371,271	72,573	443,844	443,844	
Other Salaries for Instruction	155,970	(6,375)	149,595	148,261	1,334
General Supplies	1,000		1,000	836	164
Total Resource Room/Resource Center	<u>528,241</u>	<u>66,198</u>	<u>594,439</u>	<u>592,941</u>	<u>1,498</u>
Autism					
Salaries of Teachers	114,597	5,684	120,281	103,814	16,467
Other Salaries for Instruction	109,225		109,225	101,782	7,443
General Supplies	1,000		1,000	512	488
Total Autism	<u>224,822</u>	<u>5,684</u>	<u>230,506</u>	<u>206,108</u>	<u>24,398</u>

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities- Full-Time:					
Salaries of Teachers	75,478	(13,009)	62,469	29,440	33,029
Other Salaries for Instruction	39,500	16,445	55,945	55,945	
General Supplies	1,000		1,000		1,000
Total Preschool Disabilities - Full-Time	<u>115,978</u>	<u>3,436</u>	<u>119,414</u>	<u>85,385</u>	<u>34,029</u>
Home Instruction:					
Salaries of Teachers	10,000		10,000	5,889	4,111
Professional Svcs-Educational Services	1,000	6,750	7,750	6,480	1,270
Total Home Instruction	<u>11,000</u>	<u>6,750</u>	<u>17,750</u>	<u>12,369</u>	<u>5,381</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,275,022</u>	<u>83,036</u>	<u>1,358,058</u>	<u>1,290,341</u>	<u>67,717</u>
Bilingual Education - Instruction					
Salaries of Teachers	125,481	12,917	138,398	138,398	
General Supplies	1,000		1,000	228	772
Total Bilingual Education - Instruction	<u>126,481</u>	<u>12,917</u>	<u>139,398</u>	<u>138,626</u>	<u>772</u>
School-Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	15,000		15,000		15,000
Total School-Sponsored Co/Extra Curricular Activities - Instruction	<u>15,000</u>		<u>15,000</u>		<u>15,000</u>
Summer School - Instruction					
Salaries	20,000		20,000	5,059	14,941
Other Salaries for Instruction	5,000		5,000		5,000
Total Summer School - Instruction	<u>25,000</u>		<u>25,000</u>	<u>5,059</u>	<u>19,941</u>
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Reading Specialists	158,194		158,194	127,795	30,399
Total Other Supplemental/At-Risk Programs - Instruction	<u>158,194</u>		<u>158,194</u>	<u>127,795</u>	<u>30,399</u>
Community Services Programs/Operations:					
Salaries		6,490	6,490	6,490	
Total Community Services Programs/Operations		<u>6,490</u>	<u>6,490</u>	<u>6,490</u>	
TOTAL INSTRUCTION	<u>5,938,532</u>	<u>127,267</u>	<u>6,065,799</u>	<u>5,844,413</u>	<u>221,386</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	276,482	(3,316)	273,166	266,710	6,456
Tuition to CSSD & Regional Day Schools	250,000	(67,995)	182,005	169,880	12,125
Tuition to Private Schools for the Disabled Within State	758,079	19,654	777,733	727,000	50,733
Total Undistributed Expenditures - Instruction:	<u>1,284,561</u>	<u>(51,657)</u>	<u>1,232,904</u>	<u>1,163,590</u>	<u>69,314</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	46,564		46,564	33,895	12,669
Total Undistributed Expend. - Attend. & Social Work	<u>46,564</u>		<u>46,564</u>	<u>33,895</u>	<u>12,669</u>
Undist. Expend. - Health Services					
Salaries	121,116	(78,594)	42,522	33,181	9,341
Purchased Professional and Technical Services	47,530	12,950	60,480	56,453	4,027
Supplies and Materials	5,000		5,000	4,244	756
Total Undistributed Expenditures - Health Services	<u>173,646</u>	<u>(65,644)</u>	<u>108,002</u>	<u>93,878</u>	<u>14,124</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Purchased Prof. Services-Educational Services	455,000	123,174	578,174	562,180	15,994
Supplies and Materials	5,000		5,000	1,286	3,714
Total Undist. Expend. - Speech, OT, PT & Related Services	<u>460,000</u>	<u>123,174</u>	<u>583,174</u>	<u>563,466</u>	<u>19,708</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Purchased Professional - Educational Services	510,000	(99,183)	410,817	401,253	9,564
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	<u>510,000</u>	<u>(99,183)</u>	<u>410,817</u>	<u>401,253</u>	<u>9,564</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	156,336	25,280	181,616	181,616	
Other Purchased Professional and Technical Services	2,500		2,500		2,500
Supplies and Materials	2,500		2,500	445	2,055
Total Undist. Expend. - Guidance	<u>161,336</u>	<u>25,280</u>	<u>186,616</u>	<u>182,061</u>	<u>4,555</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	193,252	(40,051)	153,201	134,708	18,493
Salaries of Secretarial and Clerical Assistants	28,139	(1,102)	27,037	22,444	4,593
Professional Svcs-Educational Services	1,000	1,102	2,102	2,102	
Other Purchased Services (400-500 Series)	1,000		1,000	100	900
Supplies and Materials	2,716		2,716	2,465	251
Total Undist. Expend. - Child Study Teams	<u>226,107</u>	<u>(40,051)</u>	<u>186,056</u>	<u>161,819</u>	<u>24,237</u>
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	92,882	12,784	105,666	105,666	
Purchased Prof-Educational Services		12,345	12,345	2,095	10,250
Supplies and Materials	500	768	1,268	1,268	
Other Objects	2,000	(768)	1,232	845	387
Total Undist. Expend. - Improvement of Inst. Services	<u>95,382</u>	<u>25,129</u>	<u>120,511</u>	<u>109,874</u>	<u>10,637</u>

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	106,161	(32,873)	73,288	72,833	455
Purchased Professional and Technical Services	3,000		3,000	1,421	1,579
Supplies and Materials	2,500		2,500	1,121	1,379
Total Undist. Expend. - Educational Media Serv./Sch. Library	111,661	(32,873)	78,788	75,375	3,413
Undist. Expend. - Instructional Staff Training Serv.					
Other Salaries		10,067	10,067	10,067	
Purchased Professional - Educational Services	5,000	1,104	6,104	6,104	
Other Purchased Prof. and Tech. Services	1,000	4,363	5,363	5,363	
Other Purchased Services (400-500 Series)	2,500		2,500	30	2,470
Total Undist. Expend. - Instructional Staff Training Serv.	8,500	15,534	24,034	21,564	2,470
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	207,441		207,441	200,595	6,846
Unused Vacation Payment to Terminated/Retired Staff		36,029	36,029	36,029	
Legal Services	50,000	14,450	64,450	64,020	430
Audit Fees	20,000	(3,500)	16,500	16,500	
Architectural/Engineering Services		2,200	2,200	2,200	
Other Purchased Professional Services	12,000	3,197	15,197	15,197	
Purchased Technical Services	1,000		1,000	1,000	
Communications/Telephone	74,000		74,000	55,556	18,444
BOE Other Purchased Services	1,000		1,000	900	100
Other Purch Services (400-500 Series)		3,845	3,845	3,845	
General Supplies	2,000		2,000	1,771	229
Misc. Expenditures	5,000	1,099	6,099	5,819	280
BOE Membership Dues and Fees	5,000		5,000	4,551	449
Total Undist. Expend. - Supp. Serv. - General Administration	377,441	57,320	434,761	407,983	26,778
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	168,538	24,391	192,929	166,766	26,163
Salaries of Secretarial and Clerical Assistants	114,781	36,547	151,328	151,328	
Purchased Professional and Technical Services	2,000	52	2,052	2,052	
Supplies and Materials	2,000		2,000	1,380	620
Other Objects	3,000	184	3,184	3,184	
Total Undist. Expend. - Support Serv. - School Administration	290,319	61,174	351,493	324,710	26,783
Undist. Expend. - Central Services					
Salaries	225,053	(7,494)	217,559	140,349	77,210
Purchased Professional Services		12,400	12,400	12,400	
Misc. Pur Services (400-500 Series)	2,500	10,065	12,565	11,496	1,069
Supplies and Materials	500	8,587	9,087	2,587	6,500
Other Objects	4,000		4,000	2,519	1,481
Total Undist. Expend. - Central Services	232,053	23,558	255,611	169,351	86,260
Undist. Expend. - Admin Info. Technology					
Information Technology					
Purchased Professional Services	63,000	28,999	91,999	91,999	
Purchased Technical Services	25,000		25,000	24,636	364
Other Purchased Services (400-500 series)	2,500	11,052	13,552	13,552	
Supplies and Materials	15,000		15,000	14,678	322
Total Undist. Expend. - Support Serv. - Administrative	105,500	40,051	145,551	144,865	686
Undist. Expend. - Required Maint. for School Facilities (261)					
Cleaning, Repair and Maintenance Services	175,026	(16,182)	158,844	132,613	26,231
General Supplies	25,000		25,000	24,058	942
Total Undist. Expend. - Required Maint. for School Facilities	200,026	(16,182)	183,844	156,671	27,173
Undist. Expend. - Custodial Services (262)					
Salaries	364,660	5,190	369,850	363,829	6,021
Purchased Professional and Technical Services	1,000		1,000	1,000	
Cleaning, Repair and Maintenance Services	40,000	18,198	58,198	41,466	16,732
Rental of Land & Bldg. Oth. Than Lease Purch Agreement	4,000	17	4,017	4,017	
Other Purchased Property Services	12,000	148	12,148	10,123	2,025
Insurance	85,000	8,654	93,654	33,814	59,840
General Supplies	20,000	3,084	23,084	19,139	3,945
Energy (Natural Gas)	50,000		50,000	38,845	11,155
Energy (Electricity)	130,000	(21,616)	108,384	108,384	
Other Objects	1,000		1,000	450	550
Total Undist. Expend. - Custodial Services	707,660	13,675	721,335	620,067	101,268

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Care and Upkeep of Grounds (263)					
Purchased Professional and Technical Services	4,300		4,300	1,655	2,645
General Supplies	1,000		1,000	816	184
Total Undist. Expend. - Care and Upkeep of Grounds	5,300		5,300	2,471	2,829
Undist. Expend. - Security (266)					
Salaries		5,848	5,848	5,848	
Purchased Professional and Technical Services	200,000	(22,748)	177,252	177,252	
Cleaning, Repair and Maintenance Services	8,000		20,502	20,502	
General Supplies	2,500	28,411	30,911	19,451	11,460
Total Undist. Expend. - Security	210,500	24,013	234,513	223,053	11,460
Undist. Expend. - Student Transportation Services (270)					
Contract Services - Aid in Lieu Pymts - NonPub Sch.	35,000		35,000	25,388	9,612
Contract Services (Other than Between Home & School)-Vendors	7,000	(2,244)	4,756		4,756
Contract Services (Sp. Ed. Students)-Vendors			2,244	2,244	
Contract Services (Spl. Ed. Students) - ESCs & CTSAs	350,000	559,081	909,081	901,955	7,126
Total Undist. Expend. - Student Transportation Services	392,000	559,081	951,081	929,587	21,494
UNALLOCATED BENEFITS (291)					
Social Security Contributions	135,000		135,000	124,352	10,648
Other Retirement Contributions-PERS	140,000	(9,369)	130,631	126,029	4,602
Other Retirement Contributions - ERIP	16,000	11,161	27,161	17,979	9,182
Other Retirement Contributions-Regular	16,161	(11,161)	5,000		5,000
Unemployment Compensation	52,908		52,908	410	52,498
Workmen's Compensation	75,000		75,000	39,919	35,081
Health Benefits	1,872,128	(302,148)	1,569,980	1,460,302	109,678
Tuition Reimbursement	25,000	9,545	34,545	32,213	2,332
Other Employee Benefits	35,000	443,011	478,011	478,011	
Unused Sick Payment to Terminated/Retired Staff	100,000		100,000	70,769	29,231
TOTAL UNALLOCATED BENEFITS	2,467,197	141,039	2,608,236	2,349,984	258,252
On-behalf TPAF Post Retirement Medical (non-budgeted)				491,511	(491,511)
On-behalf TPAF Pension (non-budgeted)				2,074,440	(2,074,440)
On-behalf TPAF NCGI Premium (non-budgeted)				29,267	(29,267)
On-behalf TPAF LTDI				699	(699)
Reimbursed TPAF Social Security Contributions (non-budgeted)				480,658	(480,658)
TOTAL ON-BEHALF CONTRIBUTIONS				3,076,575	(3,076,575)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,467,197	141,039	2,608,236	5,426,559	(2,818,323)
TOTAL UNDISTRIBUTED EXPENDITURES	8,065,753	803,438	8,869,191	11,212,092	(2,342,901)
TOTAL GENERAL CURRENT EXPENSE	14,004,285	930,705	14,934,990	17,056,505	(2,121,515)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	76,955		76,955	76,955	
Total Facilities Acquisition and Construction Services	76,955		76,955	76,955	
TOTAL CAPITAL OUTLAY	76,955		76,955	76,955	
Transfer of Funds to Charter Schools	498,942	(224,854)	274,088	274,088	
TOTAL EXPENDITURES	14,580,182	705,851	15,286,033	17,407,548	(2,121,515)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(557,955)	(705,851)	(1,263,806)	(219,102)	1,044,704
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Capital Reserve - Transfer to Debt Service	(195,387)		(195,387)	(195,387)	
Total Other Financing Sources/(Uses):	(195,387)		(195,387)	(195,387)	

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

	<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)	(753,342)	(705,851)	(1,459,193)	(414,489)	1,044,704
Fund Balance, July 1	2,439,887		2,439,887	2,439,887	
Fund Balance, June 30	<u>1,686,545</u>	<u>(705,851)</u>	<u>980,694</u>	<u>2,025,398</u>	<u>1,044,704</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(49,422)		(49,422)	(49,422)	
Increase in Capital Reserve:					
Principal					
Interest Deposit to Capital Reserve	2,500		2,500	229	(2,271)
Increase in Maintenance Reserve:					
Interest Deposit to Maintenance Reserve	1,800		1,800		(1,800)
Increase in Current Expense Emergency Reserve:					
Interest Deposit to Emergency Reserve	50		50		(50)
Withdrawal from Capital Reserve	(195,387)		(195,387)	(195,387)	
Withdrawal from Maintenance Reserve					
Budgeted Fund Balance	<u>(512,883)</u>	<u>(705,851)</u>	<u>(1,218,734)</u>	<u>(169,909)</u>	<u>1,048,825</u>
	<u>(753,342)</u>	<u>(705,851)</u>	<u>(1,459,193)</u>	<u>(414,489)</u>	<u>1,044,704</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Current Year				77,398	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures				311,466	
Capital Reserve				86,777	
Maintenance Reserve				195,914	
Emergency Reserve				100,000	
Committed Fund Balance:					
Year-End Encumbrances				148,860	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				399,047	
Unassigned Fund Balance				<u>705,936</u>	
Total Fund Balance per Governmental Funds (Budgetary)				2,025,398	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>1,020,134</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u>1,005,264</u>	

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Source	6,400	-	6,400	7,149	749 note 1
State Sources	378,101	(5,428)	372,673	285,029	(87,644)
Federal Sources	526,360	7,244,324	7,770,684	1,333,835	(6,436,849)
Total Revenues	910,861	7,238,896	8,149,757	1,626,013	(6,523,744)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	530,239	1,429,908	1,960,147	656,556	1,303,591
Purchased Professional and Technical Services	105,117	1,733	106,850	54,045	52,805
Other Purchased Services (400-500 series)		254,956	254,956	233,981	20,975
General Supplies	28,750	346,998	375,748	78,793	296,955
Textbooks	14,051	(1,147)	12,904	12,860	44
Total instruction	678,157	2,032,448	2,710,605	1,036,235	1,674,370
Support services:					
Salaries of Program Directors	2,000	188,710	190,710	25,803	164,907
Personal Services - Employee Benefits	137,700	604,501	742,201	185,937	556,264
Other Purchased Professional Services	37,579	678,314	715,893	315,665	400,228
Cleaning, Repair and Maintenance Services	15,000	-	15,000	-	15,000
Other Purchased Services (400-500 series)		15,796	15,796	5,000	10,796
General Supplies	40,425	399,439	439,864	42,310	397,554
Student Activities		-		4,974	(4,974)
Total support services	232,704	1,886,760	2,119,464	579,689	1,539,775
Facilities acquisition and const. serv.:					
Buildings		1,540,693	1,540,693	7,914	1,532,779
Noninstructional Equipment		1,778,995	1,778,995	-	1,778,995
Total facilities acquisition and const. serv.	-	3,319,688	3,319,688	7,914	3,311,774
Total Expenditures	910,861	7,238,896	8,149,757	1,623,838	6,525,919
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	-	-	-	2,175	2,175
Fund Balance, July 1				1,714	
Fund Balance, June 30				\$ 3,889	
Recapitulation:					
Restricted:					
Student Activities				\$ 1,714	
Total Fund Balance				\$ 1,714	

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, 2022

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

		General Fund	Special Revenue Fund
Sources/Inflows of Resources			
Actual Amounts (Budgetary Basis) "Revenue"			
from the Budgetary Comparison Schedule	[C-1]&[C-2]	17,188,446	1,626,013
Difference - Budget to GAAP:			
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized.			
Prior Year			19,162
Current Year			(18,439)
The Last State Aid Payment is Recognized for GAAP Statements in the Current Year, Previously Recognized for Budgetary Purposes			
		934,400	
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).			
		(1,020,134)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.			
	[B-2]	17,102,712	1,626,736
Uses/Outflows of Resources			
Actual Amounts (Budgetary Basis) "Total Outflows" from the			
Budgetary Comparison Schedule	[C-1]&[C-2]	17,407,548	1,623,838
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.			
Prior Year			-
Current Year			-
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds			
	[B-2]	17,407,548	1,623,838

**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	District's	District's	District's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Proportionate Share of the Net Pension Liability	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%	
2022	0.0107806550%	1,277,130	864,613	147.71%	54.77%	

* 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%	
2022	\$ 126,254	\$ (126,254)	\$ -	\$ -	\$ 864,613	14.60%	

* 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
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 Covered	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)	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	5,688,843	0.00%	33.64%
2016	0.0542856328%	-	34,310,838	5,791,091	0.00%	28.71%
2017	0.0564971989%	-	44,444,294	5,404,364	0.00%	22.33%
2018	0.0555086704%	-	37,425,947	5,343,866	0.00%	25.41%
2019	0.0577263677%	-	36,724,275	5,579,686	0.00%	26.49%
2020	0.0502657470%	-	30,848,563	5,627,470	0.00%	26.95%
2021	0.0506187761%	-	33,331,855	5,455,701	0.00%	24.60%
2022	0.0505670370%	-	24,310,198	5,913,743	0.00%	35.52%

* 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, 2022

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

None

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

None

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**

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Costs	\$ 1,623,148	\$ 881,940	\$ 855,578	\$ 1,057,325	\$ 1,270,438
Interest on Total OPEB Liability	753,726	706,455	831,724	886,969	762,365
Changes in Benefit Terms	(30,926)				
Differences between Expected and Actual Experiences	(4,824,951)	5,602,428	(2,749,931)	(2,064,242)	
Changes in Assumptions	28,665	5,859,936	291,804	(2,401,216)	(3,256,515)
Gross Benefit Payments	(593,725)	(558,489)	(600,769)	(559,519)	(555,568)
Contribution from the Member	19,269	16,928	17,808	19,338	20,457
Net Changes in total Share of OPEB Liability	<u>(3,024,794)</u>	<u>12,509,198</u>	<u>(1,353,786)</u>	<u>(3,061,345)</u>	<u>(1,758,823)</u>
Total OPEB Liability - Beginning	<u>32,080,125</u>	<u>19,570,927</u>	<u>20,924,713</u>	<u>0</u>	<u>25,744,881</u>
Total OPEB Liability - Ending	<u>\$ 29,055,331</u>	<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	29,055,331	32,080,125	19,570,927	20,924,713	23,986,058
Total OPEB Liability - Ending	<u>\$ 29,055,331</u>	<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>\$ 6,778,356</u>	<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%	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 Decrease in liability due to employers adopting provisions of Chapter 44.

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

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

Other Supplementary Information

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, 2022

	Total Brought Forward (Ex. E-1a)	IDEA Part B		ARP IDEA Part B		Title I, Part A	Totals 2022
		Basic	Preschool	Basic	Preschool		
REVENUES							
Local Sources	7,149						7,149
State Sources	285,029						285,029
Federal Sources	431,014	229,371	11,881	15,491	4,608	641,470	1,333,835
Total Revenues	723,192	229,371	11,881	15,491	4,608	641,470	1,626,013
EXPENDITURES:							
Instruction:							
Salaries of Teachers	194,142		8,194			454,220	656,556
Purchased Professional and Technical Services	54,045						54,045
Other Purchased Services (400-500 series)	4,610	229,371		15,491	4,608		233,981
General Supplies	58,694						78,793
Textbooks	12,860						12,860
Total Instruction	324,351	229,371	8,194	15,491	4,608	454,220	1,036,235
Support services:							
Salaries of Program Directors	25,803						25,803
Personal Services - Employee Benefits	-		3,687			182,250	185,937
Other Purchased Professional Services	315,665						315,665
Other Purchased Services (400-500 series)	-					5,000	5,000
General Supplies	42,310						42,310
Student Activities	4,974						4,974
Total Support Services	388,752	-	3,687	-	-	187,250	579,689
Facilities Acquisition and Const. Serv.:							
Buildings	7,914						7,914
Total Facilities Acquisition and Const. Serv.	7,914	-	-	-	-	-	7,914
Total Expenditures	721,017	229,371	11,881	15,491	4,608	641,470	1,623,838
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	2,175	-	-	-	-	-	2,175
Fund Balance, July 1	1,714						1,714
Fund Balance, June 30	3,889						3,889

PROSPECT PARK BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2022

	Total Brought Forward (Ex. E-Ib)	Title II, Part A Teacher & Principal Training & Recruiting	Title III	Title IV	CARES ACT 2020/ ESSER	ARP ESSER	Total Carried Forward
REVENUES							
Local Sources	7,149						7,149
State Sources	285,029						285,029
Federal Sources	-	46,026	399	58,748	138,902	186,939	431,014
Total Revenues	292,178	46,026	399	58,748	138,902	186,939	723,192
EXPENDITURES:							
Instruction:							
Salaries of Teachers	186,749				7,393		194,142
Purchased Professional and Technical Services	18,023	3,282		32,740			54,045
Other Purchased Services (400-500 series)	-			17,016	2,945	1,665	4,610
General Supplies	13,707				27,971		58,694
Textbooks	12,860						12,860
Total Instruction	231,339	3,282	-	49,756	38,309	1,665	324,351
Support Services:							
Salaries of Program Directors	-				25,803		25,803
Personal Services - Employee Benefits	-						-
Other Purchased Professional Services	32,110	42,744	399	4,700	58,352	177,360	315,665
Other Purchased Services (400-500 series)	-						-
General Supplies	21,580			4,292	16,438		42,310
Student Activities	4,974						4,974
Total Support Services	58,664	42,744	399	8,992	100,593	177,360	388,752
Facilities Acquisition and Const. Serv.:							
Buildings	-					7,914	7,914
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-	7,914	7,914
Total Expenditures	290,003	46,026	399	58,748	138,902	186,939	721,017
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	2,175	-	-	-	-	-	2,175
Fund Balance, July 1	1,714						1,714
Fund Balance, June 30	3,889	-	-	-	-	-	3,889

PROSPECT PARK BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2022

	Total Brought Forward (Ex. E-1c)	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Technology Aid	N.J. Nonpublic Nursing Aid	N.J. Nonpublic Security Aid	Total Carried Forward
REVENUES						
Local Sources	7,149					7,149
State Sources	218,479	12,860	8,030	24,080	21,580	285,029
Federal Sources	-					-
Total Revenues	225,628	12,860	8,030	24,080	21,580	292,178
EXPENDITURES:						
Instruction:						
Salaries of Teachers	186,749					186,749
Purchased Professional and Technical Services	18,023					18,023
Other Purchased Services (400-500 series)	-					-
General Supplies	13,707					13,707
Textbooks	-	12,860				12,860
Total Instruction	218,479	12,860	-	-	-	231,339
Support Services:						
Salaries of Program Directors	-					-
Personal Services - Employee Benefits	-					-
Other Purchased Professional Services	-		8,030	24,080		32,110
Other Purchased Services (400-500 series)	-					-
General Supplies	-				21,580	21,580
Student Activities	4,974					4,974
Total Support Services	4,974	-	8,030	24,080	21,580	58,664
Facilities Acquisition and Const. Serv.:						
Buildings	-					-
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-	-
Total Expenditures	223,453	12,860	8,030	24,080	21,580	290,003
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	2,175	-	-	-	-	2,175
Fund Balance, July 1	1,714					1,714
Fund Balance, June 30	3,889	-	-	-	-	3,889

PROSPECT PARK BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2022

	Preschool Education Aid	I. Nonpublic Handicapped Services Chapter 193 Supplemental Instruction	Corrective Speech	N.J. Nonpublic Auxiliary Services Chapter 192 Compensatory Education	Student Council Account	Total Carried Forward
REVENUES						
Local Sources	200,456	2,635	8,073	7,315	7,149	7,149
State Sources						218,479
Federal Sources						-
Total Revenues	<u>200,456</u>	<u>2,635</u>	<u>8,073</u>	<u>7,315</u>	<u>7,149</u>	<u>225,628</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	186,749					186,749
Purchased Professional and Technical Services		2,635	8,073	7,315		18,023
Other Purchased Services (400-500 series)						-
General Supplies	13,707					13,707
Other Objects						-
Total Instruction	<u>200,456</u>	<u>2,635</u>	<u>8,073</u>	<u>7,315</u>	<u>-</u>	<u>218,479</u>
Support Services:						
Salaries of Program Directors						-
Personal Services - Employee Benefits						-
Other Purchased Professional Services						-
Other Purchased Services (400-500 series)						-
General Supplies					4,974	4,974
Student Activities						-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,974</u>	<u>4,974</u>
Facilities Acquisition and Const. Serv.:						
Buildings						-
Total Facilities Acquisition and Const. Serv.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>200,456</u>	<u>2,635</u>	<u>8,073</u>	<u>7,315</u>	<u>4,974</u>	<u>223,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,175</u>	<u>2,175</u>
Fund Balance, July 1					1,714	1,714
Fund Balance, June 30					3,889	3,889

**PROSPECT PARK BOARD OF EDUCATION
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 Fiscal Year Ended June 30, 2022**

	District Wide Total		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	187,948	186,749	1,199
General Supplies	15,258	13,707	1,551
Total Instruction	203,206	200,456	2,750
Support Services:			
Cleaning, Repair and Maintenance Services	15,000		15,000
Total Support Services	15,000		15,000
Total Expenditures	218,206	200,456	17,750

Summary of Location Totals

Total revised 2021-22 Preschool Education Aid	187,948
Add: Actual Preschool Education Aid Carryover (June 30, 2021)	48,907
Total Preschool Education Aid Funds Available for 2021-22 Budget	236,855
Less: 2021-22 Budgeted Preschool Education Aid (prior year budgeted carryover)	218,206
Available & Unbudgeted Preschool Educaiton Aid Funds as of June 30, 2022	18,649
Add: June 30, 2022 Unexpended Preschool Education Aid	17,750
2021-22 Carryover - Preschool Education Aid/Preschool	36,399

PROPRIETARY FUNDS

PROSPECT PARK BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2022

	Food Service Program	Totals
	<u> </u>	<u> </u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	19,217	19,217
Accounts Receivable:		
State	1,094	1,094
Federal	82,595	82,595
Interfund - General Fund	143,283	143,283
Inventories	14,405	14,405
Total Current Assets	<u>260,594</u>	<u>260,594</u>
Noncurrent Assets:		
Capital Assets:		
Equipment	50,995	50,995
Less Accumulated Depreciation	<u>(32,130)</u>	<u>(32,130)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>18,865</u>	<u>18,865</u>
Total Assets	<u>279,459</u>	<u>279,459</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	84,005	84,005
Deferred Revenues	20,818	20,818
Total Current Liabilities	<u>104,823</u>	<u>104,823</u>
NET POSITION		
Net Investment in Capital Assets	18,865	18,865
Unrestricted	155,771	155,771
Total Net Position	<u>174,636</u>	<u>174,636</u>

PROSPECT PARK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2022

	Food Service Program	Totals
Operating Revenues:		
Charges for Services:		
Daily Sales - Non-Reimbursable Programs	332	332
Total Operating Revenues	332	332
 Operating Expenses:		
Cost of Sales - Reimbursable Programs	208,636	208,636
Cost of Sales - Non-Reimbursable Programs	74	74
Salaries	289,317	289,317
Benefits	39,535	39,535
Supplies and Materials	43,590	43,590
Purchased Property Services	11,379	11,379
Other Expenses	9,865	9,865
Depreciation	3,451	3,451
Total Operating Expenses	605,847	605,847
Operating Income (Loss)	(605,515)	(605,515)
 Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	9,143	9,143
Federal Sources:		
National School Breakfast Program	149,578	149,578
National School Lunch Program	388,735	388,735
P-EBT Administrative Cost	628	628
Supply Chain Assistance	-	-
Food Distribution Program	25,409	25,409
Interest Income	89	89
Total Nonoperating Revenues (Expenses)	573,582	573,582
Income (Loss) Before Contributions & Transfers	(31,933)	(31,933)
 Change in Net Position	(31,933)	(31,933)
Total Net Position—Beginning (restated)	206,569	206,569
Total Net Position—Ending	174,636	174,636

PROSPECT PARK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2022

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	74	74
Payments to Suppliers	(372,624)	(372,624)
Net Cash Provided by (Used for) Operating Activities	<u>(372,550)</u>	<u>(372,550)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local Sources	159,536	159,536
State Sources	3,670	3,670
Federal Sources	222,180	222,180
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>385,386</u>	<u>385,386</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	89	89
Net Cash Provided by (Used for) Investing Activities	<u>89</u>	<u>89</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,925	12,925
Balances—Beginning of Year	6,292	6,292
Balances—End of Year	<u>19,217</u>	<u>19,217</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	(605,515)	(605,515)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Increase (Decrease) in Interfund Receivable	155,684	155,684
Depreciation and Net Amortization	3,451	3,451
Food Distribution Program	25,409	25,409
(Increase) Decrease in Inventories	(4,152)	(4,152)
Increase (Decrease) in Accounts Payable	52,830	52,830
Increase (Decrease) in Deferred Revenue	(257)	(257)
Total Adjustments	<u>232,965</u>	<u>232,965</u>
Net Cash Provided by (Used for) Operating Activities	<u>(372,550)</u>	<u>(372,550)</u>

LONG-TERM DEBT

PROSPECT PARK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2022

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Principal Payment</u>		<u>Interest Rate</u>	<u>Balance, June 30, 2021</u>	<u>Retired</u>	<u>Balance, June 30, 2022</u>
			<u>Date</u>	<u>Amount</u>				
School Bonds of 2010	Aug. 27, 2010	2,679,000	8/1/2022	270,000	3.125%	1,359,000	270,000	1,089,000
			8/1/2023	270,000	4.000%			
			8/1/2024	275,000	4.000%			
			8/1/2025	274,000	4.000%			
						\$ 1,359,000	270,000	1,089,000

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	119,861		119,861	119,861	-
Total - Local Sources	119,861	-	119,861	119,861	-
Total Revenues	119,861	-	119,861	119,861	-
EXPENDITURES:					
Regular Debt Service:					
Interest	45,249	-	45,249	45,248	(1)
Redemption of Principal	270,000	-	270,000	270,000	-
Total Regular Debt Service	315,249	-	315,249	315,248	(1)
Total Expenditures	315,249	-	315,249	315,248	(1)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(195,388)	-	(195,388)	(195,387)	1
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Reserve	195,387	-	195,387	195,387	-
Total Other Financing Sources	195,387	-	195,387	195,387	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1)	-	(1)	-	1
Fund Balance, July 1	455,561		455,561	455,561	-
Fund Balance, June 30	<u>455,560</u>	<u>-</u>	<u>455,560</u>	<u>455,561</u>	<u>1</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Operating Transfer In Budgeted Fund Balance	(1)		(1)		1
	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1</u>

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Invested in capital assets	\$ 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	\$ 9,354,542
Restricted	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	1,778,912
Unrestricted	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)	(2,879,906)
Total governmental activities net position	\$ 10,869,654	\$ 11,538,340	\$ 8,488,744	\$ 7,895,329	\$ 7,980,745	\$ 7,620,143	\$ 7,551,139	\$ 7,067,365	\$ 7,859,740	\$ 8,253,548
Business-type activities										
Invested in capital assets	\$ 53,631	\$ 45,879	\$ 38,321	\$ 31,077	\$ 24,001	\$ 16,925	\$ 16,925	\$ 16,925	\$ 16,925	\$ 18,865
Restricted	136,739	126,165	96,605	101,512	83,411	138,955	196,987	189,678	184,254	155,771
Unrestricted	190,370	172,044	134,926	132,589	107,412	155,880	213,912	206,603	201,179	174,636
Total business-type activities net position	\$ 381,740	\$ 344,088	\$ 369,852	\$ 365,113	\$ 314,824	\$ 311,760	\$ 427,924	\$ 413,106	\$ 402,358	\$ 349,277
District-wide										
Invested in capital assets	\$ 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	\$ 9,373,407
Restricted	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	1,778,912
Unrestricted	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)	(2,724,135)
Total district net position	\$ 11,060,024	\$ 11,710,384	\$ 8,623,670	\$ 8,027,918	\$ 8,088,157	\$ 7,776,023	\$ 7,765,051	\$ 7,273,968	\$ 8,060,919	\$ 8,428,184

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 5,771,906
Special education	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	1,438,364
Other special education							249,154	255,180	167,560	160,251
Other instruction	707,894	874,909	390,299	577,719	357,735	415,864	262,654	255,002	233,054	149,790
Support Services:										
Tuition		445,461	507,743	537,430	554,293	772,144	1,035,874	1,667,942	1,514,038	1,738,959
Student & instruction related services	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	1,711,821
General administrative services	858,320	858,025	793,460	807,333	899,491	1,091,533	464,772	519,230	415,311	431,146
School administrative services	456,217	465,939	514,795	512,083	561,232	746,465	562,847	534,873	390,549	361,441
Central services							367,639	317,857	350,175	185,557
Administrative information tech.							124,553	137,115	142,109	144,865
Plant operations and maintenance	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	1,044,948
Pupil transportation	260,221	268,387	408,655	307,483	247,615	465,789	681,438	610,848	376,585	929,587
Unallocated Benefits							2,640,663	2,254,154	3,545,364	4,247,231
Charter Schools		59,197	94,262	136,602	95,105	130,259	189,551	234,156	215,477	274,088
Capital outlay - non-depreciable							86,229	76,955	76,955	58,148
Interest on long-term debt	113,967	105,769	97,015	87,720	77,958	71,617	65,419	57,748	49,947	41,873
SDA Debt Service Assessment		76,955	76,955	76,955	76,955	76,955				
Unallocated depreciation										
Capital lease obligations and amortization										
Total governmental activities expenses	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	18,747,929
Business-type activities:										
Food service	442,009	466,637	530,143	514,757	521,074	432,692	436,750	562,004	376,172	605,847
Total business-type activities expense	442,009	466,637	530,143	514,757	521,074	432,692	436,750	562,004	376,172	605,847
Total district expenses	\$ 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	\$ 19,353,776
Program Revenues										
Governmental activities:										
Changes for services:										
Instruction (tuition)					2,622,035	6,350,309	1,153,604	1,432,471	1,361,426	7,149
Operating grants and contributions	2,981,733	2,959,378	2,690,459	2,805,542	2,622,035	71,617				1,615,408
Interest on long-term debt		105,769	97,015	87,720	77,958					
Total governmental activities program revenues	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	1,622,557

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Charges for services										
Food service	53,948	60,529	13,674	12,680	12,103	14,006	9,305	7,706	546	332
Operating grants and contributions	360,272	387,532	479,116	449,491	483,516	466,397	483,445	546,301	370,142	573,493
Total business-type activities program revenues	414,220	448,061	492,790	462,171	495,619	480,403	492,750	554,007	370,688	573,825
Total district program revenues	\$ 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	\$ 2,196,382
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (17,125,372)
Business-type activities	(27,789)	(18,576)	(37,353)	(52,586)	(25,455)	47,711	56,000	(7,997)	(5,484)	(32,022)
Total district-wide net expense	\$ (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)	\$ (17,157,394)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 3,195,824
Taxes levied for debt service	318,900	233,126	233,353	243,552	15,121	2,343	68,023	60,998	53,198	119,861
Unrestricted grants and contributions	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	13,825,785
Federal and State aid - Capital Outlay										4,179
Rents and Royalties	78,340	123,750					20,621	13,200		
N.J. Economic Development Authority Grants	6,678	10,117	8,893	7,433	11,816	40,157	57,406	31,670	172	229
Miscellaneous income	86,484	92,134	17,496	12,341	126,656	41,997	296,501	45,842	55,051	21,451
Transfers										
Total governmental activities	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	17,167,329
Business-type activities:										
Investment earnings	190	250	236	248	278	757	2,031	688	60	89
Total business-type activities	190	250	236	248	278	757	2,031	688	60	89
Total district-wide	\$ 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	\$ 17,167,418
Change in Net Position										
Governmental activities	\$ (236,846)	\$ 252,220	\$ (576,382)	\$ (593,415)	\$ 80,769	\$ (360,602)	\$ (69,004)	\$ (483,774)	\$ 790,661	\$ 41,957
Business-type activities	(27,599)	(18,326)	(37,117)	(52,338)	(25,177)	48,468	58,031	(7,309)	(5,424)	(31,933)
Total district	\$ (264,445)	\$ 233,894	\$ (613,499)	\$ (645,753)	\$ 55,592	\$ (312,134)	\$ (10,973)	\$ (491,083)	\$ 785,237	\$ 10,024

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved										
Unreserved	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	771,555
Restricted										
Committed										
Assigned	1,111,532	1,013,739	739,949	578,318	778,839	487,853	361,493		237,452	547,907
Unassigned	(486,169)	(453,840)	(433,791)	(489,120)	(457,317)	(477,511)	(385,189)	(445,814)	53,867	(314,198)
Total general fund	\$ 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	\$ 1,005,264
All Other Governmental Funds										
Reserved	\$ 706,996	\$ 527,170	\$ 461,194	\$ 463,747						
Assigned		310,112	71,175	11,107						
Assigned, reported in:										
Special revenue fund	-	-	-						1,714	3,889
Capital projects fund					455,294	455,294	455,559	455,559		
Debt service fund									455,561	455,561
Permanent fund					1	1	1	1		
Total all other governmental funds	\$ 706,996	\$ 837,282	\$ 532,369	\$ 474,854	\$ 455,295	\$ 455,295	\$ 455,560	\$ 455,560	\$ 457,275	\$ 459,450

Source: CAFR Schedule B-1

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax levy	\$ 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	\$ 3,315,685
Rents and royalties							20,621	13,200		
Interest earned	6,678	10,117	8,893	7,433	11,816	40,157	57,406	31,670	1,124	229
Other local revenue	86,674	102,370	17,496	14,634	130,363	45,944	296,501	58,842	54,099	28,600
State sources	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	14,122,162
Federal sources	919,446	912,539	966,423	941,036	831,620	786,591	882,663	1,177,373	1,146,532	1,382,633
Total revenue	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	18,849,309
Expenditures										
Instruction										
Regular instruction	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	5,321,115
Special education instruction	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	1,290,341
Other special instruction							166,729	179,527	116,417	143,685
Other instruction	698,692	598,142	268,649	397,737	239,302	201,147	174,695	179,120	161,921	134,285
Support Services:										
Tuition		445,461	507,743	537,430	554,293	772,144	1,146,492	1,667,942	1,514,038	1,738,959
Attendance and social work services							50,991	40,782	35,290	33,895
Health services							42,454	69,122	49,241	93,878
Student & instruction related services	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	1,515,412
General administrative services	858,320	676,962	614,514	616,758	681,616	640,167	362,818	431,395	334,620	407,983
School Administrative services	453,111	321,685	359,882	348,732	372,299	365,410	377,997	377,573	273,379	324,710
Central services							246,042	228,387	280,871	169,351
Administrative information tech							124,553	137,115	142,109	144,865
Plant operations and maintenance	1,003,232	842,195	882,566	951,275	897,965	897,741	986,259	977,621	841,076	1,002,262
Pupil transportation	260,221	268,387	408,655	307,483	247,615	465,789	681,438	610,848	376,585	929,587
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	2,349,984
On-behalf contributions							1,862,514	1,950,399	2,356,576	3,076,575
Transfer to Charter Schools		59,197	94,262	136,602	95,105	130,259	189,551	234,156	215,477	274,088
Special Schools										
Capital outlay	229,035	496,885	381,869	163,831	96,514	261,206	86,229	76,955	76,955	81,134
Special Revenue Fund										
Debt service:										
Principal	215,000	220,000	230,000	240,000	246,000	250,000	250,000	260,000	260,000	270,000
Interest and other charges	117,013	108,895	100,367	91,272	81,682	73,960	68,023	60,998	53,197	45,248
Total expenditures	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	19,347,357
Excess (Deficiency) of revenues over (under) expenditures	(387,728)	(239,946)	(777,220)	(545,486)	288,541	(468,368)	(261,253)	(694,699)	392,985	(498,048)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing sources (uses)										
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	\$ (387,728)	\$ (116,196)	\$ (777,220)	\$ (545,486)	\$ 288,541	\$ (468,368)	\$ (261,253)	\$ (694,699)	\$ 392,985	\$ (498,048)

Debt service as a percentage of noncapital expenditures

	2.5%	2.5%	2.5%	2.4%	2.5%	2.2%	2.0%	1.9%	1.9%	1.6%
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**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>
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
2022	229		21,451	21,680

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	% of Net Assessed to Full Cash Valuations
	Vacant Land	Residential	Commercial	Industrial						
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	\$374,775,882	70.21%
2022	\$ 7,000,700	\$228,840,500	\$ 22,021,800	\$ 5,346,900	\$ 399,700	\$ 145,000	\$263,754,600	1.212	\$374,775,882	70.38%

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 ^a	Debt Service ^b	Total Direct	Obligation				
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	
2022	1.168	0.044	1.212	1.353	1.922	0.976	5.463	

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	2022			2013		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Prospect Park Partners LLC	\$ 10,845,900	1	4.11%	\$ 1,300,000	2	0.73%
Schon Family LLC	\$ 1,931,000	2	0.73%			
Hazen Realty LLC	\$ 1,747,000	3	0.66%	\$ 1,252,500	3	0.70%
D S Acquisitions LLC	\$ 1,425,000	4	0.54%	\$ 950,000	4	0.53%
Prospect One Realty LLP	\$ 826,300	5	0.31%			
Arroyo Feliciano, Jr. and Suzanna	\$ 752,600	6	0.29%			
Papadoatos & Chen LLC	\$ 666,400	7	0.25%			
Ali Ruman	\$ 665,900	8	0.25%	\$ 505,200	7	0.28%
Pine Acres Properties LLC	\$ 649,600	9	0.25%			
Milordo, Angelo & Deborah	\$ 595,700	10	0.23%			
Tilcon, NJ Inc				\$ 4,374,400	1	2.44%
Jachshon Realty & GL Orson Realty LLC				\$ 924,400	2	0.52%
WE Brecht Carol				\$ 351,250	10	0.20%
Individual 1				\$ 515,400	6	0.29%
Individual 2				\$ 392,100	8	0.22%
Individual 3				\$ 375,800	9	0.21%
Total	<u>\$ 20,105,400</u>		<u>7.62%</u>	<u>\$ 10,941,050</u>		<u>6.11%</u>

\$ 263,754,600 \$ 179,171,832

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	
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
2022	3,195,824	2,643,210	82.71%	552,614

Source: Municipal Tax Collector

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Capital Leases	Capital Leases	Capital Leases			
	Temporary Note Payable								
2013	3,315,000	-	-	-	-	3,315,000	1.326%	\$ 78	
2014	3,095,000	-	-	-	-	3,095,000	1.173%	\$ 69	
2015	2,865,000	-	-	-	-	2,865,000	1.059%	\$ 62	
2016	2,625,000	-	-	-	-	2,625,000	0.960%	\$ 56	
2017	2,379,000	-	-	-	-	2,379,000	0.859%	\$ 50	
2018	2,129,000	-	-	-	-	2,129,000	0.740%	\$ 43	
2019	1,879,000	-	-	-	-	1,879,000	0.628%	\$ 37	
2020	1,619,000	-	-	-	-	1,619,000	0.499%	\$ 29	
2021	1,359,000	-	-	-	-	1,359,000	Not Available	Not Available	
2022	1,089,000	-	-	-	-	1,089,000	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 ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	3,315,000	-	3,315,000	1.85%	\$ 78
2014	3,095,000	-	3,095,000	1.73%	\$ 69
2015	2,865,000	-	2,865,000	1.09%	\$ 62
2016	2,625,000	-	2,625,000	1.00%	\$ 56
2017	2,379,000	-	2,379,000	0.90%	\$ 50
2018	2,129,000	-	2,129,000	0.81%	\$ 43
2019	1,879,000	-	1,879,000	0.71%	\$ 37
2020	1,619,000	-	1,619,000	0.62%	\$ 29
2021	1,359,000	-	1,359,000	0.52%	Not Available
2022	1,089,000	-	1,089,000	0.41%	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, 2022**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2022			\$ 1,089,000
Net overlapping debt of School District:			
Borough of Prospect Park	100.000%	\$ 4,843,953	
County of Passaic	0.709%	2,739,176	
Passaic County Utilities Authority	0.737%	293,178	
Passaic Valley Sewerage Commission	0.171%	<u>3,649,215</u>	
Subtotal, overlapping debt			<u>\$ 11,525,521</u>
Total direct and overlapping debt			<u><u>\$ 12,614,521</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 9,140,580	\$ 8,327,709	\$ 7,840,823	\$ 8,029,612	\$ 8,179,731	\$ 8,639,334	\$ 8,569,272	\$ 9,597,452	\$ 9,846,243	\$ 11,205,253
Total net debt applicable to limit	3,530,000	3,315,000	3,095,000	2,865,000	2,625,000	2,379,000	2,129,000	1,879,000	1,619,000	1,359,000
Legal debt margin	\$ 5,610,580	\$ 5,012,709	\$ 4,745,823	\$ 5,164,612	\$ 5,554,731	\$ 6,260,334	\$ 6,440,272	\$ 7,718,452	\$ 8,227,243	\$ 9,846,253
Total net debt applicable to the limit as a percentage of debt limit	38.62%	39.81%	39.47%	35.68%	32.09%	27.54%	24.84%	19.58%	16.44%	12.13%

	2021	2020	2019
Equalized valuation basis	\$ 406,756,999	372,742,334	341,025,950
[A]	\$ 1,120,525,283		
Average equalized valuation of taxable property	[A/3]		
Debt limit (3 % of average equalization value)	[B]		
Net bonded school debt	[C]		
Legal debt margin	[B-C]		
	\$ 11,205,253	\$ 1,359,000	\$ 9,846,253

Source: Abstract of Ratables 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 ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2013	5,879	\$ 250,075,023	42,537	14.20%
2014	5,876	\$ 263,879,408	44,908	8.10%
2015	5,875	\$ 270,514,375	46,045	6.40%
2016	5,865	\$ 273,408,705	46,617	6.30%
2017	5,868	\$ 276,916,788	47,191	5.70%
2018	5,855	\$ 287,872,785	49,167	5.30%
2019	5,840	\$ 299,025,520	51,203	4.80%
2020	5,817	\$ 324,443,175	55,775	13.00%
2021	6,285	Not Available	Not Available	8.90%
2022	Not Available	Not Available	Not Available	Not Available

Source:

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

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

Employer	2022			2013		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
	-	0	0.00%		1	0.00%
	-	0	0.00%		2	0.00%
	-	0	0.00%		3	0.00%
	-	0	0.00%		4	0.00%
	-	0	0.00%		5	0.00%
	-	0	0.00%		6	0.00%
	-	0	0.00%		7	0.00%
	-	0	0.00%		8	0.00%
	-	0	0.00%		9	0.00%
	-	0	0.00%		10	0.00%
	-	0	0.00%		0	0.00%
	-	0	0.00%		0	0.00%
	-	0	0.00%		0	0.00%
	-					
	-		0.00%			0.00%

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS.

Source: Borough of Prospect Park

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

<u>Function/Program</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular	72	73	69	57	50	56	56	56	56	50
Special education	19	19	23	33	38	33	33	33	33	27
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	5	5	7	8	6	8	8	8	8	5
General administrative services	1	3	2	2	2	2	2	2	2	2
School administrative services	2	1	7	7	7	7	7	7	7	6
Business administrative services	3	3	2	2	2	2	2	2	2	3
Plant operations and maintenance	5	5	5	6	6	6	6	6	6	6
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	107	109	115	115	111	114	114	114	114	99

Source: District Personnel Records

Prospect Park Board of Education
Operating Statistics
Last Ten Fiscal Years

Fiscal	Enrollment	Operating	Cost Per	Percentage	Teaching	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2013	908	12,894,338	14,201	2.40%	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%
2022	799	18,950,975	23,718	36.94%	61	1:11-1	1:16.2	839.0	813.8	-9.32%	97.00%

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Buildings</u>										
<u>Elementary/Middle School</u>										
Square Feet	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950	94,950
Capacity (students)	972	972	972	972	972	972	972	972	972	972
Enrollment	908	896	895	914	939	942	942	942	942	799
<u>Other</u>										
Board Office										
Square Feet	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424

Number of Schools at June 30, 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)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Elementary/Middle School	N/A	156,671	137,070	164,048	222,599	201,211	199,107	176,198	103,230	150,404	168,435
Grand Total		\$ 156,671	\$ 137,070	\$ 164,048	\$ 222,599	\$ 201,211	\$ 199,107	\$ 176,198	\$ 103,230	\$ 150,404	\$ 168,435

**Prospect Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2022
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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K-1
Page 1 of 2

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Prospect Park School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2022, 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 28, 2023, which was qualified for not complying with GASB Statement No. 34.

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.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

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.

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 Prospect Park Borough School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated February 28, 2023.

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 28, 2023





WIELKOTZ & COMPANY LLC
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K-2
Page 1 of 4

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

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal and State Program

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. Our responsibilities under those standards and the Uniform Guidance and N.J. OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Borough of Prospect Park Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Borough of Prospect Park Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Borough of Prospect Park Board of Education's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Borough of Prospect Park Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and N.J. OMB Circular 15-08, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Borough of Prospect Park Board of Education's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and N.J. OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Borough of Prospect Park Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.



- Obtain an understanding of Borough of Prospect Park Board of Education’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Borough of Prospect Park Board of Education’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 item 2022-003, 2022-004, 2022-005, and 2022-006. 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

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.

Honorable President and
Members of the Board of Education

K-2
Page 4 of 4

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 2022-003, 2022-004, 2022-005, and 2022-006 that we consider to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Wielkótz

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

Wielkótz & Company, LLC

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

February 28, 2023

BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2021	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2022	
					From	To							(Accounts Receivable)	Deferred Revenue
General Fund:														
US Department of Education														
Special Education Medicaid Initiative	93.778	2005NJSMAP		39,786	7/1/2021	6/30/2022			39,786	39,786				
Total General Fund														
US Department of Education														
Passed Through State Dept of Education:														
Special Revenue Fund														
Title I, Part A	84.010	S010A210030	ESEA-4270-22	501,615	7/1/2021	9/30/2022	(275,584)	(275,584)	592,554	641,470	(103,533)		(428,033)	
Title I, Part A	84.010	S010A200030	ESEA-4270-21	564,563	7/1/2020	9/30/2021	(275,584)	(275,584)	592,554	641,470	(103,533)		(428,033)	
Title II, Part A - Teacher/Principal Training and Recruiting	84.367	S367A210029	ESEA-4270-22	44,829	7/1/2021	9/30/2022	(38,989)	(38,989)	54,450	46,026	10,437		(20,128)	
Title II, Part A - Teacher/Principal Training and Recruiting	84.367	S367A200029	ESEA-4270-21	43,506	7/1/2020	9/30/2021	(38,989)	(38,989)	54,450	46,026	10,437		(20,128)	
Title III	84.365	S365A210030	ESEA-4270-22	8,786	7/1/2021	9/30/2022	(14,346)	(14,346)	14,755	399	118		128	
Title III	84.365	S365A200030	ESEA-4270-21	11,051	7/1/2020	9/30/2021	(14,346)	(14,346)	14,755	399	118		128	
Title III - Immigrant	84.365	S365A210030	ESEA-4270-22		7/1/2021	9/30/2022	(4,587)	(4,587)	1,499		3,088			
Title III - Immigrant	84.365	S365A200030	ESEA-4270-21		7/1/2020	9/30/2021	(4,587)	(4,587)	1,499		3,088			
Title IV	84.424	S424A210031	ESEA-4270-22	41,207	7/1/2021	9/30/2022	(55,531)	(55,531)	79,176	58,748	20,116		(14,987)	
Title IV	84.424	S424A200031	ESEA-4270-21	41,482	7/1/2020	9/30/2021	(55,531)	(55,531)	79,176	58,748	20,116		(14,987)	
Coronavirus Response and Relief Supplemental Act:														
CARES ACT 2020/ESSER	84.425D	S425D200027		588,620	3/13/2020	10/15/2022	(89,991)	(89,991)	138,902	20,235			(208,658)	
CRRSA - ESSER II	84.425D	S425D210027		1,850,395	3/13/2020	9/30/2023								
CR Learning Acceleration	84.425D	S425D210027		118,749	3/13/2020	9/30/2023								
CR Mental Health	84.425D	S425D210027		45,000	3/13/2020	9/30/2023								
American Rescue Plan:														
ARP - ESSER	84.425U	S425U210027		4,158,643	3/13/2020	9/30/2023			114,458	186,939			(72,481)	
Accelerated Learning Coach and Educator Support	84.425U	S425U210027		87,295	3/13/2020	9/30/2023								
Evidence Based Summer Learning and Enrichment	84.425U	S425U210027		40,000	3/13/2020	9/30/2023								
Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027		40,000	3/13/2020	9/30/2023								
NTSS Mental Health Support Staffing	84.425U	S425U210027		45,000	3/13/2020	9/30/2023								
ARP - Homeless II	84.425W	215064233E		11,796	4/23/2021	9/30/2023	(89,991)	(89,991)	114,458	325,841	20,235		(281,139)	
IDEA, Part B-Basic	84.027A	H027A210100	IDEA-4270-22	236,723	7/1/2021	9/30/2022	(193,078)	(193,078)	212,180	229,371	(19,102)		(229,371)	
IDEA, Part B-Basic	84.027A	H027A200100	IDEA-4270-21	253,313	7/1/2020	9/30/2021	(193,078)	(193,078)	212,180	229,371	(19,102)		(229,371)	
IDEA, Part B-Preschool	84.173A	H173A210114	IDEA-4270-22	9,074	7/1/2021	9/30/2022			6,558	11,881	(6,558)		(11,881)	
ARP - IDEA, Part B-Basic	84.027X	H027X210100	IDEA-4270-22	54,241	7/1/2021	9/30/2022			4,608	15,491	(5,608)		(15,491)	
ARP - IDEA, Part B - Preschool	84.173X	H173X210114	IDEA-4270-22	4,608	7/1/2021	9/30/2022	(193,078)	(193,078)	218,738	261,351	(25,660)		(261,351)	
Total Special Revenue Fund							(672,106)	(672,106)	1,075,630	1,333,835	(75,199)		(1,005,638)	128

BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2022	
					From	To						(Accounts Receivable)	Deferred Revenue
US Department of Agriculture													
Passed Through State Dept of Education:													
Enterprise Fund													
Food Distribution Program	10.555	221N1309N1099	N/A	25,409	7/1/2021	6/30/2022		25,409					
National School Breakfast Program SSO	10.553	221N1304N1099	N/A	149,578	7/1/2021	6/30/2022		135,032				(14,546)	
National School Breakfast Program SSO	10.553	221N1304N1099	N/A	134,406	7/1/2020	6/30/2021	(15,526)	15,526					
National School Lunch Program SSO	10.555	221N1304N1099	N/A	388,735	7/1/2021	6/30/2022		341,194				(47,541)	
National School Lunch Program SSO	10.555	221N1304N1099	N/A	196,029	7/1/2020	6/30/2021	(43,519)	43,519					
Emergency Operational Cost Program - School	10.555	221N1304N1099	N/A	14,155	7/1/2020	6/30/2021	(14,155)	14,155					
Supply Chain Assistance Funding	10.555	221N1344N8903	N/A	20,508	3/1/2022	9/30/2023		628				(20,508)	20,508
P-EBT Administrative Cost	10.649	2022225900941	N/A	628	7/1/2021	6/30/2022		628					
P-EBT Administrative Cost	10.649	2022225900941	N/A	614	7/1/2020	6/30/2021	(614)	614					
Total Enterprise Fund							(73,814)	576,077	564,350			(82,595)	20,508
Total Federal Financial Assistance							\$ (745,920)	1,691,493	1,937,971	(75,199)		(1,088,233)	20,636

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, 2022

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Deferred Revenue (Assets Receivable)	Due to Grantor	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures Pass-through Funds	Budgetary Expenditures Direct	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2022		Memo	
			From	To									(Accounts Receivable)	Deferred Revenue/ Interfund Payable		Due to Grantor at
State Department of Education:																
General Fund																
Transportation Aid	495-034-5120-014	\$ 64,723	7/1/2021	6/30/2022	\$		58,392	64,723								
Equalization Aid	495-034-5120-078	9,203,507	7/1/2021	6/30/2022			8,303,307	9,203,507								64,723
Special Education Categorical Aid	495-034-5120-089	794,961	7/1/2021	6/30/2022			717,206	794,961								9,203,507
Security Aid	495-034-5120-084	366,508	7/1/2021	6/30/2022			330,660	366,508								(6,331)
Extraordinary Aid	495-034-5120-044	420,532	7/1/2021	6/30/2022				420,532								(77,755)
Extraordinary Aid	495-034-5120-044	538,968	7/1/2020	6/30/2021	(538,968)		538,968									(35,848)
Non Public Transportation	495-078-6060-034	4,350	7/1/2021	6/30/2022				4,350								
Non Public Transportation	495-078-6060-034	3,480	7/1/2020	6/30/2021	(3,480)		3,480									4,350
Reimbursed TPAF Social Security	495-034-5094-003	480,658	7/1/2021	6/30/2022			459,068	480,658								3,480
Reimbursed TPAF Social Security	495-034-5094-003	388,522	7/1/2020	6/30/2021	(19,859)		19,859									480,658
On Behalf TPAF - Post Retirement Medical	495-034-5094-001	491,511	7/1/2021	6/30/2022			491,511	491,511								388,522
On Behalf TPAF Pension	495-034-5094-002	2,074,440	7/1/2021	6/30/2022			2,074,440	2,074,440								491,511
On Behalf TPAF NCGI Premium	495-034-5094-004	29,267	7/1/2021	6/30/2022			29,267	29,267								2,074,440
On-Behalf TPAF - LTDI	495-034-5094-004	699	7/1/2021	6/30/2022			699	699								29,267
Total General Fund					(562,307)		13,026,857	13,931,156					(446,472)			699
Special Revenue Fund																
Preschool Education Aid	495-034-5120-086	187,948	7/1/2021	6/30/2022			189,582	200,456								
Preschool Education Aid	495-034-5120-086	204,288	7/1/2020	6/30/2021	28,478									17,604		200,456
							(28,478)									(18,795)
NJ NonPublic Aid:																
Textbook Aid	100-034-5120-064	12,904	7/1/2021	6/30/2022			12,904	12,860								
Technology Aid	100-034-5120-373	9,030	7/1/2021	6/30/2022			9,030	8,030								12,860
Nursing Services	100-034-5120-070	24,080	7/1/2021	6/30/2022			24,080	24,080								8,030
Security Aid	100-034-5120-509	37,625	7/1/2021	6/30/2022			37,625	21,580								24,080
Security Aid	100-034-5120-509	40,425	7/1/2020	6/30/2021							28,390					21,580
Handicapped Services:																
Exam & Classification	100-034-5120-066	25,585	7/1/2021	6/30/2022			25,585									
Exam & Classification	100-034-5120-066	32,871	7/1/2020	6/30/2021												
Corrective Speech	100-034-5120-066	15,810	7/1/2021	6/30/2022			15,810	8,073								25,585
Supplementary list	100-034-5120-066	11,848	7/1/2020	6/30/2021												8,073
Supplementary list	100-034-5120-066	7,434	7/1/2021	6/30/2022			7,434	2,635								7,737
Supplementary list	100-034-5120-066	9,714	7/1/2020	6/30/2021												4,284
Auxiliary Services:																
Compensatory Education	100-034-5120-067	31,621	7/1/2021	6/30/2022			31,621	7,315								
Compensatory Education	100-034-5120-067	45,287	7/1/2020	6/30/2021												
SDA Emergent Needs and Capital Maintenance in School Districts	100-034-5120-067	18,913	7/1/2021	6/30/2022			353,671	285,029								7,315
																8,970
Total Special Revenue Fund					28,478		353,671	285,029				100,039		17,604		510,774
																(18,795)

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

Year ended June 30, 2022

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2021			Balance at June 30, 2022			Memo						
					Deferred Revenue (Assets Receivable)	Due to Grantor	Carryover/(Walkover) Amount	Cash Received	Pass-through Funds	Budgetary Expenditures		Budgetary Expenditures Direct	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable
Enterprise Fund																	
State Department of Agriculture																	
National School Lunch Program SSO (State Share)	100-010-3350-023	9,143	7/1/2021	6/30/2022				8,049	9,143								9,143
National School Lunch Program SSO (State Share)	100-010-3350-023	9,357	7/1/2020	6/30/2021	(2,187)			2,187		(1,094)							9,357
Total Enterprise Fund					(2,187)			10,236	9,143	(1,094)							18,500
Total State Financial Assistance					(536,016)	100,039		13,390,764	14,225,328	(447,566)	100,039		17,604		79,516	(1,038,929)	15,391,400
Less: On-Behalf/TPAF Pension System Contributions								2,595,917									
On Behalf/TPAF - Post Retirement Medical	495-034-5094-001							491,511									
On Behalf/TPAF Pension	495-034-5094-002							2,074,440									
On Behalf/TPAF NCGI Premium	495-034-5094-004							29,267									
On-Behalf/TPAF - LTDI	495-034-5094-004							699									
Total for State Financial Assistance - Major Program Determination								2,595,917									
								11,629,411									
Local Sources																	
Special Revenue Fund																	
Fortum Estates Grade 1		7,253											7,253				
Pantoja Donation - Uniforms		210											210				
NJSB Safety Grant		6,400											6,400				
Total Local Financial Assistance													13,863				
Total State and Local Financial Assistance								13,390,764	14,225,328	(447,566)	100,039		31,467		79,516	(1,038,929)	15,391,400

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

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(85,734) for the general fund and \$723 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	\$39,786	\$13,845,422	\$13,885,208
Special Revenue Fund	1,342,847	276,740	1,619,587
Food Service Fund	<u>564,350</u>	<u>9,143</u>	<u>573,493</u>
Total Awards and Financial Assistance	<u>\$1,946,983</u>	<u>\$14,131,305</u>	<u>\$16,078,288</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, 2022.

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 \$2,595,917 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>	\$ 641,470
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	46,026
Title III: <i>English Language Acquisition State Grants</i>	399
Title IV: <i>Student Support and Academic Enrichment Grants</i>	<u>58,748</u>
Total	<u>\$ 746,643</u>

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D/84.425U	S425D200027 (B)	CARES ACT/ARP-ESSER
84.027A/84.173A/ 84.024X/84.173X	H027A210100 H173A210100 (B)	IDEA Basic/IDEA Preschool/ ARP-IDEA Basic, ARP-IDEA Preschool
		Child Nutrition Cluster:
10.553/10.555	211NJ304N1099 (B)	National School Lunch Program/National School Breakfast Program

Note: (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, 2022
(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:

State Grant/Project Number(s)

Name of State Program

495-034-5120-89/
495-034-5120-84/
495-034-5120-078

(A)

State Aid Public Cluster:
Special Education Categorical Aid/Security
Aid/Equalization Aid

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

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(continued)**

Section II - Financial Statement Findings

Finding 2022-001

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. Additional personnel have been hired in FY23 to address this issue.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(continued)**

Section II - Financial Statement Findings

Finding 2022-002

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 which included all categories of assets including additions, deletions and depreciation expense which is to be reported as a direct expense. Land, Land Improvements and Building and Building Improvements were omitted from the fixed asset report provided.

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 which included all categories of assets 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, 2022
(continued)**

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

FEDERAL AWARDS

Finding 2022-003

Information on the Federal Program:

Child Nutrition Cluster, Assistance Listing Numbers 10.553/10.555, FAIN 211NJ304N1099 Grant Period 7/1/21-6/30/22.

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 2021-22 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 2021/2022 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, 2022
(continued)**

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

Finding 2022-004

Information on the Federal Program:

Child Nutrition Cluster, Assistance Listing Numbers 10.553/10.555, FAIN 211NJ304N1099, Grant Period 7/1/21-6/30/22.

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. Monthly subsidy reimbursements must be submitted in a timely manner to receive reimbursement.

Condition:

There were instances in which the number of meals claimed did not agree with meal count records resulting in an over/under claim. Also, there were instances in which monthly subsidy reimbursements were not submitted in a timely manner resulting in claims being denied.

Questioned Costs:

None

Context:

The number of meals claimed did not agree with meal count records. Also, not all monthly subsidy reimbursements were submitted in a timely manner.

Effect:

The District received unsupported reimbursements which is an instance of noncompliance with the program requirements. Also, the District failed to receive all funds which they were entitled to.

Cause:

There were four months in which the incorrect number of meals served was entered into the SNEARS system. There were two months in which the reimbursement request was not processed in a timely manner.

Recommendation:

Prior to submitting reimbursement claims to the NJ Department of Agriculture, the meals claimed should be verified to the meal count activity records. All monthly reimbursement claims should be submitted in a timely manner.

Management's Response:

More care will be taken to ensure the meals claimed agreed to the meal count activity records. Also, monthly reimbursement claims will be submitted in a timely manner.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(continued)**

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

Finding 2022-005

Information on the federal program:

State Aid - Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/21-6/30/22.

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:

There 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 2021/2022 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 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:

There 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.

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.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(continued)**

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

Finding 2022-005 (continued)

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 2022-006

Information on the state program:

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/21-6/30/22.

Criteria or specific requirement:

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

Condition:

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

Questioned Costs:

None

Context:

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

Effect:

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

Cause:

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

Recommendation:

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

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(continued)**

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

Finding 2022-006 (continued)

Management's response:

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

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Status of Prior Year Findings

Financial Statement Findings:

Finding 2021-001

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 2022-001.

Finding 2021-002

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:

The District provided a fixed asset report for Equipment; however, the categories of Land, Land Improvements, and Buildings and Building Improvements have not been provided – See Finding 2022-002.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(continued)**

Status of Prior Year Findings (continued)

Federal Awards:

Finding 2021-003

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 2022-003

Finding 2021-004

Condition:

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

Current Status:

Corrective action has been taken.

Finding 2021-005

Condition:

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

Current Status:

There were instances of over/under claims during the current year – See Finding 2002-004.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(continued)**

Status of Prior Year Findings, (continued)

State Awards:

Finding 2021-006

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.

Current Status:

Workpapers were provided for the current year; however, supporting documentation for those workpapers and the internal control procedures were not made available – See Finding 2022-005.

Finding 2021-007:

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.

Current Status:

Bank reconciliations were provided for all accounts; however, submission of the Annual Report was not performed in a timely manner – See Finding 2022-006.

Corrective Action Plan (CAP)

For the Fiscal Year Ended June 30, 2022

Prepare only if a finding(s) in the CAFR or AMR.

Upload CAP to CAFR Repository with file name: CAP.PDF (if applicable and as soon as board approval is given)

and

Email a copy of the CAP to: CAP@ag.nj.gov (if applicable)

School District: Prospect Park Public Schools

County: Passaic

Contact Person: Richard Giglio, Interim Business Administrator

Type of Audit: Annual Financial Audit

Telephone Number: 973-389-4218

Email Address: rgiglio@prospectparknj.com

Date of Board Meeting: April 20, 2023

Recommendation Number	Corrective Action Required by The Board	Method of Implementation	Person Responsible for Implementation	Planned Completion Date of Implementation
2022-01	*The district should ensure that all invoices/supporting documentation is available for review at time of audit.	Purchase order filing system will be enhanced to ensure proper paperwork (i.e., invoices) are attached and available for review.	Business Administrator Assistant Business Administrator	June 30, 2023
2022-02	*That all supporting documentation for approved payrolls be maintained on file and made available upon request.	Payroll procedures will be implemented to ensure that all required documentation is reviewed, approved and stored physically and on district internet.	Business Administrator Assistant Business Administrator	February 28, 2023

2022-03	All salary withholdings be promptly remitted to the proper agencies	Payroll procedures will be implemented that documents the entire payroll process that includes payroll reconciliation, payment process of all employer and employee deductions due immediately after the payroll is completed.	Business Administrator Assistant Business Administrator	June 30, 2023
2022-04/2022-006	The District should review all information input into the system for health benefit contribution calculations and make necessary adjustments.	A thorough review of all employees' health benefit contributions will be made to ensure the proper amount is being deducted	Business Administrator Assistant Business Administrator Payroll/HR Staff	April 30, 2023
2022-05	Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered.	A purchasing manual will be developed and training will be provided on proper purchasing procedure including the proper coding of all purchase orders.	Business Administrator Assistant Business Administrator Secretaries	June 30, 2023
2022-06	The District should reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2021 Edition and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).	The NJ Chart of accounts will be distributed to all staff and training will be provided on the proper use of account numbers on all purchase orders.	Business Administrator Assistant Business Administrator	June 30, 2023
2022-07	That more care be taken to ensure payments are made in a timely manner.	An accounts payable system will be developed and implemented to ensure that invoices are processed timely and an Aged Accounts Payable can be produced in	Business Administrator Assistant Business Administrator Assistant to Business Administrator	June 2023

		order to review invoices monthly.		
2022-08	The Board Secretary's and Treasurer's reports should be presented monthly to the board in accordance with N.J.S.A. 18A:17.9 and N.J.S.A. 18A:17-36. 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.	The required Monthly financial reports (Board Secretary's, Treasures, transfers and Report of Transfers will be produced and made current and then continue to be produced on a monthly basis as required. Additionally, staff will be hired and trained to be able to perform all required business office functions in order to remain timely on all required financial reporting.	Business Administrator Assistant Business Administrator	March 1, 2023
2022-09	Executive County Superintendent approval should be requested for any transfer to an advertised appropriation account as defined under N.J.A.C. 6A:23A-13.3(g), which is cumulatively more than 10 percent of that amount. The district should maintain documentation that substantiates the request was received by Executive County Superintendent when written approval is not received.	All transfers are to be reviewed and recorded by Prospect Park Board of Education and in accordance with N.J.A.C. 6A:23A-13.3(g) and submitted to the Executive County Superintendent.	Business Administrator Assistant Business Administrator	April 30, 2023
2022-010	More care should be taken to ensure all adopted budget appropriations are properly included in the subsidiary ledgers.	All adopted budget appropriations will be properly included in the subsidiary ledgers.	Business Administrator Assistant Business Administrator	April 30, 2023

2022-011	The district should establish procedures to ensure that it maximizes its efforts under SEMI for obtaining federal reimbursement for special education services	To be reviewed on a monthly basis.	Business Administrator Assistant Business Administrator Director of Special Education	June 30, 2023
2022-012	Each month, the Treasurer should determine cash balances by performing cash reconciliations for all district accounts. The Treasurer should also reconcile their cash records with the reconciled bank statements and the cash records of the Board Secretary	Treasurer of School Monies will develop procedures to ensure that monthly reconciliation of all cash is done on a timely basis.	Business Administrator Assistant Business Administrator Treasurer of School Monies	June 30, 2023
2022-013 /2022-002	The district should have adequate internal control procedures over its capital assets, including periodic update of the general ledger for additions and disposals. All categories of assets should be detailed in the report provided by an outside vendor.	The report of fixed assets will be reviewed quarterly for accurate recording of all assets and annually an update of all assets and depreciation will be done.	Business Administrator Assistant Business Administrator	June 30, 2023
2022-014	Expended amounts included on the Non-Public Project Completion Report should agree to the district's accounting records.	Procedures for the proper submission, board approval and implementation of grants will be produced and maintained monthly including the submission of expenditures for the drawdown of funds. Lastly, the proper submission of the final report will be done and all supporting documentation provided and maintained for reporting purposes.	Business Administrator Assistant Business Administrator	June 30, 2023

2022-015 /2022-004	Prior to submitting reimbursement claims to the New Jersey Department of Agriculture, the meals claimed should be verified to the meal count activity records and Edit Check Worksheets and/or tally sheets.	The Food Service Manager will verify all meal counts and reconcile all discrepancies prior to the submission of claims on a monthly basis. All claims and the reconciliation of meals must be submitted to the BA prior to the certification of claims on a monthly basis.	Business Administrator Assistant Business Administrator Food Service Manager	May 1, 2023
2022-016 /2022-003	The district should maintain the completed valid New Jersey Household Information Survey Form or documentation of direct certification for all student reported as low income.	The Food Service manager will produce and properly file all required reports and forms for direct certification for all students	Food Service Manager	May 1, 2023
2022-017	Detailed listings of all enrollment counts should be maintained to support the Application for State School Aid submission.	Detailed training will be provided to staff and administrators on all required enrollment count procedures.	Business Administrator Assistant Business Administrator	June 30, 2023
2022-018 /2022-005	We recommend that the district prepare written procedures detailing the process for the two required enrollment counts. 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.	Procedures will be developed and training will be provided and proper review and verification will be performed to ensure that all enrollment counts are done properly and timely in accordance with federal regulations.	Business Administrator Assistant Business Administrator	June 30, 2023

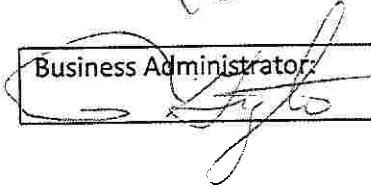
Chief School Administrator:



Date:

4/20/2023

Business Administrator:



Date:

4/20/23