

**SCHOOL DISTRICT OF THE
BOROUGH OF PROSPECT PARK
COUNTY OF PASSAIC, NEW JERSEY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**School District
of
PROSPECT PARK**

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

**Annual Comprehensive Financial Report
Year Ended June 30, 2023**

Annual Comprehensive Financial Report

of the

PROSPECT PARK BOARD OF EDUCATION
Prospect Park, New Jersey

Year Ended June 30, 2023

Prepared by

Richard Giglio
School Business Administrator

OUTLINE OF ACFR

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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 23, 2024

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Prospect Park School District (District) for the fiscal year ended June 30, 2023 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 Annual Comprehensive 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 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 15-08, "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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Superintendent/Principal

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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 2022 ASSA count the District had 766 students enrolled, which is 39 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
2022-2023	800.0	-4.6
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

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 has implemented a number of initiatives for the 2023-2024 school year, which will continue into the 2024-2025 school year. The District will utilize the New Jersey Tiered System of Supports framework for multi-tiered academic and behavioral supports designed to promote student achievement and success, and response to intervention (RTI). We have been selected to participate in the Reading (NJTSS-ER) grant, a partnership between the (NJDOE) and Rutgers University, which engages district literacy coaches in a coach-the-coach model to enhance the effectiveness of reading interventions available to all students. We have also been selected to participate in the New Jersey Enhancing School Mental Health Services Project, which is a collaborative effort between the New Jersey Department of Education and the Rutgers Center for Comprehensive School Mental Health (Rutgers-CCSMH). It aims to support the implementation of comprehensive school mental systems at the district and building levels by enhancing educators' knowledge through training and technical assistance. We have also been selected to participate in the NJ Inclusion Project, a partnership with the NJDOE Office of Special Education (OSE) and the New Jersey Coalition for Inclusive Education (NJCIE). This is a 3-year collaboration designed to enhance capacity to effectively implement inclusive practices for students with disabilities. This initiative is a multi-year systemic change program that will embed inclusive practices such as NJTSS, RTI, and PBSIS. We continue to build a firm foundation with our youngest learners with the continuing of an effective full-day preschool program both at School One and at the William Paterson University Child Development Center. Our oldest learners are being prepared for high school and beyond with instruction in their own space at the new Middle School which opened this past September. We continue to engage our students and their families through Literacy Nights and a host of other school-to-home partnerships. We will continue to offer assembly programs for children and families with a focus on equity and diversity to meet the needs of our diverse student population. Our Business Office continues to work collaboratively with school and district administration to streamline processes, implement internal controls, and create procedures to ensure an efficient operation and function of fiscal and governance operations.



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4. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

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.



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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

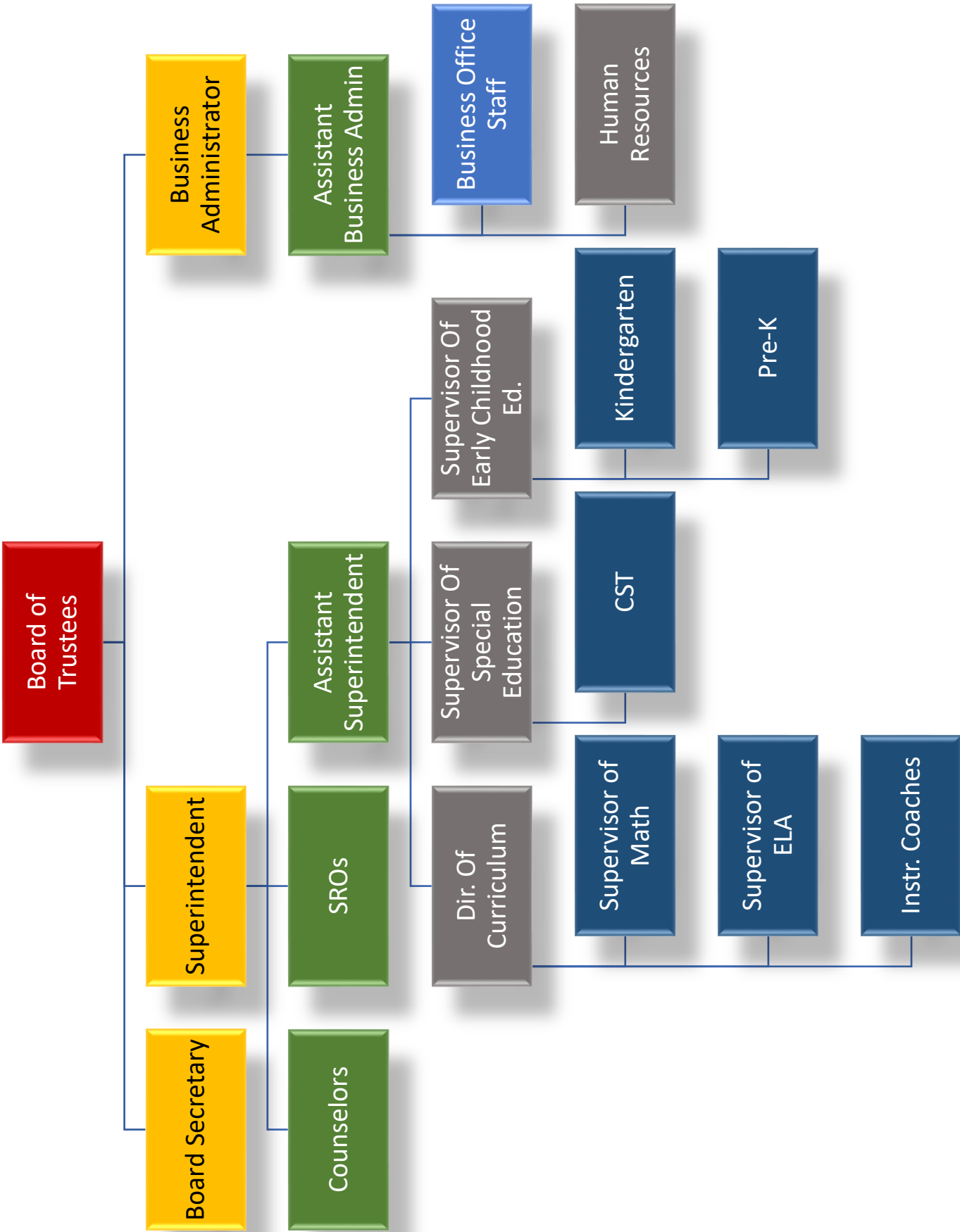
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wielkots & Company LLC, was selected by the Prospect Park Board of Education to conduct the independent audit. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act and the related Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey States Office of Management and Budget Circular 15-08. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

9. ACKNOWLEDGEMENTS

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

Respectfully submitted,

Tyeshia A. Reels, Ed.D
Superintendent / Principal



PROSPECT PARK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2023

Members of the Board of Education

Term Expires

Daysi Gonzalez, President (3/16/23 – 6/30/23)

2025

Ariosto Rodriguez, President (7/1/22 – 3/16/23)

2024

Delshawn Colcloughly, Vice President

2024

Naiz Nadim

2025

Euyenibert Lopez

2023

Dhariany Valerio

2024

Arwa Ensour

2024

Other Officials

Dr. Tyeshia A. Reels, Superintendent of Schools

Richard Giglio, School Business Administrator (1/1/23 – 6/30/23)

Melissa Simmons, School Business Administrator (7/1/22 – 12/31/22)

James Shoop, Board Secretary (1/1/23 – 6/30/23)

Anand Shah, Treasurer of School Monies

PROSPECT PARK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

June 30, 2023

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

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, 2023, 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, the financial statements referred to above 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 of Passaic, State of New Jersey, as of June 30, 2023, 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 Opinion

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.

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.

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

- 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.



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

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 23, 2024 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. Wielkatz

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

Wielkatz & Company, LLC

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

February 23, 2024



**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, 2023**

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, 2023.

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, Debt Service Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the Prospect Park Board of Education exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$(1,304,518). (Net Position).
- In total, net position increased by \$424,269. Net position of the governmental activities increased by \$365,454 and net position of business-type activities decreased by \$58,815.
- General revenues accounted for \$17,702,121 in revenue or 79 percent of all governmental and business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$4,802,806 or 21 percent of total revenues of \$22,504,927.
- The School District had \$21,474,386 in expenses related to governmental activities; only \$4,142,965 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$17,696,875 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,269,013.
- The General Fund fund balance at June 30, 2023 was \$1,113,599, an increase of \$108,335 compared to the ending fund balance at June 30, 2022 of \$1,005,264.
- The General Fund unassigned budgetary fund balance at June 30, 2023 was \$707,748 which represents an increase of \$1,812 compared to the ending unassigned budgetary fund balance at June 30, 2022 of \$705,936.

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

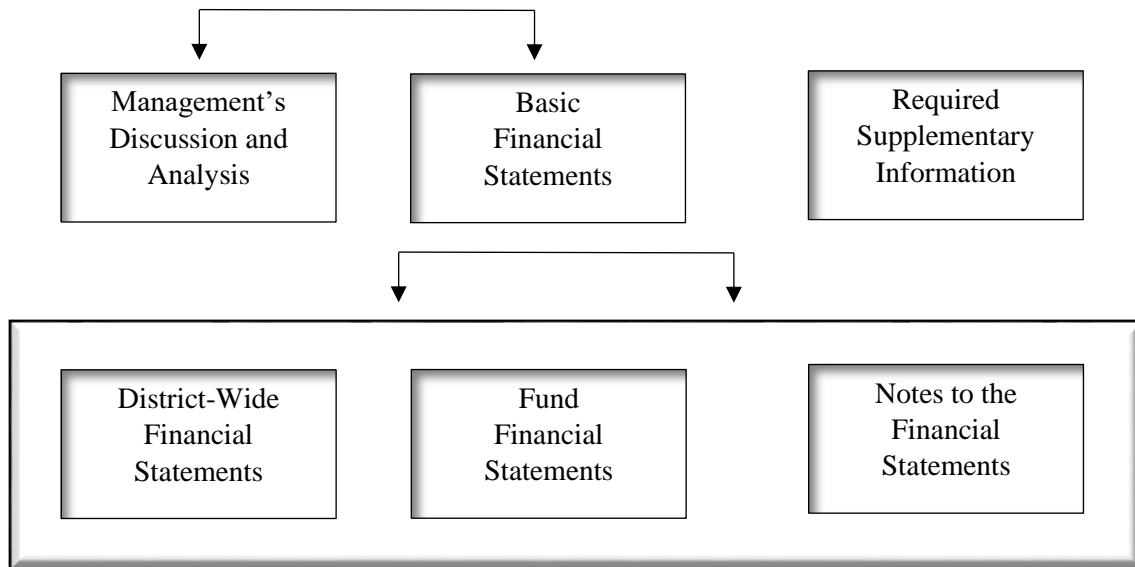
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements.
- The district governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS, (continued)

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are detailed below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education and building maintenance	Activities the district operates similar to private businesses: Enterprise fund	Instances in which the district administers resources on behalf of someone else, such as custodial accounts
Required Financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes In Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/ Deferred Outflows/ Inflows of Resources/ Liability Information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be utilized and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets
Type of Inflow/ Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (district-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its' activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Prospect Park Board of Education 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*).

In the *Statement of Net Position and the Statement of Activities*, the District is divided into two distinct kinds of activities:

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise fund is reported as business activities.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

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 two categories: governmental funds and proprietary funds.

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 outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

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* (reported in the Statement of Net Position and the Statement of Activities).

The Borough of Prospect Park School District maintains three 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, 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. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Borough of Prospect Park School District uses proprietary funds to account for its food service program.

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)

The School District's net position was \$(1,304,518) at June 30, 2023 and \$8,428,184 at June 30, 2022, 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 2023 compared to 2022 (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, 2023
(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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets						
Current and Other Assets	\$3,654,556	\$2,936,227	\$252,715	\$260,594	\$3,907,271	\$3,196,821
Capital Assets	<u>1,976,336</u>	<u>10,443,542</u>	<u>11,109</u>	<u>18,865</u>	<u>1,987,445</u>	<u>10,462,407</u>
Total Assets	<u>5,630,892</u>	<u>13,379,769</u>	<u>263,824</u>	<u>279,459</u>	<u>5,894,716</u>	<u>13,659,228</u>
Deferred Outflows:						
Deferred Outflows of Resources						
Related to PERS	<u>499,531</u>	<u>260,592</u>	_____	_____	<u>499,531</u>	<u>260,592</u>
Total Deferred Outflows	<u>499,531</u>	<u>260,592</u>	_____	_____	<u>499,531</u>	<u>260,592</u>
Liabilities						
Current Liabilities	2,560,999	1,640,973	49,238	104,823	2,610,237	1,745,796
Noncurrent Liabilities	<u>4,560,238</u>	<u>2,599,672</u>	_____	_____	<u>4,560,238</u>	<u>2,599,672</u>
Total Liabilities	<u>7,121,237</u>	<u>4,240,645</u>	<u>49,238</u>	<u>104,823</u>	<u>7,170,475</u>	<u>4,345,468</u>
Deferred Inflows:						
Deferred Inflows of Resources						
Related to PERS	<u>528,290</u>	<u>1,146,168</u>	_____	_____	<u>528,290</u>	<u>1,146,168</u>
Total Deferred Inflows	<u>528,290</u>	<u>1,146,168</u>	_____	_____	<u>528,290</u>	<u>1,146,168</u>
Net Assets						
Net Investment in Capital Assets	1,157,336	9,354,542	11,109	18,865	1,168,445	9,373,407
Restricted	1,684,701	1,778,912			1,684,701	1,778,912
Unrestricted	<u>(4,361,141)</u>	<u>(2,879,906)</u>	<u>203,477</u>	<u>155,771</u>	<u>(4,157,664)</u>	<u>(2,724,135)</u>
Total Net Position	<u>(\$1,519,104)</u>	<u>\$8,253,548</u>	<u>\$214,586</u>	<u>\$174,636</u>	<u>(\$1,304,518)</u>	<u>\$8,428,184</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2023 compared to 2022.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues:						
Charges for Services and Sales	\$3,328	\$ 7,149	\$3,722	\$332	\$7,050	\$7,481
Operating Grants and Contributions	4,139,637	1,615,408	656,119	573,493	4,795,756	2,188,901
General Revenues:						
Taxes:						
Property taxes	3,195,824	3,315,685			3,195,824	3,315,685
Federal and State Aid not						
Restricted	13,953,349	13,825,785			13,953,349	13,825,785
Federal and State Aid - Capital Outlay	98,179	4,179			98,179	4,179
Miscellaneous Income	444,673	21,451	5,246		449,919	21,451
Investment Income	<u>4,850</u>	<u>229</u>	<u></u>	<u>89</u>	<u>4,850</u>	<u>318</u>
Total Revenues and Transfers	<u>\$21,839,840</u>	<u>\$18,789,886</u>	<u>\$665,087</u>	<u>\$573,914</u>	<u>\$22,504,927</u>	<u>\$19,363,800</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Functions/Program Expenses						
Instruction:						
Regular	\$7,044,830	\$5,771,906	\$	\$	\$7,044,830	\$5,771,906
Special Education	1,244,081	1,438,364			1,244,081	1,438,364
Other Special Instruction	116,009	160,251			116,009	160,251
Other Instruction	14,980	149,790			14,980	149,790
Support Services:						
Instruction	3,710,405	1,738,959			3,710,405	1,738,959
Student & Instruction						
Related Services	1,847,665	1,711,821			1,847,665	1,711,821
General Administrative						
Services	329,236	431,146			329,236	431,146
School Administrative						
Services	366,296	361,441			366,296	361,441
Central Services	502,148	185,557			502,148	185,557
Administrative Information						
Technology	100,326	144,865			100,326	144,865
Plant Operations and						
Maintenance	1,290,345	1,044,948			1,290,345	1,044,948
Pupil Transportation	962,426	929,587			962,426	929,587
Unallocated Benefits	3,106,918	4,247,231			3,106,918	4,247,231
Capital Outlay -						
Non-depreciable	195,968	58,148			195,968	58,148
Charter Schools	379,353	274,088			379,353	274,088
Interest on Long-Term Debt	68,316	41,873			68,316	41,873
Unallocated Depreciation	8,486	57,954			8,486	57,954
Amortization	186,598				186,598	0
Food Service			606,272	605,847	606,272	605,847
Total Expenses	<u>21,474,386</u>	<u>18,747,929</u>	<u>606,272</u>	<u>605,847</u>	<u>22,080,658</u>	<u>19,353,776</u>
Increase or (Decrease) in						
Net Position	<u>\$365,454</u>	<u>\$41,957</u>	<u>\$58,815</u>	<u>(\$31,933)</u>	<u>\$424,269</u>	<u>\$10,024</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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 \$22,080,658. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$3,195,824 because some of the cost was paid by those who benefitted from the programs \$7,050, by other governments and organizations who subsidized certain programs with grants and contributions \$4,795,756, unrestricted federal and state aid \$13,953,349, federal and state aid-capital outlay \$98,179, and by miscellaneous sources \$454,769.

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

- ✓ Food service revenues exceeded expenses by \$58,815.
- ✓ Charges for services provided totaled \$3,722 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 \$656,119.

The following schedules present a summary of governmental fund revenues for the fiscal year ended June 30, 2023, 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 2022</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Local Source	\$3,661,375	16.2%	\$316,861	9.47%	\$3,344,514
State Source	16,066,911	71.2%	1,944,749	13.77%	14,122,162
Federal Source	<u>2,841,838</u>	<u>12.6%</u>	<u>1,459,205</u>	105.54%	<u>1,382,633</u>
Total	<u>\$22,570,124</u>	<u>100.0%</u>	<u>\$3,720,815</u>	19.74%	<u>\$18,849,309</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Current Expenditures:					
Instruction	\$7,773,395	31.6%	\$883,969	12.83%	\$6,889,426
Undistributed	16,235,467	65.9%	4,173,918	34.61%	12,061,549
Debt Service	426,979	1.7%	111,731	35.44%	315,248
Capital Outlay	<u>195,968</u>	<u>0.8%</u>	<u>114,834</u>	141.54%	<u>81,134</u>
Total	<u>\$24,631,809</u>	<u>100.0%</u>	<u>\$5,284,452</u>	27.31%	<u>\$19,347,357</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, the special revenue fund and the debt service fund. The capital projects fund is funded by bond proceeds and state aide; therefore, no budget is presented.

During the fiscal year ended June 30, 2023, 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.
- During the fiscal year ended June 30, 2023, the School District amended the special revenue fund by \$8,588,010 for increases in local, state and federal grants.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

General Fund

The general fund actual revenue was \$18,432,282 including transfers. That amount is \$3,762,485 above the final amended budget of \$14,669,797. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$2,934,073 for TPAF social security reimbursements and on-behalf pension payments, an increase in other state aids of \$444,769, a decrease in federal aids of \$(13,889), and an increase of \$397,532 in miscellaneous anticipated revenues.

The actual expenditures of the general fund were \$18,220,645 including transfers which is \$2,693,466 above the final amended budget of \$15,527,179. The variance between the actual expenditures and final budget was due to non-budget on-behalf TPAF social security and pension payments of \$2,934,073, and \$240,067 unexpended budgeted funds.

General fund had total revenues of \$18,432,282 including transfers and total expenditures and transfers of \$18,220,645 with an ending fund balance of \$2,237,035.

Special Revenue Fund

The special revenue fund actual revenue was \$4,264,780 including transfers. That amount is \$5,233,387 below the final amended budget of \$9,498,167. 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 \$4,261,837, which is \$5,187,286 below the final amended budget of \$9,498,167. 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, 2023
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023 the School District had \$2,877,058 invested in land, buildings and building improvements, machinery and equipment, construction in progress and right to use leased assets. Of this amount \$889,613 in depreciation/amortization has been taken over the years. We currently have a net book value of \$1,987,445. Table 3 shows fiscal year 2023 balances compared to 2022.

Additional information about the District's capital assets can be found in the notes to the basic financial statements.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Restated 2023</u>	<u>2022</u>	<u>Restated 2023</u>	<u>2022</u>	<u>Restated 2023</u>	<u>2022</u>
Sites and Improvements	\$12,549	\$3,603,497	\$	\$	\$12,549	\$3,603,497
Buildings and Improvements	-	6,587,936			0	6,587,936
Furniture, Equipment and Vehicles	284,401	252,109	11,109	18,865	295,510	270,974
Right to Use Leased Assets	<u>1,679,386</u>				<u>1,679,386</u>	<u>0</u>
	<u>\$1,976,336</u>	<u>\$10,443,542</u>	<u>\$11,109</u>	<u>\$18,865</u>	<u>\$1,987,445</u>	<u>\$10,462,407</u>

Debt Administration

At June 30, 2023, the District had \$4,560,238 in long-term debt. Of this amount, \$4,139,312 is for compensated absences, \$819,000 is for general bond obligations, \$1,779,374 is for right to use lease liability and \$1,822,552 is for the District's net pension liability. For more detailed information, please refer to the Notes to the Financial Statements.

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

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
School Bonds – 2010	<u>\$819,000</u>	<u>\$1,089,000</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The district continues to rely predominately upon local property taxes as its main source of funding. Therefore, in consideration of current economic conditions and the anticipation of continued flat state aid support, the Board of Education has sought to control budget expenses to minimize the impact on the local tax levy.

The following factors were considered in preparing the 2023-2024 fiscal year budget:

- Estimated Student Enrollment
- Sources of revenue
- Cost of negotiated salaries and benefits
- Cost of fixed charges
- Mandated Programs
- Requirements for health and safety issues

Prior to the end of fiscal 2004, S1701 was enacted. The law is meant to control public school district budgets by revising the calculation of budget caps and reducing surplus. Starting in 2005-06 the CAP will be set at 2.5% or the cost of living, whichever is greater. A number of other changes will affect the calculation of SGLA's and per pupil administrative costs. Any undesignated general fund balance in excess of 2% or \$250,000, whichever is greater must be appropriated for tax relief.

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:

Richard Giglio
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, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	196,884	135,903	332,787
Security Deposits	20,000		20,000
Receivables, Net	2,667,038	111,751	2,778,789
Inventory		5,061	5,061
Restricted Assets:			
Cash and Cash Equivalents	770,634		770,634
Capital Assets, Net:			
Land	12,549		12,549
Other Capital Assets, Net	284,401	11,109	295,510
Right to Use Leased Assets, Net of Amortization	1,679,386		1,679,386
Total Assets	<u>5,630,892</u>	<u>263,824</u>	<u>5,894,716</u>
Deferred Outflow of Resources:			
Deferred Outflows of Resources Related to PERS	499,531		499,531
Total Deferred Outflows	<u>499,531</u>		<u>499,531</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	1,980,316	43,105	2,023,421
Payable to State Government	36,329		36,329
Unearned Revenue	410,261	6,133	416,394
Payroll Deductions and Withholdings Payable	134,093		134,093
Noncurrent Liabilities:			
Due Within One Year	435,932		435,932
Due Beyond One Year	4,124,306		4,124,306
Total Liabilities	<u>7,121,237</u>	<u>49,238</u>	<u>7,170,475</u>
Deferred Inflow of Resources:			
Deferred Inflows of Resources Related to PERS	528,290		528,290
Total Deferred Inflows	<u>528,290</u>		<u>528,290</u>
NET POSITION			
Net Investment in Capital Assets	1,157,336	11,109	1,168,445
Restricted for:			
Debt Service	148,582		148,582
Other Purposes	1,536,119		1,536,119
Unrestricted (Deficit)	(4,361,141)	203,477	(4,157,664)
Total Net Position	<u>(1,519,104)</u>	<u>214,586</u>	<u>(1,304,518)</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, 2023

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	6,553,475	491,355		2,334,692	(4,710,138)		(4,710,138)
Special Education	1,103,479	140,602			(1,244,081)		(1,244,081)
Other Special Instruction	102,180	13,829			(116,009)		(116,009)
Other Instruction	14,261	719			(14,980)		(14,980)
Support Services:							
Instruction	3,710,405		3,328	1,804,945	(1,902,132)		(1,902,132)
Student & Instruction Related Services	1,755,912	91,753			(1,847,665)		(1,847,665)
General Administrative Services	311,894	17,342			(329,236)		(329,236)
School Administrative Services	324,784	41,512			(366,296)		(366,296)
Central Services	464,618	37,530			(502,148)		(502,148)
Administrative Information Tech.	100,326				(100,326)		(100,326)
Plant Operations and Maintenance	1,248,331	42,014			(1,290,345)		(1,290,345)
Pupil Transportation	962,426				(962,426)		(962,426)
Unallocated Benefits	3,106,918				(3,106,918)		(3,106,918)
Transfer to Charter Schools	379,353				(379,353)		(379,353)
Capital Outlay - Non-Depreciable	195,968				(195,968)		(195,968)
Interest on Long-Term Debt	68,316				(68,316)		(68,316)
Unallocated Depreciation	8,486				(8,486)		(8,486)
Amortization	186,598				(186,598)		(186,598)
Total Governmental Activities	20,597,730	876,656	3,328	4,139,637	(17,331,421)	-	(17,331,421)
Business-Type Activities:							
Food Service	606,272		3,722	656,119		53,569	53,569
Total Business-Type Activities	606,272		3,722	656,119		53,569	53,569
Total Primary Government	21,204,002		7,050	4,795,756	(17,331,421)	53,569	(17,277,852)
General Revenues:							
Taxes:							
Levied for General Purposes					3,195,824		3,195,824
Federal and State Aid Not Restricted					13,953,349		13,953,349
Federal and State aid - Capital Outlay					98,179		98,179
Interest Earned on Capital Reserve Funds					4,850		4,850
Miscellaneous Income					444,673	5,246	449,919
Total General Revenues, Special Items, Extraordinary Items and Transfers					17,696,875	5,246	17,702,121
Change in Net Position					365,454	58,815	424,269
Net Position—Beginning (restated)					(1,884,558)	155,771	(1,728,787)
Net Position—Ending					(1,519,104)	214,586	(1,304,518)

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, 2023

	<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	48,302		148,582	196,884
Security Deposits	20,000			20,000
Accounts Receivable -				
Intergovernmental - State	545,229	3,201		548,430
Intergovernmental - Federal		1,567,075		1,567,075
Other Accounts Receivable	13,819	25,047		38,866
Taxes Receivable	512,667			512,667
Interfund Receivables	206,455			206,455
Restricted Cash and Cash Equivalents:				
Capital Reserve	333,795			333,795
Maintenance Reserve	195,914			195,914
Emergency Reserve	100,000			100,000
Payroll Withholdings and Deductions	119,045 *			119,045
Summer Savings	15,027 *			15,027
Flexible Spending	21 *			21
Student Activities		6,832 *		6,832
Total Assets	<u>2,110,274</u>	<u>1,602,155</u>	<u>148,582</u>	<u>3,861,011</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	862,582	942,278		1,804,860
Intergovernmental Payable:				
State		36,329		36,329
Payroll Deductions and Withholdings Payable	134,093 **			134,093
Interfund Payable		206,455		206,455
Unearned Revenue		410,261		410,261
Total Liabilities	<u>996,675</u>	<u>1,595,323</u>	<u>-</u>	<u>2,591,998</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Prior Year - Designated for				
Subsequent Year's Expenditures	77,398			77,398
Capital Reserve Account	333,795			333,795
Maintenance Reserve Account	195,914			195,914
Emergency Reserve Account	100,000			100,000
Student Activity Accounts		6,832		6,832
Assigned to:				
Year-End Encumbrances	2,410			2,410
Designated by the BOE for				
Subsequent Year's Expenditures	819,770			819,770
Debt Service Fund			148,582	148,582
Unassigned:				
General Fund	(415,688)			(415,688)
Total Fund Balances	<u>1,113,599</u>	<u>6,832</u>	<u>148,582</u>	<u>1,269,013</u>
Total Liabilities and Fund Balances	<u>2,110,274</u>	<u>1,602,155</u>	<u>148,582</u>	

PROSPECT PARK BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2023

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	296,950
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Right to use assets at historical cost	1,865,984
Accumulated amortization	(186,598)
Accounts Payable for Subsequent Pension Payment is Not a Payable in the Funds	(160,343)
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	499,531
Deferred Inflows of Resources Related to PERS Pension Liability	(528,290)
Accrued Interest Liabilities are Not Due and Payable in the Current Period and Therefore are Not Reported as Liabilities in the Funds	(15,113)
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)	(4,560,238)
Net Position of Governmental Activities	<u>(1,519,104)</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, 2023

	<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			3,195,824
Interest Earned on Capital Reserve Funds	4,850			4,850
Miscellaneous	444,673	12,700		457,373
Student Group Receipts		3,328 *		3,328
Total - Local Sources	3,645,347	16,028	-	3,661,375
State Sources	14,650,513	1,416,398		16,066,911
Federal Sources	33,120	2,808,718		2,841,838
Total Revenues	18,328,980	4,241,144	-	22,570,124
EXPENDITURES				
Current:				
Regular Instruction	4,218,783	2,334,692		6,553,475
Special Education Instruction	1,103,479			1,103,479
Other Special Instruction	102,180			102,180
School Sponsored/Other Instructional	14,261			14,261
Support Services and Undistributed Costs:				
Instruction	1,905,075	1,805,330 **		3,710,405
Attendance and Social Work Services	149,862			149,862
Health Services	79,275			79,275
Student & Instruction Related Services	1,526,775			1,526,775
General Administrative Services	311,894			311,894
School Administrative Services	324,784			324,784
Central Services	464,618			464,618
Administrative Information Tech.	100,326			100,326
Plant Operations and Maintenance	3,114,315			3,114,315
Pupil Transportation	962,426			962,426
Unallocated Benefits	2,177,361			2,177,361
On-behalf Contributions	2,934,073			2,934,073
Transfer to Charter Schools	379,353			379,353
Debt Service:				
Principal	86,610		270,000	356,610
Interest and Charges	33,390		36,979	70,369
Capital Outlay	97,789	98,179		195,968
Total Expenditures	20,086,629	4,238,201	306,979	24,631,809
Excess (Deficiency) of Revenues				
Over Expenditures	(1,757,649)	2,943	(306,979)	(2,061,685)
OTHER FINANCING SOURCES (USES)				
Lease Liabilities Issued	1,865,984			1,865,984
Total Other Financing Sources and Uses	1,865,984	-	-	1,865,984
Net Change in Fund Balances	108,335	2,943	(306,979)	(195,701)
Fund Balance—July 1	1,005,264	3,889	455,561	1,464,714
Fund Balance—June 30	1,113,599	6,832	148,582	1,269,013

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, 2023

Total Net Change in Fund Balances - Governmental Funds (from B-2) (195,701)

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	(8,486)	
Depreciable Outlays	-	
	-	(8,486)

Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Right to use assets at historical cost	1,865,984	
Accumulated amortization	(186,598)	
	1,679,386.00	1,679,386.00

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	
Right to Use Leased Assets	86,610	
	356,610	356,610

Proceeds from Debt Issues are a Financing Source in the Governmental Funds. They are Not Revenue in the Statement of Activities; Issuing Debt Increases Long-Term Liabilities in the Statement of Net Position. Proceeds of Lease Liability

	(1,865,984)	
	(1,865,984)	(1,865,984)

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 - Bonds	17,166	
Current Year - Bonds	(13,650)	
Current Year - Right to Use Leases	(1,463)	
	2,053	2,053

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		94,230
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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	152,294	
Less: Pension Expense	151,052	
(Increase)/Decrease in Pension Expense	303,346	303,346

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.

Decrease in On-behalf State Aid TPAF Pension		(1,300,705)
Decrease in On-behalf TPAF Pension Expense		1,300,705

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		570,421
Increase in On-behalf State Aid TPAF Post Employment Medical Expense		(570,421)

Change in Net Position of Governmental Activities		365,454
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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, 2023

	<u>Food Service Program</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	135,903
Accounts Receivable:	
State	2,769
Federal	108,982
Inventories	5,061
Total Current Assets	<u>252,715</u>
Noncurrent Assets:	
Capital Assets:	
Equipment	87,385
Less Accumulated Depreciation	<u>(76,276)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>11,109</u>
Total Assets	<u><u>263,824</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	43,105
Deferred Revenues	6,133
Total Current Liabilities	<u>49,238</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	11,109
Unrestricted	<u>203,477</u>
Total Net Position	<u><u>214,586</u></u>

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

Exhibit B-5

PROSPECT PARK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2023

	Food Service Program
Operating Revenues:	
Charges for Services:	
Daily Sales - Non-Reimbursable Programs	3,722
Total Operating Revenues	<u>3,722</u>
Operating Expenses:	
Cost of Sales - Reimbursable	223,705
Cost of Sales - Non-Reimbursable	26,374
Salaries	234,871
Benefits	43,639
Supplies and Materials	39,583
Purchased Property Services	19,956
Other Expenses	16,911
Depreciation	1,233
Total Operating Expenses	<u>606,272</u>
Operating Income (Loss)	<u>(602,550)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	6,005
Breakfast After the Bell	7,813
Federal sources:	
National School Breakfast Program	188,421
National School Lunch Program	349,650
Local Food for Schools Cooperative Agreement Program	5,651
Supply Chain Assistance	50,900
Food Distribution Program	47,679
Interest Income	5,246
Total Nonoperating Revenues (Expenses)	<u>661,365</u>
Income (Loss) before Contributions & Transfers	<u>58,815</u>
Change in Net Position	58,815
Total Net Position—Beginning (Restated)	<u>155,771</u>
Total Net Position—Ending	<u><u>214,586</u></u>

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, 2023

	<u>Food Service Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	3,619
Payments to Suppliers	<u>(582,990)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(579,371)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Local Sources	143,283
State Sources	12,143
Federal Sources	<u>547,727</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>703,153</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	<u>5,246</u>
Net Cash Provided by (Used for) Investing Activities	<u>5,246</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	<u>(12,342)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(12,342)</u>
Net Increase (decrease) in Cash and Cash Equivalents	116,686
Balances—Beginning of Year	<u>19,217</u>
Balances—End of Year	<u><u>135,903</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	(602,550)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	1,233
Food Distribution Program	47,679
(Increase) Decrease in Inventories	9,344
Increase (Decrease) in Accounts Payable	(40,900)
Increase (Decrease) in Deferred Revenues	<u>5,823</u>
Total Adjustments	<u>23,179</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>(579,371)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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. The Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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, 2023**

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

B. Basis of Presentation

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Currently the District does not have any fiduciary funds.

District-wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

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.

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.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

GOVERNMENTAL FUNDS, (continued)

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

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.

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.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

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.

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, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (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.

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, 2023**

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

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.

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.

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, 2023**

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

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.

Tuition Payable

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

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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023 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.

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.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

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. 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

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.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

Compensated Absences, (continued)

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.

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.

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.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

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, 2023**

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

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.

Bond Discounts/Premiums

Bond discounts/premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts/premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

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.

Right to Use Assets

The District has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

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.
- **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.

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

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.

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.

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.

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.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

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.

New Accounting Standards

During fiscal year 2023, the District adopted the following GASB Statement:

GASB Statement No. 96, *Subscription-Based Information Technology*, which improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The implementation of this statement has no material effect on the financial statements.

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

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the School District in the fiscal year ending June 30, 2025 although earlier application is encouraged. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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, 2023, \$0- of the District's bank balance of \$1,561,623 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, 2023

NOTE 3. RECEIVABLES

Receivables at June 30, 2023 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
Interfunds	\$206,455	\$	\$
State Aid	548,430	2,769	551,199
Federal Aid	1,567,075	108,982	1,676,057
Other Receivables	<u>551,533</u>	<u> </u>	<u>551,533</u>
Gross Receivables	2,873,493	111,751	2,778,789
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u><u>\$2,873,493</u></u>	<u><u>\$111,751</u></u>	<u><u>\$2,778,789</u></u>

NOTE 4. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2023, consist of the following:

<u>Amount</u>	<u>Description</u>
<u>\$206,455</u>	Due to the General Fund from the Special Revenue Fund to cover deficit in cash.
<u><u>\$206,455</u></u>	

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

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	<u>Restated Balance 6/30/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/23</u>
Governmental Activities				
Capital Assets that are not being depreciated:				
Land:	\$12,549	\$	\$	\$12,549
Construction in progress				0
Total Capital Assets, not being depreciated	<u>12,549</u>			<u>12,549</u>
Building and building improvements	402,717			402,717
Machinery and equipment	508,423			508,423
Right to Use Leased Assets		<u>1,865,984</u>		<u>1,865,984</u>
Totals at historical cost	<u>911,140</u>	<u>1,865,984</u>		<u>2,777,124</u>
Less accumulated depreciation for:				
Land improvements	-			0
Buildings and improvements	(402,717)			(402,717)
Equipment	(215,536)	(8,486)		(224,022)
Right to Use Leased Assets		<u>(186,598)</u>		<u>(186,598)</u>
Total accumulated depreciation	<u>(618,253)</u>	<u>(195,084)</u>		<u>(813,337)</u>
Total Capital Assets, being depreciated, net of accumulated depreciation	<u>292,887</u>	<u>1,670,900</u>		<u>1,963,787</u>
Governmental activities capital assets, net	<u><u>\$305,436</u></u>	<u><u>\$1,670,900</u></u>	<u><u>\$</u></u>	<u><u>\$1,976,336</u></u>

	<u>Restated Balance 6/30/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/23</u>
Business-type activities				
Equipment	\$75,043	\$12,342	\$	\$87,385
Less accumulated depreciation for:				
Equipment	<u>(75,043)</u>	<u>(1,233)</u>		<u>(76,276)</u>
Business-type activities capital assets, net	<u><u>\$0</u></u>	<u><u>\$11,109</u></u>	<u><u>\$</u></u>	<u><u>\$11,109</u></u>

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

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 6. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the fiscal year ended June 30, 2023 are as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Long-term</u> <u>Portion</u>
Governmental Activities:						
Bonds payable:						
General obligation debt	<u>\$1,089,000</u>	<u>\$ _____</u>	<u>(\$270,000)</u>	<u>\$819,000</u>	<u>\$270,000</u>	<u>\$549,000</u>
Total Bonds Payable	<u>1,089,000</u>	<u>_____</u>	<u>(270,000)</u>	<u>819,000</u>	<u>270,000</u>	<u>549,000</u>
Other Liabilities:						
Compensated absences payable	233,541	127,284	(221,513)	139,312		139,312
Net Pension Liability PERS	1,277,130	545,422		1,822,552		1,822,552
Lease Liability	<u>_____</u>	<u>1,865,984</u>	<u>(86,610)</u>	<u>1,779,374</u>	<u>165,932</u>	<u>1,613,442</u>
Total other liabilities	<u>1,510,671</u>	<u>2,538,690</u>	<u>(308,123)</u>	<u>3,741,238</u>	<u>165,932</u>	<u>3,575,306</u>
Total Governmental Activities	<u><u>\$2,599,671</u></u>	<u><u>\$2,538,690</u></u>	<u><u>(\$578,123)</u></u>	<u><u>\$4,560,238</u></u>	<u><u>\$435,932</u></u>	<u><u>\$4,124,306</u></u>

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, 2023 consisted of the following:

<u>Issue</u>	<u>Amount</u> <u>Issued</u>	<u>Issue</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>Principal</u> <u>Balance</u> <u>June 30, 2023</u>
School Bonds of 2010	\$2,679,000	7/27/10	2.0%-5.0%	8/1/2025	<u>\$819,000</u>

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 6. LONG-TERM OBLIGATIONS, (continued)

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>
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>\$819,000</u>	<u>\$49,300</u>	<u>\$868,300</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2023 the Board has no authorized but not issued bonds.

C. Financed Purchases Payable:

The District had no financed purchases payable outstanding at June 30, 2023.

D. Compensated Absences:

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

E. Net Pension Liability:

For details on the net pension liability, refer to Note 7. The District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

F. Leases:

The District has entered into a lease as a lessee of buildings for instructional space. An initial lease liability was recorded in the amount of \$1,865,984 in the current year. For the year ended June 30, 2023, the value of the lease liability is \$1,779,374. The leases has an interest rate of 2.00%. The value of the right to use assets for the year ended June 30, 2023 was \$1,679,386, with accumulated amortization of \$186,598.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 6. LONG-TERM OBLIGATIONS, (continued)

F. Leases: (continued)

The future minimum lease-purchase obligations and the net present value of these minimum lease-purchase payments as of June 30, 2023 were as follows:

<u>Fiscal Year</u>	<u>Governmental</u>
<u>Ending</u>	<u>Activities</u>
<u>June 30,</u>	
2024	\$200,004
2025	204,000
2026	208,080
2027	212,244
2028	216,492
2029-2032	<u>910,116</u>
Total Minimum Lease - Purchase Payments	1,950,936
Less: Amount representing interest	<u>(171,562)</u>
Present value of lease - purchase payments	<u><u>\$1,779,374</u></u>

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.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS, (continued)

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.

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.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS, (continued)

Benefits Provided, (continued)

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.

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

Empower Financial Services 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, 2023

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:

<u>Year</u> <u>Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/23	\$152,294	\$17,889
6/30/22	126,254	17,864
6/30/21	136,403	11,530

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:

<u>Year</u> <u>Ending</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>	<u>Long-Term</u> <u>Disability</u> <u>Insurance</u>
6/30/23	\$1,973,040	\$525,504	\$27,374	\$677
6/30/22	2,074,440	491,511	29,267	699
6/30/21	1,469,923	469,416	27,967	748

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 \$407,478 during the year ended June 30, 2023 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, 2023, the District had a liability of \$1,822,552 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.0120767804 percent, which was an increase of 0.0012961 percent from its proportion measured as of June 30, 2021.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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, 2023, the District recognized pension expense of \$(151,052). At June 30, 2023, 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	\$13,154	\$11,600
Changes of assumptions	5,647	272,908
Net difference between projected and actual earnings on pension plan investments	75,434	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	244,953	243,782
District contributions subsequent to the measurement date	<u>160,343</u>	<u> </u>
Total	<u><u>\$499,531</u></u>	<u><u>\$528,290</u></u>

The \$160,343 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, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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:	
2023	\$(156,337)
2024	(79,648)
2025	(38,843)
2026	84,741
2027	(186)

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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 5.04, 5.13, 5.16, 5.21, 5.63 and 5.48 years for 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,091,376,611	11,846,499,172
District's Proportion	0.0120767804%	0.0107806550%

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55% (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, 2023**

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions.

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, 2022) 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, 2022 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, 2023

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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2023

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, 2022 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:

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$2,345,840	\$1,822,552	\$1,377,213

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, 2023

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, 2023 was as follows:

Net Pension Liability:	
District's proportionate share	\$
State's proportionate share	
associated with the District	<u>25,999,131</u>
	<u><u>\$25,999,131</u></u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. 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, 2022, the proportion of the TPAF net pension liability associated with the District was 0.0503913655%.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$699,709 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	2.75%-6.55% (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, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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, 2022. 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

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 8. POST-RETIREMENT BENEFITS, (continued)

State Health Benefit State Retired Employees Plan, (continued)

"pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement NO. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The 7 State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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 GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability of the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget's Financial Publications webpage: nj.gov/treasury/omb/fr.shtml.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 20223was as follows:

OPEB Liability:	
District's proportionate share	\$
State's proportionate share	
associated with the District	<u>24,207,106</u>
	<u>\$24,207,106</u>

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 8. POST-RETIREMENT BENEFITS, (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2022 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, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2022. 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:

	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:	2.75 - 4.25%	2.75 - 6.55%
	based on service years	based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP). “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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, 2021 valuation were based on the results of the TPAF and PERS actuarial experience studies prepared for July 1, 2018 to June 30, 2021.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 8. POST-RETIREMENT BENEFITS, (continued)

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

(b) Discount Rate

The discount rate used to measure the total OPEB Liability was 3.54%. 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, 2023

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, 2023, the board of education/board of trustees recognized on-behalf OPEB expense of \$1,095,925 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, 2023

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	<u>\$86,777</u>
Increased by:	
Deposits Approved by Board Resolution	153,373
Interest Earnings	<u>4,850</u>
Ending balance, June 30, 2023	<u>\$245,000</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, 2023

NOTE 12. MAINTENANCE RESERVE ACCOUNT, (continued)

The activity of the maintenance reserve account for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	<u>\$195,914</u>
Ending Balance, June 30, 2023	<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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	<u>\$100,000</u>
Ending Balance, June 30, 2023	<u>\$100,000</u>

NOTE 14. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$1,113,599 General Fund fund balance at June 30, 2023, \$77,398 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$77,398 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024); \$333,795 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; \$819,770 is designated by the BOE for Subsequent Year's Expenditures; \$2,410 is reserve for Encumbrances; and \$(415,688) is unreserved and undesignated.

Special Revenue Fund - Of the \$6,832 Special Revenue Fund fund balance at June 30, 2023, \$6,832 is reserved for Student Activities.

Debt Service Fund - The Debt Service Fund fund balance at June 30, 2023 of \$148,582 is unreserved and undesignated.

**Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 15. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$415,688 in the General Fund as of June 30, 2023 as reported in the fund statements (modified accrual basis). *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget years, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAO financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP fund statements of \$415,688 is less than the last state aid payment(s).

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A.* 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$166,193. Of this amount, \$88,795 is the result of current year operations.

NOTE 17. INVENTORY

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Food	\$4,210
Supplies	<u>851</u>
	<u>\$5,061</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.

Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 18. RETROACTIVE RESTATEMENT DUE TO UPDATED FIXED ASSET SCHEDULE

During fiscal year 2023, the District's fixed asset report was updated to reflect adjustments not made prior to the issuance of the June 30, 2022 audit report. The following adjustments were made to the capital asset schedule and the Statement of Net Position as of June 30, 2022.

	<u>Balance</u> <u>June 30, 2022</u>	<u>Restatement</u>	<u>Restated Balance</u> <u>June 30, 2022</u>
<u>GOVERNMENTAL FUNDS:</u>			
Assets:			
Capital Assets, Net			
Land	\$39,658	(\$27,109)	(\$12,549)
Construction in Progress	3,466,751	(3,466,751)	-
Other Capital Assets, Net	6,937,133	(6,644,246)	292,887
Net Assets:			
Net Investment in Capital Assets	8,767,659	(10,138,106)	(783,564)
Total Net Position	8,253,548	(10,138,106)	(1,884,558)
 <u>BUSINESS-TYPE ACTIVITIES:</u>			
Assets:			
Capital Assets			
Being Depreciated, Net	\$18,865	(\$18,865)	\$ -
Net Assets:			
Net Investment in Capital Assets	18,865	(18,865)	-
Total Net Position	174,636	(18,865)	155,771

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Borough of Prospect Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 19. RIGHT TO USE LEASED ASSETS

The District has entered into a right to use leased asset agreements. This lease is for a building to be utilized as a Middle School. The right to use lease assets are amortized on the straight-line basis over the terms of the related lease. The following schedules identify the lease asset quantitative disclosure and analysis of the lease liability through June 14, 2022.

	Restated Balance <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2023</u>
Right to use assets				
Leased Building	<u>\$</u>	<u>\$1,865,984</u>	<u>\$</u>	<u>\$1,865,984</u>
Total right to use assets	<u>0</u>	<u>1,865,984</u>	<u>0</u>	<u>1,865,984</u>
Less accumulated amortization for:				
Leased Building		<u>(186,598)</u>		<u>(186,598)</u>
Total accumulated amortization	<u>0</u>	<u>(186,598)</u>	<u>0</u>	<u>(186,598)</u>
Right to use leased asset, net	<u>\$0</u>	<u>\$1,679,386</u>	<u>\$0</u>	<u>\$1,679,386</u>

Lease Asset Quantitative Disclosure:

<u>Lease Description</u>	<u>Role</u>	<u>Classification</u>	Net Asset <u>Balance</u>	Accumulated <u>Amortization</u>	Gross Asset <u>Balance</u>
St. Paul RC Church	Lessee	Building	<u>\$1,679,385</u>	<u>\$186,598</u>	<u>\$1,865,984</u>
			<u>\$1,679,385</u>	<u>\$186,598</u>	<u>\$1,865,984</u>

NOTE 20. 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 21. SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 23, 2024, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

	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	
Interest Earned on Current Expense Emergency Reserve	491		491		(491)
Interest Earned on Maintenance Reserve Funds	500		500		(500)
Interest Earned on Capital Reserve Funds	1,000		1,000	4,850	3,850
Unrestricted Miscellaneous Revenues	50,000		50,000	444,673	394,673
Total - Local Sources	3,247,815		3,247,815	3,645,347	397,532
Revenues from State Sources:					
Categorical Special Education Aid	794,961		794,961	794,961	
Equalization Aid	10,047,828		10,047,828	10,047,828	
Categorical Security Aid	366,508		366,508	366,508	
Categorical Transportation Aid	64,723		64,723	64,723	
Extraordinary Aid	100,953		100,953	502,970	402,017
State Reimbursement from Securing Our Children's Future Bond Act				42,752	42,752
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				525,504	525,504
On-behalf TPAF Pension (non-budgeted)				1,973,040	1,973,040
On-behalf TPAF NCGI Premium (non-budgeted)				27,374	27,374
On-behalf TPAD LTDI				677	677
Reimbursed TPAF Social Security Contributions (non-budgeted)				407,478	407,478
Total - State Sources	11,374,973		11,374,973	14,753,815	3,378,842
Revenues from Federal Sources:					
Special Education Medicaid Initiative	47,009		47,009	23,762	(23,247)
Medicaid Administrative Claiming (MAC)				4,644	4,644
FFCRA - SEMI				4,714	4,714
Total - Federal Sources	47,009		47,009	33,120	(13,889)
TOTAL REVENUES	14,669,797		14,669,797	18,432,282	3,762,485
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	220,959	103,424	324,383	324,358	25
Grades 1-5 - Salaries of Teachers	1,944,125	74,419	2,018,544	2,018,544	
Grades 6-8 - Salaries of Teachers	1,429,665	(144,854)	1,284,811	1,272,778	12,033
Regular Programs - Home Instruction:					
Salaries of Teachers	6,750	(6,750)			
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	47,148	(32,368)	14,780	14,591	189
Purchased Professional-Educational Services	48,000	(36,300)	11,700	9,572	2,128
Purchased Technical Services	5,000	5,031	10,031	10,031	
Other Purchased Services (400-500 series)	16,000	91,712	107,712	103,512	4,200
General Supplies	317,576	134,586	452,162	449,153	3,009
Textbooks	38,000	(38,000)			
Other Objects	2,500	15,245	17,745	16,244	1,501
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,075,723	166,145	4,241,868	4,218,783	23,085
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	169,096	35,030	204,126	204,126	
Other Salaries for Instruction	98,494	5,787	104,281	104,281	
General Supplies	1,500	36,000	37,500	1,507	35,993
Total Learning and/or Language Disabilities	269,090	76,817	345,907	309,914	35,993
Multiple Disabilities					
Salaries of Teachers	103,083	71,068	174,151	146,944	27,207
Other Salaries for Instruction	14,641	(1,650)	12,991	12,991	
General Supplies	500		500		500
Total Multiple Disabilities	118,224	69,418	187,642	159,935	27,707
Resource Room/Resource Center:					
Salaries of Teachers	517,280	(264,341)	252,939	252,939	
Other Salaries for Instruction	132,565	(22,935)	109,630	109,630	
General Supplies	1,000		1,000	1,000	
Total Resource Room/Resource Center	650,845	(287,276)	363,569	363,569	
Autism					
Salaries of Teachers	125,216	(117,178)	8,038	8,038	
Other Salaries for Instruction	65,390	21,476	86,866	86,866	
General Supplies	1,000	58,680	59,680	59,680	
Total Autism	191,606	(37,022)	154,584	154,584	

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities- Full-Time:					
Salaries of Teachers	60,893	1,085	61,978	61,728	250
Other Salaries for Instruction	50,950	313	51,263	51,263	
General Supplies	1,000	2,184	3,184	2,486	698
Total Preschool Disabilities - Full-Time	112,843	3,582	116,425	115,477	948
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,342,608	(174,481)	1,168,127	1,103,479	64,648
Basic Skills/Remedial - Instruction					
Salaries of Teachers		230	230	230	
Total Basic Skills/Remedial - Instruction		230	230	230	
Bilingual Education - Instruction					
Salaries of Teachers	124,654	(22,639)	102,015	101,950	65
General Supplies	500		500		500
Total Bilingual Education - Instruction	125,154	(22,639)	102,515	101,950	565
School-Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	15,000	(14,642)	358	245	113
Other Objects		8,807	8,807	8,806	1
Total School-Sponsored Co/Extra Curricular Activities - Instruction	15,000	(5,835)	9,165	9,051	114
Summer School - Instruction					
Salaries	20,000	(19,690)	310	310	
Other Salaries for Instruction	5,000	(5,000)			
Supplies and Materials		288	288	144	144
Total Summer School - Instruction	25,000	(24,402)	598	454	144
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Reading Specialists	81,683	(76,927)	4,756	4,756	
Total Other Supplemental/At-Risk Programs - Instruction	81,683	(76,927)	4,756	4,756	
Community Services Programs/Operations:					
Salaries		140	140		140
Total Community Services Programs/Operations		140	140		140
TOTAL INSTRUCTION	5,665,168	(137,769)	5,527,399	5,438,703	88,696
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	210,844	24,151	234,995	234,995	
Tuition to CSSD & Regional Day Schools	206,335	(21,881)	184,454	184,454	
Tuition to Private Schools for the Disabled Within State	1,545,269	(39,627)	1,505,642	1,485,626	20,016
Total Undistributed Expenditures - Instruction:	1,962,448	(37,357)	1,925,091	1,905,075	20,016
Undistributed Expend. - Attend. & Social Work					
Salaries	34,878	64,924	99,802	99,802	
Purchased Professional and Technical Services	50,000	60	50,060	50,060	
Total Undistributed Expend. - Attend. & Social Work	84,878	64,984	149,862	149,862	
Undist. Expend. - Health Services					
Salaries		7,091	7,091	7,090	1
Purchased Professional and Technical Services	65,000	11,750	76,750	65,832	10,918
Supplies and Materials	3,500	2,912	6,412	6,353	59
Total Undistributed Expenditures - Health Services	68,500	21,753	90,253	79,275	10,978
Undist. Expend. - Speech, OT, PT & Related Services					
Purchased Prof. Services-Educational Services	590,000	274,213	864,213	856,052	8,161
Supplies and Materials	1,300	(693)	607		607
Total Undist. Expend. - Speech, OT, PT & Related Services	591,300	273,520	864,802	856,052	8,768
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Purchased Professional - Educational Services	434,564	(354,853)	79,711	66,336	13,375
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	434,564	(354,853)	79,711	66,336	13,375
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	170,166	17,130	187,296	187,296	
Other Purchased Professional and Technical Services	1,900	(716)	1,184		1,184
Supplies and Materials	500	(170)	330		330
Other Objects		100	100		100
Total Undist. Expend. - Guidance	172,566	16,344	188,910	187,296	1,614
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	193,456	(63,517)	129,939	109,217	20,722
Salaries of Secretarial and Clerical Assistants		5,204	5,204	5,202	2
Professional Svcs-Educational Services	2,000	(2,000)			
Other Purchased Services (400-500 Series)	1,000	(1,000)			
Supplies and Materials	2,716	400	3,116	3,109	7
Total Undist. Expend. - Child Study Teams	199,172	(60,913)	138,259	117,528	20,731
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	125,575	60,658	186,233	186,233	
Purchased Prof-Educational Services	12,500	(11,655)	845	845	
Other Purch Services (400-500 Series)	1,000	(31)	969	969	
Supplies and Materials	1,300	300	1,600	1,449	151
Other Objects	800	1,378	2,178	1,895	283
Total Undist. Expend. - Improvement of Inst. Services	141,175	50,650	191,825	191,391	434

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	75,333	285	75,618	75,618	
Purchased Professional and Technical Services	1,400	91	1,491	1,490	1
Supplies and Materials	500	250	750	750	
Total Undist. Expend. - Educational Media Serv./Sch. Library	77,233	626	77,859	77,858	1
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisor of Instruction	30,000	(26,280)	3,720	3,720	
Purchased Professional - Educational Services	6,000	14,678	20,678	20,554	124
Other Purchased Prof. and Tech. Services	11,000	(2,593)	8,407	6,040	2,367
Other Purchased Services (400-500 Series)	2,500	(2,500)			
Total Undist. Expend. - Instructional Staff Training Serv.	49,500	(16,695)	32,805	30,314	2,491
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	176,843	(48,718)	128,125	128,125	
Legal Services	50,430	41,599	92,029	91,953	76
Audit Fees	20,000	5,400	25,400	25,400	
Other Purchased Professional Services	14,000	900	14,900	14,826	74
Purchased Technical Services	2,320	(2,320)			
Communications/Telephone	76,004	(56,959)	19,045	18,741	304
BOE Other Purchased Services	2,000	(566)	1,434	984	450
Other Purch Services (400-500 Series)		3,925	3,925	2,625	1,300
General Supplies	2,097	14,577	16,674	16,357	317
Misc. Expenditures	3,480	4,852	8,332	8,332	
BOE Membership Dues and Fees	5,000	(449)	4,551	4,551	
Total Undist. Expend. - Supp. Serv. - General Administration	352,174	(37,759)	314,415	311,894	2,521
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	148,446	39,711	188,157	188,157	
Salaries of Secretarial and Clerical Assistants	114,465	4,086	118,551	118,551	
Purchased Professional and Technical Services	2,000	(2,000)			
Other Purchased Services (400-500 series)		1,655	1,655	880	775
Supplies and Materials	2,017	13,638	15,655	15,569	86
Other Objects	3,000	(1,094)	1,906	1,627	279
Total Undist. Expend. - Support Serv. - School Administration	269,928	55,996	325,924	324,784	1,140
Undist. Expend. - Central Services					
Salaries	228,357	48,931	277,288	277,288	
Purchased Professional Services	25,000	58,670	83,670	82,570	1,100
Purchased Technical Services		21,500	21,500	21,290	210
Misc. Pur Services (400-500 Series)	7,500	35,197	42,697	42,386	311
Supplies and Materials	3,841	13,899	17,740	17,222	518
Interest on Current Loans		21,565	21,565	21,565	
Other Objects	4,826	(1,829)	2,997	2,297	700
Total Undist. Expend. - Central Services	269,524	197,933	467,457	464,618	2,839
Undist. Expend. - Admin Info. Technology					
Information Technology					
Purchased Professional Services	42,000	(18,408)	23,592	16,062	7,530
Purchased Technical Services	25,000	44,211	69,211	63,254	5,957
Other Purchased Services (400-500 series)	4,000	2,716	6,716	6,635	81
Supplies and Materials	15,000	4,757	19,757	14,375	5,382
Total Undist. Expend. - Support Serv. - Administrative	86,000	33,276	119,276	100,326	18,950
Undist. Expend. - Required Maint. for School Facilities (261)					
Cleaning, Repair and Maintenance Services	164,394	24,853	189,247	175,697	13,550
General Supplies	30,661	(12,332)	18,329	15,679	2,650
Total Undist. Expend. - Required Maint. for School Facilities	195,055	12,521	207,576	191,376	16,200
Undist. Expend. - Custodial Services (262)					
Salaries	331,348	(15,970)	315,378	310,073	5,305
Salaries of Non-Instructional Aides		1,000	1,000	338	662
Cleaning, Repair and Maintenance Services	33,000	104,097	137,097	135,000	2,097
Rental of Land & Bldg. Oth. Than Lease Purch Agreement	230,000	(94,573)	135,427	135,427	
Other Purchased Property Services	14,025	14,811	28,836	28,397	439
Insurance	90,000	4,000	94,000	93,967	33
General Supplies	18,945	34,381	53,326	51,557	1,769
Energy (Natural Gas)	35,000	(9,597)	25,403	25,146	257
Energy (Electricity)	145,000	4,773	149,773	149,773	
Other Objects	1,000	1,674	2,674	2,674	
Total Undist. Expend. - Custodial Services	898,318	44,596	942,914	932,352	10,562

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

	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	(2,800)	1,500	200	1,300
General Supplies	1,000		1,000		1,000
Total Undist. Expend. - Care and Upkeep of Grounds	5,300	(2,800)	2,500	200	2,300
Undist. Expend. - Security (266)					
Salaries					
Purchased Professional and Technical Services	175,000	39,080	214,080	214,080	
Cleaning, Repair and Maintenance Services	20,000	(20,000)			
General Supplies	13,960	16,363	30,323	30,323	
Total Undist. Expend. - Security	208,960	35,443	244,403	244,403	
Undist. Expend. - Student Transportation Services (270)					
Contract Services - Aid in Lieu Pymts - NonPub Sch.	25,000	3,105	28,105	28,105	
Contract Services (Other than Between Home & School)-Vendors	7,000	(7,000)			
Contract Services (Spl. Ed. Students) - ESCs & CTSA's	858,833	75,488	934,321	934,321	
Total Undist. Expend. - Student Transportation Services	890,833	71,593	962,426	962,426	
UNALLOCATED BENEFITS (291)					
Social Security Contributions	115,000	38,774	153,774	153,774	
Other Retirement Contributions-PERS	140,000	12,294	152,294	152,294	
Other Retirement Contributions - ERIP	12,000	(12,000)			
Other Retirement Contributions-Regular	5,000	2,690	7,690	7,690	
Unemployment Compensation	55,000	(15,347)	39,653	38,577	1,076
Workmen's Compensation	50,000	27,356	77,356	75,221	2,135
Health Benefits	1,965,735	(269,787)	1,695,948	1,695,948	
Tuition Reimbursement	35,290	(30,374)	4,916	4,916	
Other Employee Benefits	16,000	17,941	33,941	33,941	
Unused Sick Payment to Terminated/Retired Staff	100,000	(85,000)	15,000	15,000	
TOTAL UNALLOCATED BENEFITS	2,494,025	(313,453)	2,180,572	2,177,361	3,211
On-behalf TPAF Post Retirement Medical (non-budgeted)				525,504	(525,504)
On-behalf TPAF Pension (non-budgeted)				1,973,040	(1,973,040)
On-behalf TPAF NCGI Premium (non-budgeted)				27,374	(27,374)
On-behalf TPAF LTDI				677	(677)
Reimbursed TPAF Social Security Contributions (non-budgeted)				407,478	(407,478)
TOTAL ON-BEHALF CONTRIBUTIONS				2,934,073	(2,934,073)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,494,025	(313,453)	2,180,572	5,111,434	(2,930,862)
TOTAL UNDISTRIBUTED EXPENDITURES	9,451,453	55,405	9,506,858	12,304,800	(2,797,942)
TOTAL GENERAL CURRENT EXPENSE	15,116,621	(82,364)	15,034,257	17,743,503	(2,709,246)
CAPITAL OUTLAY					
Undistributed					
Security		13,138	13,138	13,138	
Total Equipment		13,138	13,138	13,138	
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	76,956	7,695	84,651	84,651	
Total Facilities Acquisition and Construction Services	76,956	7,695	84,651	84,651	
TOTAL CAPITAL OUTLAY	76,956	20,833	97,789	97,789	
Transfer of Funds to Charter Schools	333,602	61,531	395,133	379,353	15,780
TOTAL EXPENDITURES	15,527,179		15,527,179	18,220,645	(2,693,466)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(857,382)		(857,382)	211,637	1,069,019

Exhibit C-1

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

	<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)	(857,382)		(857,382)	211,637	1,069,019
Fund Balance, July 1	2,025,398		2,025,398	2,025,398	
Fund Balance, June 30	<u>1,168,016</u>		<u>1,168,016</u>	<u>2,237,035</u>	<u>1,069,019</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(148,860)		(148,860)	(148,860)	
Increase in Capital Reserve:					
Principal				242,168	(242,168)
Interest Deposit to Capital Reserve	1,000		1,000	4,850	3,850
Increase in Maintenance Reserve:					
Interest Deposit to Maintenance Reserve	500		500		(500)
Increase in Current Expense Emergency Reserve:					
Interest Deposit to Emergency Reserve	491		491		(491)
Budgeted Fund Balance	<u>(710,513)</u>		<u>(710,513)</u>	<u>113,479</u>	<u>1,308,328</u>
	<u>(857,382)</u>		<u>(857,382)</u>	<u>211,637</u>	<u>1,069,019</u>
Recapitulation:					
Restricted Fund Balance:					
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures				77,398	
Capital Reserve				333,795	
Maintenance Reserve				195,914	
Emergency Reserve				100,000	
Committed Fund Balance:					
Year-End Encumbrances				2,410	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				819,770	
Unassigned Fund Balance				<u>707,748</u>	
Total Fund Balance per Governmental Funds (Budgetary)				<u>2,237,035</u>	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>1,123,436</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u>1,113,599</u>	

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Source		12,700	12,700	16,028	3,328 note 1
State Sources	216,720	1,733,277	1,949,997	1,411,641	(538,356)
Federal Sources	693,437	6,842,033	7,535,470	2,837,111	(4,698,359)
Total Revenues	910,157	8,588,010	9,498,167	4,264,780	(5,233,387)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	633,786	1,466,485	2,100,271	1,126,657	973,614
Other Salaries for Instruction		144,745	144,745	55,885	88,860
Purchased Professional and Technical Services		202,241	202,241	142,259	59,982
Other Purchased Services (400-500 series)		374,234	374,234	335,469	38,765
General Supplies	1,371	814,047	815,418	657,317	158,101
Textbooks		18,942	18,942	18,897	45
Other Objects		8,600	8,600	2,501	6,099
Total instruction	635,157	3,029,294	3,664,451	2,338,985	1,325,466
Support services:					
Salaries of Program Directors		100,000	100,000	55,000	45,000
Salaries of Other Professional Staff		40,000	40,000	11,056	28,944
Salaries of Secretarial and Clerical Assistants		54,860	54,860	45,717	9,143
Salaries of Community Parent Involvement Specialists		20,000	20,000	-	
Other Salaries for Instruction		102,215	102,215	76,598	25,617
Personal Services - Employee Benefits		932,635	932,635	451,935	480,700
Purchased Education Services - Contracted Pre-K		464,430	464,430	464,430	
Purchased Professional - Educational Services		40,400	40,400	37,500	2,900
Other Purchased Professional Services		11,360	11,360	11,360	-
Purchased Technical Services	275,000	438,743	713,743	527,818	185,925
Cleaning, Repair and Maintenance Services		15,000	15,000	2,290	12,710
Contracted Transp. Services (Between Home & School)		29,044	29,044	-	
Travel		3,688	3,688	-	3,688
Other Purchased Services (400-500 series)		128,420	128,420	88,386	40,034
General Supplies		124,937	124,937	55,508	69,429
Other Objects		500	500	425	75
Student Activities		-	-	385	(385)
Total support services	275,000	2,506,232	2,781,232	1,828,408	903,780
Facilities acquisition and const. serv.:					
Instructional Equipment		13,000	13,000	12,635	365
Noninstructional Equipment		3,039,484	3,039,484	81,809	2,957,675
Total facilities acquisition and const. serv.	-	3,052,484	3,052,484	94,444	2,958,040
Total Expenditures	910,157	8,588,010	9,498,167	4,261,837	5,187,286
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	-	-	-	2,943	(46,101)
Fund Balance, July 1				3,889	
Fund Balance, June 30				\$ 6,832	
Recapitulation:					
Restricted:					
Student Activities				\$ 6,832	
Total Fund Balance				\$ 6,832	

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, 2023

**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]	18,432,282	4,264,780
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			18,439
Current Year			(42,075)
 The Last State Aid Payment is Recognized for GAAP Statements			
in the Current Year, Previously Recognized for Budgetary Purposes		1,020,134	
 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).		(1,123,436)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures			
and Changes in Fund Balances - Governmental Funds.	[B-2]	<u>18,328,980</u>	<u>4,241,144</u>
Uses/Outflows of Resources			
Actual Amounts (Budgetary Basis) "Total Outflows" from the			
Budgetary Comparison Schedule	[C-1]&[C-2]	18,220,645	4,261,837
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			18,439
Current Year			(42,075)
 Total Expenditures as Reported on the Statement of Revenues,			
Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2]	<u>18,220,645</u>	<u>4,238,201</u>

**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	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	District's	
				Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	
2015	0.0146373255%	\$ 2,740,508	\$ 873,214	313.84%	52.08%
2016	0.0129783497%	2,913,379	872,656	333.85%	52.07%
2017	0.0123454259%	3,656,361	877,084	416.88%	59.86%
2018	0.0125174710%	2,913,867	863,531	337.44%	51.90%
2019	0.0117593000%	2,315,348	895,367	258.59%	46.40%
2020	0.0122285736%	2,203,403	882,000	249.82%	43.43%
2021	0.0124688564%	2,033,344	833,572	243.93%	41.35%
2022	0.0107806550%	1,277,130	864,613	147.71%	29.35%
2023	0.0120767804%	1,822,552	894,908	203.66%	36.78%

* 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				
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%
2023	\$ 152,294	\$	(152,294)	\$	-	\$ 894,908	17.02%

* 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 Proportion of the Net Pension Liability (Asset)	District's		State's		District's Covered Payroll - TPAF Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		Proportionate Share of the Net Pension Liability (Asset)	Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payroll - TPAF Employee's			
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%
2023	0.0503913655%		-		25,999,131	5,511,846	0.00%	3.23%

* 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, 2023

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**

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Costs	\$ 1,447,526	\$ 1,623,148	\$ 881,940	\$ 855,578	\$ 1,057,325	\$ 1,270,438
Interest on Total OPEB Liability	641,515	753,726	706,455	831,724	886,969	762,365
Changes in Benefit Terms		(30,926)				
Differences between Expected and Actual Experiences	171,562	(4,824,951)	5,602,428	(2,749,931)	(2,064,242)	
Changes in Assumptions	(6,493,773)	28,665	5,859,936	291,804	(2,401,216)	(3,256,515)
Gross Benefit Payments	(635,440)	(593,725)	(558,489)	(600,769)	(559,519)	(555,568)
Contribution from the Member	20,385	19,269	16,928	17,808	19,338	20,457
Net Changes in total Share of OPEB Liability	(4,848,225)	(3,024,794)	12,509,198	(1,353,786)	(3,061,345)	(1,758,823)
Total OPEB Liability - Beginning	29,055,331	32,080,125	19,570,927	20,924,713	0	25,744,881
Total OPEB Liability - Ending	\$ 24,207,106	\$ 29,055,331	\$ 32,080,125	\$ 19,570,927	\$ (3,061,345)	\$ 23,986,058
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	24,207,106	29,055,331	32,080,125	19,570,927	20,924,713	23,986,058
Total OPEB Liability - Ending	\$ 24,207,106	\$ 29,055,331	\$ 32,080,125	\$ 19,570,927	\$ 20,924,713	\$ 23,986,058
District's Covered Employee Payroll	\$ -	\$ 6,778,356	\$ 6,289,273	\$ 6,509,470	\$ 6,475,053	\$ 6,207,397
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	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, 2023

	Total Brought Forward (Ex. E-1a)	IDEA Part B		ARP IDEA Part B Basic	Title I, Part A	Title II, Part A Teacher & Principal Training & Recruiting	Totals 2023
		Basic	Preschool				
REVENUES							
Local Sources	16,028						16,028
State Sources	1,411,641						1,411,641
Federal Sources	1,805,720	266,726	10,652	37,065	664,666	52,282	2,837,111
Total Revenues	3,233,389	266,726	10,652	37,065	664,666	52,282	4,264,780
EXPENDITURES:							
Instruction:							
Salaries of Teachers	664,197				436,447	26,013	1,126,657
Other Salaries for Instruction	55,885						55,885
Purchased Professional and Technical Services	140,917				1,342		142,259
Other Purchased Services (400-500 series)	59,743	266,726				9,000	335,469
General Supplies	620,252			37,065			657,317
Textbooks	18,897						18,897
Other Objects	2,501						2,501
Total Instruction	1,562,392	266,726	-	37,065	437,789	35,013	2,338,985
Support services:							
Salaries of Program Directors	55,000						55,000
Salaries of Other Professional Staff	11,056						11,056
Salaries of Secretarial and Clerical Assistants	45,717						45,717
Other Salaries for Instruction	76,598				226,877	13,769	76,598
Personal Services - Employee Benefits	211,289						451,935
Purchased Educational Services - Contracted Pre-K	464,430						464,430
Purchased Professional - Educational Services	37,500						37,500
Other Purchased Professional Services	11,360						11,360
Purchased Technical Services	524,318					3,500	527,818
Cleaning, Repair and Maintenance Services	2,290						2,290
Other Purchased Services (400-500 series)	77,734		10,652				88,386
General Supplies	55,508						55,508
Other Objects	425						425
Student Activities	385						385
Total Support Services	1,573,610	-	10,652	-	226,877	17,269	1,828,408

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	Total Brought Forward (Ex. E-1a)	IDEA Part B		ARP IDEA Part B Basic	Title I, Part A	Title II, Part A Teacher & Principal Training & Recruiting	Totals 2023
		Basic	Preschool				
Facilities Acquisition and Const. Serv.:							
Instructional Equipment	12,635						12,635
Noninstructional Equipment	81,809						81,809
	94,444	-	-	-	-	-	94,444
Total Facilities Acquisition and Const. Serv.							
Total Expenditures	3,230,446	266,726	10,652	37,065	664,666	52,282	4,261,837
Excess (Deficiency) of Revenues Over (Under)							
Expenditures and Other Financing Sources (Uses)	2,943	-	-	-	-	-	2,943
Fund Balance, July 1	3,889						3,889
Fund Balance, June 30	6,832	-	-	-	-	-	6,832

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	Total Brought Forward (Ex. E-1b)	Title III	Title IV	CARES ACT 2020/ ESSER	CRRSA- ESSER II	CR Learning Acceleration	Total Carried Forward
REVENUES							
Local Sources	16,028						16,028
State Sources	1,411,641						1,411,641
Federal Sources	1,443,607	1,719	25,671	95,136	120,838	118,749	1,805,720
Total Revenues	2,871,276	1,719	25,671	95,136	120,838	118,749	3,233,389
EXPENDITURES:							
Instruction:							
Salaries of Teachers	638,911				25,286		664,197
Other Salaries for Instruction	55,885						55,885
Purchased Professional and Technical Services	126,309	1,605	13,003				140,917
Other Purchased Services (400-500 series)	12,700		11,703	35,340			59,743
General Supplies	455,689	114	965	44,735		118,749	620,252
Textbooks	18,897						18,897
Other Objects	2,501						2,501
Total Instruction	1,310,892	1,719	25,671	80,075	25,286	118,749	1,562,392
Support Services:							
Salaries of Program Directors	55,000						55,000
Salaries of Other Professional Staff	11,056						11,056
Salaries of Secretarial and Clerical Assistants	45,717						45,717
Other Salaries for Instruction	76,598				13,384		76,598
Personal Services - Employee Benefits	197,905						211,289
Purchased Professional - Educational Services	37,500						37,500
Other Purchased Professional Services	11,360						11,360
Purchased Technical Services	495,082				29,236		524,318
Cleaning, Repair and Maintenance Services	2,290						2,290
Other Purchased Services (400-500 series)	44,563			15,061	33,171		77,734
General Supplies	40,447						55,508
Other Objects	425						425
Student Activities	385						385
Total Support Services	1,482,758	-	-	15,061	75,791	-	1,573,610

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	Total Brought Forward (Ex. E-1b)	Title III	Title IV	CARES ACT 2020/ ESSER	CRRSA- ESSER II	CR Learning Acceleration	Total Carried Forward
Facilities Acquisition and Const. Serv.:							
Instructional Equipment	12,635				19,761		12,635
Noninstructional Equipment	62,048						81,809
Total Facilities Acquisition and Const. Serv.	<u>74,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,761</u>	<u>-</u>	<u>94,444</u>
Total Expenditures	<u>2,868,333</u>	<u>1,719</u>	<u>25,671</u>	<u>95,136</u>	<u>120,838</u>	<u>118,749</u>	<u>3,230,446</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>2,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,943</u>
Fund Balance, July 1	<u>3,889</u>						<u>3,889</u>
Fund Balance, June 30	<u>6,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,832</u>

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	Total Brought Forward (Ex. E-1c)	CR Mental Health	ARP- ESSER	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Technology Aid	N.J. Nonpublic Nursing Aid	Total Carried Forward
REVENUES							
Local Sources	16,028						16,028
State Sources	1,348,546			18,897	12,054	32,144	1,411,641
Federal Sources	-	35,620	1,407,987				1,443,607
Total Revenues	1,364,574	35,620	1,407,987	18,897	12,054	32,144	2,871,276
EXPENDITURES:							
Instruction:							
Salaries of Teachers	315,632		323,279				638,911
Other Salaries for Instruction	55,885						55,885
Purchased Professional and Technical Services	126,309						126,309
Other Purchased Services (400-500 series)	12,700						12,700
General Supplies	48,157		407,532				455,689
Textbooks	-			18,897			18,897
Other Objects	2,501						2,501
Total Instruction	561,184	-	730,811	18,897	-	-	1,310,892
Support Services:							
Salaries of Program Directors	55,000						55,000
Salaries of Other Professional Staff	11,056						11,056
Salaries of Secretarial and Clerical Assistants	45,717						45,717
Other Salaries for Instruction	-		76,598				76,598
Personal Services - Employee Benefits	76,145		121,760				197,905
Purchased Educational Services - Contracted Pre-K	464,430						464,430
Purchased Professional - Educational Services	37,500						37,500
Other Purchased Professional Services	11,360						11,360
Purchased Technical Services	-	35,620	415,264		12,054	32,144	495,082
Cleaning, Repair and Maintenance Services	2,290						2,290
Other Purchased Services (400-500 series)	44,563						44,563
General Supplies	38,941		1,506				40,447
Other Objects	425						425
Student Activities	385						385
Total Support Services	787,812	35,620	615,128	-	12,054	32,144	1,482,758

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	Total Brought Forward (Ex. E-1c)	CR Mental Health	ARP- ESSER	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Technology Aid	N.J. Nonpublic Nursing Aid	Total Carried Forward
Facilities Acquisition and Const. Serv.:							
Instructional Equipment	12,635		62,048				12,635
Noninstructional Equipment	-						62,048
Total Facilities Acquisition and Const. Serv.	12,635	-	62,048	-	-	-	74,683
Total Expenditures	1,361,631	35,620	1,407,987	18,897	12,054	32,144	2,868,333
Excess (Deficiency) of Revenues Over (Under)							
Expenditures and Other Financing Sources (Uses)							
Fund Balance, July 1	2,943	-	-	-	-	-	2,943
	3,889						3,889
Fund Balance, June 30	6,832	-	-	-	-	-	6,832

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	Total Brought Forward (Ex. E-1d)	N.J. Nonpublic Security Aid	N.J. Nonpublic Handicapped Services, Chapter 193			Preschool Education Aid	Total Carried Forward
			Examination & Classification	Corrective Speech	Supplemental Instruction		
REVENUES							
Local Sources	16,028						16,028
State Sources	121,539	39,768	17,256	13,578	8,343	1,148,062	1,348,546
Federal Sources	-						-
Total Revenues	137,567	39,768	17,256	13,578	8,343	1,148,062	1,364,574
EXPENDITURES:							
Instruction:							
Salaries of Teachers	-					315,632	315,632
Other Salaries for Instruction	-					55,885	55,885
Purchased Professional and Technical Services	82,132		17,256	13,578	8,343	5,000	126,309
Other Purchased Services (400-500 series)	12,700						12,700
General Supplies	700					47,457	48,157
Textbooks	-						-
Other Objects	2,501						2,501
Total Instruction	98,033	-	17,256	13,578	8,343	423,974	561,184
Support Services:							
Salaries of Program Directors	-					55,000	55,000
Salaries of Other Professional Staff	-					11,056	11,056
Salaries of Secretarial and Clerical Assistants	-					45,717	45,717
Other Salaries for Instruction	-					-	-
Personal Services - Employee Benefits	-					76,145	76,145
Purchased Educational Services - Contracted Pre-K	-					464,430	464,430
Purchased Professional - Educational Services	-					37,500	37,500
Other Purchased Professional Services	-					11,360	11,360
Purchased Technical Services	-					-	-
Cleaning, Repair and Maintenance Services	-					2,290	2,290
Other Purchased Services (400-500 series)	-	39,768				4,795	44,563
General Supplies	36,206					2,735	38,941
Other Objects	-					425	425
Student Activities	385						385
Total Support Services	36,591	39,768	-	-	-	711,453	787,812

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	Total Brought Forward (Ex. E-1d)	N.J. Nonpublic Security Aid	N.J. Nonpublic Handicapped Services, Chapter 193			Preschool Education Aid	Total Carried Forward
			Examination & Classification	Corrective Speech	Supplemental Instruction		
Facilities Acquisition and Const. Serv.:							
Instructional Equipment	-					12,635	12,635
Noninstructional Equipment	-						-
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-	12,635	12,635
Total Expenditures	134,624	39,768	17,256	13,578	8,343	1,148,062	1,361,631
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	2,943	-	-	-	-	-	2,943
Fund Balance, July 1	3,889						3,889
Fund Balance, June 30	6,832	-	-	-	-	-	6,832

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	N.J. Nonpublic Auxiliary Services		Climate Change Grant	SDA Emergent Needs and Capital Maintenance in School Districts	NJSBAIG Safety Grant	Student Council Account	Total Carried Forward
REVENUES	Compensatory Education	Chapter 192 English as a Second Language					
Local Sources	81,831	301	3,201	36,206	12,700	3,328	16,028
State Sources							121,539
Federal Sources							-
Total Revenues	81,831	301	3,201	36,206	12,700	3,328	137,567
EXPENDITURES:							
Instruction:							
Salaries of Teachers							-
Other Salaries for Instruction							-
Purchased Professional and Technical Services	81,831	301					82,132
Other Purchased Services (400-500 series)					12,700		12,700
General Supplies			700				700
Textbooks							-
Other Objects			2,501				2,501
Total Instruction	81,831	301	3,201	-	12,700	-	98,033
Support Services:							
Salaries of Program Directors							-
Salaries of Other Professional Staff							-
Salaries of Secretarial and Clerical Assistants							-
Other Salaries for Instruction							-
Personal Services - Employee Benefits							-
Purchased Educational Services - Contracted Pre-K							-
Purchased Professional - Educational Services							-
Other Purchased Professional Services							-
Purchased Technical Services							-
Cleaning, Repair and Maintenance Services							-
Other Purchased Services (400-500 series)				36,206			36,206
General Supplies							-
Other Objects						385	385
Student Activities							-
Total Support Services	-	-	-	36,206	-	385	36,591

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	N.J. Nonpublic Auxiliary Services		Clinate	SDA Emergent	NJSBAIG Safety Grant	Student Council Account	Total Carried Forward
	Chapter 192 Compensatory Education	English as a Second Language	Change Grant	Needs and Capital Maintenance in School Districts			
Facilities Acquisition and Const. Serv.:							
Instructional Equipment							-
Noninstructional Equipment							-
Total Facilities Acquisition and Const. Serv.							-
Total Expenditures	81,831	301	3,201	36,206	12,700	385	134,624
Excess (Deficiency) of Revenues Over (Under)							
Expenditures and Other Financing Sources (Uses)							
Fund Balance, July 1	-	-	-	-	-	2,943	2,943
Fund Balance, June 30						3,889	3,889
	-	-	-	-	-	6,832	6,832

PROSPECT PARK BOARD OF EDUCATION
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
Fiscal Year Ended June 30, 2023

	<u>District Wide Total</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	385,811	315,632	70,179
Other Salaries for Instruction	144,745	55,885	88,860
Purchased Professional and			
Technical Services	10,000	5,000	5,000
Other Purchased Services (400-500 series)	5,000		5,000
General Supplies	163,840	47,457	116,383
Other Objects	5,000		5,000
Total Instruction	<u>714,396</u>	<u>423,974</u>	<u>290,422</u>
Support Services:			
Salaries of Supervisors of Instruction			
Salaries of Program Directors	100,000	55,000	45,000
Salaries of Other Professional Staff	40,000	11,056	28,944
Salaries of Secr. and Clerical Assistants	54,860	45,717	9,143
Salaries of Community Parent Involvement Specialists	20,000		20,000
Personal Services - Employee Benefits	147,213	76,145	71,068
Purchased Educational Services - Contracted Pre-K	464,430	464,430	
Purchased Professional - Educational Services	40,000	37,500	2,500
Other Purchased Professional Services	11,360	11,360	
Cleaning, Repair and Maintenance Services	15,000	2,290	12,710
Contr. Serv. - Trans.(Between Home & School)	29,044		29,044
Travel	3,688		3,688
Miscellaneous Purchased Services	5,857	4,795	1,062
Supplies and Materials	19,463	2,735	16,728
Other Objects	500	425	75
Total Support Services	<u>951,415</u>	<u>711,453</u>	<u>239,962</u>
Facility Acquisition and Construction Services:			
Instructional Equipment	13,000	12,635	365
Total Facility Acquisition and Construction Services	<u>13,000</u>	<u>12,635</u>	<u>365</u>
Total Expenditures	<u>1,678,811</u>	<u>1,148,062</u>	<u>530,749</u>

Summary of Location Totals

Total revised 2022-23 Preschool Education Aid	1,678,811
Add: Actual Preschool Education Aid Carryover (June 30, 2022)	36,399
Total Preschool Education Aid Funds Available for 2022-23 Budget	1,715,210
Less: 2022-23 Budgeted Preschool Education Aid	
(prior year budgeted carryover)	1,678,811
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	36,399
 Add: June 30, 2023 Unexpended Preschool Education Aid	530,749
2022-23 Carryover - Preschool Education Aid/Preschool	567,148
 2022-23 Preschool Education Aid Carryover	
Budgeted for Preschool Programs 2023-24	36,399

<p>PROPRIETARY FUNDS</p>

PROSPECT PARK BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2023

	Food Service Program	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	135,903	135,903
Accounts Receivable:		
State	2,769	2,769
Federal	108,982	108,982
Inventories	5,061	5,061
Total Current Assets	<u>252,715</u>	<u>252,715</u>
Noncurrent Assets:		
Capital Assets:		
Equipment	87,385	87,385
Less Accumulated Depreciation	<u>(76,276)</u>	<u>(76,276)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>11,109</u>	<u>11,109</u>
Total Assets	<u><u>263,824</u></u>	<u><u>263,824</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	43,105	43,105
Deferred Revenues	<u>6,133</u>	<u>6,133</u>
Total Current Liabilities	<u>49,238</u>	<u>49,238</u>
NET POSITION		
Net Investment in Capital Assets	11,109	11,109
Unrestricted	<u>203,477</u>	<u>203,477</u>
Total Net Position	<u><u>214,586</u></u>	<u><u>214,586</u></u>

PROSPECT PARK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2023

	Food Service Program	Totals
Operating Revenues:		
Charges for Services:		
Daily Sales - Non-Reimbursable Programs	3,722	3,722
Total Operating Revenues	<u>3,722</u>	<u>3,722</u>
Operating Expenses:		
Cost of Sales - Reimbursable Programs	223,705	223,705
Cost of Sales - Non-Reimbursable Programs	26,374	26,374
Salaries	234,871	234,871
Benefits	43,639	43,639
Supplies and Materials	39,583	39,583
Purchased Property Services	19,956	19,956
Other Expenses	16,911	16,911
Depreciation	1,233	1,233
Total Operating Expenses	<u>606,272</u>	<u>606,272</u>
Operating Income (Loss)	<u>(602,550)</u>	<u>(602,550)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	6,005	6,005
Breakfast After the Bell	7,813	7,813
Federal Sources:		
National School Breakfast Program	188,421	188,421
National School Lunch Program	349,650	349,650
Local Food for Schools Cooperative Agreement Program	5,651	5,651
Supply Chain Assistance	50,900	50,900
Food Distribution Program	47,679	47,679
Interest Income	5,246	5,246
Total Nonoperating Revenues (Expenses)	<u>661,365</u>	<u>661,365</u>
Income (Loss) Before Contributions & Transfers	<u>58,815</u>	<u>58,815</u>
Change in Net Position	58,815	58,815
Total Net Position—Beginning (Restated)	<u>155,771</u>	<u>155,771</u>
Total Net Position—Ending	<u><u>214,586</u></u>	<u><u>214,586</u></u>

PROSPECT PARK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2023

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	3,619	3,619
Payments to Suppliers	(582,990)	(582,990)
Net Cash Provided by (Used for) Operating Activities	(579,371)	(579,371)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local Sources	143,283	143,283
State Sources	12,143	12,143
Federal Sources	547,727	547,727
Net Cash Provided by (Used for) Non-Capital Financing Activities	703,153	703,153
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	5,246	5,246
Net Cash Provided by (Used for) Investing Activities	5,246	5,246
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(12,342)	(12,342)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(12,342)	(12,342)
Net Increase (Decrease) in Cash and Cash Equivalents	116,686	116,686
Balances—Beginning of Year	19,217	19,217
Balances—End of Year	135,903	135,903
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	(602,550)	(602,550)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation and Net Amortization	1,233	1,233
Food Distribution Program	47,679	47,679
(Increase) Decrease in Inventories	9,344	9,344
Increase (Decrease) in Accounts Payable	(40,900)	(40,900)
Increase (Decrease) in Deferred Revenue	5,823	5,823
Total Adjustments	23,179	23,179
Net Cash Provided by (Used for) Operating Activities	(579,371)	(579,371)

LONG-TERM DEBT

PROSPECT PARK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2023

<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, 2022</u>	<u>Retired</u>	<u>Balance, June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>				
School Bonds of 2010	Aug. 27, 2010	2,679,000	8/1/2023	270,000	4.000%	1,089,000	270,000	819,000
			8/1/2024	275,000	4.000%			
			8/1/2025	274,000	4.000%			
						<u>\$ 1,089,000</u>	<u>270,000</u>	<u>819,000</u>

PROSPECT PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy					-
Total - Local Sources	-	-	-	-	-
Total Revenues	-	-	-	-	-
EXPENDITURES:					
Regular Debt Service:					
Interest	36,979	-	36,979	36,979	-
Redemption of Principal	270,000	-	270,000	270,000	-
Amounts Paid Into Sinking Fund	148,581	-	148,581		
Total Regular Debt Service	455,560	-	455,560	306,979	-
Total Expenditures	455,560	-	455,560	306,979	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(455,560)	-	(455,560)	(306,979)	-
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Reserve		-			-
Total Other Financing Sources	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(455,560)	-	(455,560)	(306,979)	-
Fund Balance, July 1	455,561		455,561	455,561	-
Fund Balance, June 30	<u>1</u>	<u>-</u>	<u>1</u>	<u>148,582</u>	<u>-</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	(455,560)		(455,560)	(306,979)	148,581
	<u>(455,560)</u>	<u>-</u>	<u>(455,560)</u>	<u>(306,979)</u>	<u>148,581</u>

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

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Financial Trends

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STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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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 annual comprehensive financial reports (ACFR) for the relevant year.	

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets	\$ 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	\$ 1,157,336
Restricted	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	1,684,701
Unrestricted	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)	(4,361,141)
Total governmental activities net position	\$ 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	\$ (1,519,104)
Business-type activities										
Invested in capital assets	\$ 45,879	\$ 38,321	\$ 31,077	\$ 24,001	\$ 16,925	\$ 16,925	\$ 16,925	\$ 16,925	\$ 18,865	\$ 11,109
Restricted	126,165	96,605	101,512	83,411	138,955	196,987	189,678	184,254	155,771	203,477
Total business-type activities net position	\$ 172,044	\$ 134,926	\$ 132,589	\$ 107,412	\$ 155,880	\$ 213,912	\$ 206,603	\$ 201,179	\$ 174,636	\$ 214,586
District-wide										
Invested in capital assets	\$ 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	\$ 1,168,445
Restricted	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	1,684,701
Unrestricted	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)	(4,157,664)
Total district net position	\$ 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	\$ (1,304,518)

Source: ACFR 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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 7,044,830
Special education	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	1,244,081
Other special education						249,154	255,180	167,560	160,251	116,009
Other instruction	874,909	390,299	577,719	357,735	415,864	262,654	255,002	233,054	149,790	14,980
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	3,710,405
Student & instruction related services	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	1,847,665
General administrative services	858,025	793,460	807,333	899,491	1,091,533	464,772	519,230	415,311	431,146	329,236
School administrative services	465,939	514,795	512,083	561,232	746,465	562,847	534,873	390,549	361,441	366,296
Central services						367,639	317,857	350,175	185,557	502,148
Administrative information tech.						124,553	137,115	142,109	144,865	100,326
Plant operations and maintenance	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	1,290,345
Pupil transportation	268,387	408,655	307,483	247,615	465,789	681,438	610,848	376,585	929,587	962,426
Unallocated Benefits						2,640,663	2,254,154	3,545,364	4,247,231	3,106,918
Charter Schools	59,197	94,262	136,602	95,105	130,259	189,551	234,156	215,477	274,088	379,353
Capital outlay - non-depreciable						86,229	76,955	76,955	58,148	195,968
Interest on long-term debt	105,769	97,015	87,720	77,958	71,617	65,419	57,748	49,947	41,873	68,316
SDA Debt Service Assessment	76,955	76,955	76,955	76,955	76,955					
Unallocated depreciation									57,954	8,486
Capital lease obligations and amortization										186,598
Total governmental activities expenses	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	21,474,386
Business-type activities:										
Food service	466,637	530,143	514,757	521,074	432,692	436,750	562,004	376,172	605,847	606,272
Total business-type activities expense	466,637	530,143	514,757	521,074	432,692	436,750	562,004	376,172	605,847	606,272
Total district expenses	\$ 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	\$ 22,080,658
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
Operating grants and contributions	2,959,378	2,690,459	2,805,542	2,622,035	6,350,309	1,153,604	1,432,471	1,361,426	\$ 7,149	\$ 3,328
Interest on long-term debt	105,769	97,015	87,720	77,958	71,617				1,615,408	4,139,637
Total governmental activities program revenues	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	4,142,965

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services	60,529	13,674	12,680	12,103	14,006	9,305	7,706	546	332	3,722
Food service	387,532	479,116	449,491	483,516	466,397	483,445	546,301	370,142	573,493	656,119
Operating grants and contributions	448,061	492,790	462,171	495,619	480,403	492,750	554,007	370,688	573,825	659,841
Total business-type activities program revenues	\$ 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	\$ 4,802,806
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (17,331,421)
Business-type activities	(18,576)	(37,353)	(52,586)	(25,455)	47,711	56,000	(7,997)	(5,484)	(32,022)	53,569
Total district-wide net expense	\$ (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)	\$ (17,277,852)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 3,195,824
Taxes levied for debt service	233,126	233,353	243,552	15,121	2,343	68,023	60,998	53,198	119,861	
Unrestricted grants and contributions	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	13,953,349
Federal and State aid - Capital Outlay									4,179	98,179
Rents and Royalties	123,750					20,621	13,200			
N.J. Economic Development Authority Grants	10,117	8,893	7,433	11,816	40,157	57,406	31,670	172	229	4,850
Investment earnings	92,134	17,496	12,341	126,656	41,997	296,501	45,842	55,051	21,451	444,673
Miscellaneous income	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	17,696,875
Total governmental activities										
Business-type activities:										
Investment earnings	250	236	248	278	757	2,031	688	60	89	5,246
Total business-type activities	250	236	248	278	757	2,031	688	60	89	5,246
Total district-wide	\$ 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	\$ 17,702,121
Change in Net Position										
Governmental activities	\$ 252,220	\$ (576,382)	\$ (593,415)	\$ 80,769	\$ (360,602)	\$ (69,004)	\$ (483,774)	\$ 790,661	\$ 41,957	\$ 365,454
Business-type activities	(18,326)	(37,117)	(52,338)	(25,177)	48,468	58,031	(7,309)	(5,424)	(31,933)	58,815
Total district	\$ 233,894	\$ (613,499)	\$ (645,753)	\$ 55,592	\$ (312,134)	\$ (10,973)	\$ (491,083)	\$ 785,237	\$ 10,024	\$ 424,269

Source: ACFR Schedule A-2

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

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	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	707,107
Assigned	1,013,739	739,949	578,318	778,839	487,853	361,493		237,452	547,907	822,180
Unassigned	(453,840)	(433,791)	(489,120)	(457,317)	(477,511)	(385,189)	(445,814)	53,867	(314,198)	(415,688)
Total general fund	<u>\$ 3,247,522</u>	<u>\$ 2,775,215</u>	<u>\$ 2,224,343</u>	<u>\$ 2,537,088</u>	<u>\$ 2,068,720</u>	<u>\$ 1,807,202</u>	<u>\$ 1,112,503</u>	<u>\$ 1,505,487</u>	<u>\$ 1,005,264</u>	<u>\$ 1,113,599</u>
All Other Governmental Funds										
Reserved	\$ 527,170	\$ 461,194	\$ 463,747							
Assigned	310,112	71,175	11,107							
Assigned, reported in:										
Special revenue fund								1,714	3,889	6,832
Capital projects fund				455,294	455,294	455,559	455,559			
Debt service fund				1	1	1	1	455,561	455,561	148,582
Total all other governmental funds	<u>\$ 837,282</u>	<u>\$ 532,369</u>	<u>\$ 474,854</u>	<u>\$ 455,295</u>	<u>\$ 455,295</u>	<u>\$ 455,560</u>	<u>\$ 455,560</u>	<u>\$ 457,275</u>	<u>\$ 459,450</u>	<u>\$ 155,414</u>

Source: ACFR Schedule B-1

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 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	\$ 3,195,824
Rents and royalties						20,621	13,200			
Interest earned	10,117	8,893	7,433	11,816	40,157	57,406	31,670	1,124	229	4,850
Other local revenue	102,370	17,496	14,634	130,363	45,944	296,501	58,842	54,099	28,600	460,701
State sources	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	16,066,911
Federal sources	912,539	966,423	941,036	831,620	786,591	882,663	1,177,373	1,146,532	1,382,633	2,841,838
Total revenue	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	22,570,124
Expenditures										
Instruction										
Regular instruction	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	6,553,475
Special education instruction	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	1,103,479
Other special instruction						166,729	179,527	116,417	143,685	102,180
Other instruction	598,142	268,649	397,737	239,302	201,147	174,695	179,120	161,921	134,285	14,261
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	3,710,405
Attendance and social work services						50,991	40,782	35,290	33,895	149,862
Health services						42,454	69,122	49,241	93,878	79,275
Student & instruction related services	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	1,526,775
General administrative services	676,962	614,514	616,758	681,616	640,167	362,818	431,395	334,620	407,983	311,894
School Administrative services	321,685	359,882	348,732	372,299	365,410	377,997	377,573	273,379	324,710	324,784
Central services						246,042	228,387	280,871	169,351	464,618
Administrative information tech						124,553	137,115	142,109	144,865	100,326
Plant operations and maintenance	842,195	882,566	951,275	897,965	897,741	986,259	977,621	841,076	1,002,262	3,114,315
Pupil transportation	268,387	408,655	307,483	247,615	465,789	681,438	610,848	376,585	929,587	962,426
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	2,177,361
On-behalf contributions						1,862,514	1,950,399	2,356,576	3,076,575	2,934,073
Transfer to Charter Schools	59,197	94,262	136,602	95,105	130,259	189,551	234,156	215,477	274,088	379,353
Capital outlay	496,885	381,869	163,831	96,514	261,206	86,229	76,955	76,955	81,134	195,968
Debt service:										
Principal	220,000	230,000	240,000	246,000	250,000	250,000	260,000	260,000	270,000	356,610
Interest and other charges	108,895	100,367	91,272	81,682	73,960	68,023	60,998	53,197	45,248	70,369
Total expenditures	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	24,631,809
Excess (Deficiency) of revenues over (under) expenditures	(239,946)	(777,220)	(545,486)	288,541	(468,368)	(261,253)	(694,699)	392,985	(498,048)	(2,061,685)

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ (116,196)	\$ (777,220)	\$ (545,486)	\$ 288,541	\$ (468,368)	\$ (261,253)	\$ (694,699)	\$ 392,985	\$ (498,048)	\$ (2,061,685)
Debt service as a percentage of noncapital expenditures	2.5%	2.5%	2.4%	2.5%	2.2%	2.0%	1.9%	1.9%	1.6%	1.7%

Source: ACFR Schedule B-2

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>Cancelled</u> <u>Accounts</u> <u>Payable</u>	<u>Tuition</u> <u>Adjustments</u>	<u>Rents and</u> <u>Royalties</u>	<u>Misc.</u>	<u>Total</u>
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
2023	77,312	328,371	2,943		36,047	444,673

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,	Vacant Land		Residential		Commercial		Industrial		Apartment		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
2014	\$	3,118,900		\$158,050,000		\$	14,994,350		\$	2,755,700		\$178,918,950	\$	-	\$	189,782	\$179,108,732	1.600	\$253,901,232	70.54%
2015	\$	6,997,900		\$228,649,100		\$	22,356,000		\$	5,589,700		\$263,592,700	\$	-	\$	145,000	\$263,737,700	1.106	\$263,381,994	100.14%
2016	\$	6,997,900		\$228,597,400		\$	22,356,000		\$	5,589,700		\$263,541,000	\$	-	\$	145,000	\$263,686,000	1.198	\$274,276,948	96.14%
2017	\$	6,997,900		\$228,481,400		\$	21,857,300		\$	5,589,700		\$262,926,300	\$	-	\$	145,000	\$263,071,300	1.198	\$282,294,785	93.19%
2018	\$	6,962,800		\$228,551,700		\$	21,770,300		\$	5,589,700		\$262,874,500	\$	-	\$	145,000	\$263,019,500	1.241	\$300,355,505	87.57%
2019	\$	6,962,800		\$228,461,200		\$	21,815,000		\$	5,589,700		\$262,828,700	\$	-	\$	145,000	\$262,973,700	1.239	\$320,825,501	81.97%
2020	\$	7,005,600		\$228,430,200		\$	21,777,000		\$	5,346,900		\$262,559,700	\$	-	\$	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	\$409,043,277	64.48%
2023	\$	7,000,700		\$228,861,200		\$	20,896,300		\$	5,346,900	\$	\$399,700	\$	-	\$	145,000	\$262,649,800	1.217	\$409,043,277	64.21%

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	
	Obligation						
	Basic Rate ^a	Debt Service ^b	Total Direct				
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
2023	1.217	0.000	1.217	1.403	1.953	0.949	5.522

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	2023				2014			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
Propect Park Partners LLC	\$ 11,793,500	1	4.49%		\$ 11,993,500	1	6.70%	
Silver Care Services, LLC	\$ 1,931,000	2	0.74%				0.00%	
Hazen Realty LLC	\$ 1,747,000	3	0.67%		\$ 1,747,000	3	0.98%	
D S Acquisitions LLC	\$ 1,425,000	4	0.54%		\$ 1,512,000	5	0.84%	
Prospect One Realty LLP	\$ 826,300	5	0.31%					
Arroyo Feliciano, Jr. and Suzanna	\$ 752,600	6	0.29%		\$ 771,400	8		
Papadatos & Chen LLC	\$ 666,400	7	0.25%					
Ali Ruman	\$ 665,900	8	0.25%				0.00%	
Pine Acres Properties LLC	\$ 649,600	9	0.25%		\$ 649,600	9		
Milordo, Angelo & Deborah	\$ 595,700	10	0.23%					
Jachshon Realty & GL Orson Realty LLC							0.00%	
Schon Family LLC					\$ 1,931,000	2		
JSJP Realty LLC					\$ 1,526,000	4	0.85%	
Lorit & Overcamp					\$ 823,000	6	0.46%	
Normed Realty LLC					\$ 799,000	7	0.45%	
Hardan Adam					\$ 525,400	10	0.29%	
Total	<u>\$ 21,053,000</u>		<u>8.02%</u>		<u>\$ 22,277,900</u>		<u>10.57%</u>	
			\$ 262,649,800				\$ 179,108,732	

Source: Municipal Tax Assessor.

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2023	3,195,824	2,683,157	83.96%	512,667

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		Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Temporary Note Payable	Capital Leases	Total District	
2014	3,095,000	-	-	-	-	3,095,000	\$ 69
2015	2,865,000	-	-	-	-	2,865,000	\$ 62
2016	2,625,000	-	-	-	-	2,625,000	\$ 56
2017	2,379,000	-	-	-	-	2,379,000	\$ 50
2018	2,129,000	-	-	-	-	2,129,000	\$ 43
2019	1,879,000	-	-	-	-	1,879,000	\$ 37
2020	1,619,000	-	-	-	-	1,619,000	\$ 29
2021	1,359,000	-	-	-	-	1,359,000	\$ 23
2022	1,089,000	-	-	-	-	1,089,000	Not Available
2023	819,000	-	-	-	-	819,000	Not Available

Source: District ACFR 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	Net General Bonded Debt Outstanding		
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%	\$ 23
2022	1,089,000	1,089,000	0.41%	Not Available
2023	819,000	819,000	0.31%	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, 2023**

<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, 2023			\$ 819,000
Net overlapping debt of School District:			
Borough of Prospect Park	100.000%	\$ 5,834,597	
County of Passaic	0.710%	2,039,554	
Passaic County Utilities Authority	0.737%	274,833	
Passaic Valley Sewerage Commission	0.171%	3,218,683	
Subtotal, overlapping debt			<u>\$ 11,367,667</u>
Total direct and overlapping debt			<u><u>\$ 12,186,667</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 2022

	Equalized valuation basis									
	2022	2021	2020							
	\$ 447,630,498	406,756,999	372,742,334							
	[A] \$ 1,227,129,831									
Average equalized valuation of taxable property	[A/3]									
	\$ 409,043,277									
Debt limit (3 % of average equalization value)	[B]									
	12,271,298 ^a									
Net bonded school debt	[C]									
	1,089,000									
Legal debt margin	[B-C]									
	\$ 11,182,298									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 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	\$ 12,271,298
Total net debt applicable to limit	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	1,089,000
Legal debt margin	\$ 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	\$ 11,182,298
Total net debt applicable to the limit										
as a percentage of debt limit	39.81%	39.47%	35.68%	32.09%	27.54%	24.84%	19.58%	16.44%	12.13%	8.87%

Source: Abstract of Ratables and District Records ACFR Schedule J-7

^a Limit set by NJSA 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
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	\$ 374,328,315	59,559	8.90%
2022	6,245	Not Available	Not Available	4.90%
2023	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	2023			2014		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS.	-	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	0.00%	-	0	0.00%
	-	0	0.00%	-	0	0.00%
	-	0	0.00%	-	0	0.00%
	-		0.00%	-		0.00%
	-		0.00%	-		0.00%

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>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	73	69	57	50	56	56	56	56	50	52
Special education	19	23	33	38	33	33	33	33	27	30
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-								
Student & instruction related services	5	7	8	6	8	8	8	8	5	7
General administrative services	3	2	2	2	2	2	2	2	2	2
School administrative services	1	7	7	7	7	7	7	7	6	5
Business administrative services	3	2	2	2	2	2	2	2	3	4
Plant operations and maintenance	5	5	6	6	6	6	6	6	6	6
Pupil transportation										
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service										
Child Care										
Total	109	115	115	111	114	114	114	114	99	106

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				
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%
2023	809	24,008,862	29,677	25.12%	61	1:11-1	1:16.2	800.0	717.0	-4.65%	89.63%

Sources: District records, ASSA and Schedules J-4

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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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	896	895	914	939	942	942	942	942	799	809
<u>Other</u>										
Board Office										
Square Feet	1,424	1,424	1,424	1,424	1,424	1,424				

Number of Schools at June 30, 2023
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)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Elementary/Middle School	N/A	191,376	156,671	137,070	164,048	222,599	201,211	199,107	176,198	103,230	150,404
Grand Total		<u>\$ 191,376</u>	<u>\$ 156,671</u>	<u>\$ 137,070</u>	<u>\$ 164,048</u>	<u>\$ 222,599</u>	<u>\$ 201,211</u>	<u>\$ 199,107</u>	<u>\$ 176,198</u>	<u>\$ 103,230</u>	<u>\$ 150,404</u>

**Prospect Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2023
Unaudited**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
School Package policy:			
New Jersey School Boards Association Insurance Group			
	Property - Blanket Building and Contents	\$ 500,000,000	5,000
	Blanket Extra Expense	50,000,000	5,000
	Valuable Papers & Records	10,000,000	5,000
	Demolition and Increased Cost of Construction	25,000,000	
	Limited Builders Risk	10,000,000	
	Fire Department Service Charge	10,000	
	Arson Reward	10,000	
	Pollutant Cleanup and Removal	250,000	
	Special Flood Hazard Area Flood Zones	25,000,000	500,000
	Accounts Receivable	250,000	
	Flood (All Flood Zones)	75,000,000	10,000
	Earthquake	50,000,000	
	Terrorism	1,000,000	
	Electronic Data Processing	500,000,000	1,000
	Equipment Breakdown	100,000,000	25,000
	Blanket Dishonesty Bond	500,000	1,000
	Forgery & Alteration	100,000	500
	Theft, Disappearance and Destruction	100,000	500
	Money Orders & Counterfeit Paper Currency	100,000	500
	Computer Fraud	500,000	1,000
	General Liability	31,000,000	
	Automobile Liability	31,000,000	
Workers' Compensation and Employers Liability			
New Jersey School Boards Association Insurance Group			
	Bodily Injury by Accident	3,000,000	
	Bodily Injury by Disease - Each Employee	3,000,000	
	Bodily Injury by Disease - Policy Limit	3,000,000	
School Board Legal Liability			
	Professional Errors and Omissions	30,000,000	5,000

Source: District Records

SINGLE AUDIT SECTION



WIELKOTZ & COMPANY ^{LLC}
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Prospect Park School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2023, 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 23, 2024.

Internal Control Over Financial Reporting

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



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

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

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 23, 2024.

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 23, 2024





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

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

Report on Compliance for Each Major Federal and State Program

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, 2023. 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, 2023.

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 2023-001 and 2023-002. 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.



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 2023-001 and 2023-002 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. Wielkotz

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

February 23, 2024



BOROUGH OF PROSPECT PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2023

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, 2022	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023	
					From	To							(Accounts Receivable)	Due to Grantor at
General Fund:														
US Department of Education														
Special Education Medicaid Initiative														
Special Education Medicaid Initiative	93.778	2005N55MAP		23,762	7/1/2022	6/30/2023			23,762	23,762				
Medicaid Administrative Claiming (MAC)	93.778	2005N55MAP		4,644	7/1/2022	6/30/2023			4,644	4,644				
FFCRA/SEMI Revenue	93.775	2005N55MAP		4,714	7/1/2022	6/30/2023			4,714	4,714				
Total General Fund														
									33,120	33,120				
US Department of Education														
Passed Through State Dept of Education:														
Special Revenue Fund														
Title I, Part A	84.010	S010A210030	ESEA-4270-23	687,974	7/1/2022	9/30/2023	(428,033)	(428,033)	673,675	664,666			(419,024)	
Title I, Part A	84.010	S010A200030	ESEA-4270-22	501,615	7/1/2021	9/30/2022	(428,033)	428,033						
Title I SEA	84.010	S010A200030	ESEA-4270-23	10,000	7/1/2022	9/30/2023	(428,033)		673,675	664,666			(419,024)	
Title II, Part A, Teacher/Principal Training and Recruiting	84.367	S367A210029	ESEA-4270-23	65,317	7/1/2022	9/30/2023	(20,128)	(20,128)	22,128	52,282			(50,282)	
Title II, Part A, Teacher/Principal Training and Recruiting	84.367	S367A200029	ESEA-4270-22	44,829	7/1/2021	9/30/2022	(20,128)	20,128	22,128	52,282			(50,282)	
Title III	84.365	S365A210030	ESEA-4270-23	13,518	7/1/2022	9/30/2023	128		128	1,719	(256)		(1,719)	
Title III	84.365	S365A200030	ESEA-4270-22	8,786	7/1/2021	9/30/2022	128		128	1,719	(256)		(1,719)	
Title III, Immigrant	84.365	S365A210030	ESEA-4270-23	6,525	7/1/2022	9/30/2023	128		128	1,719	(256)		(1,719)	
Title IV	84.424	S424A210031	ESEA-4270-23	42,077	7/1/2022	9/30/2023	(14,987)	(14,987)	25,921	25,671	(10,934)		(25,671)	
Title IV	84.424	S424A200031	ESEA-4270-22	41,207	7/1/2021	9/30/2022	(14,987)	14,987	25,921	25,671	(10,934)		(25,671)	
Coronavirus Response and Relief Supplemental Act:														
CARES ACT 2020/ESSER	84.425D	S425D200027		587,864	3/13/2020	10/15/2022	(208,658)		303,794	95,136			(120,838)	
CRRSA - ESSER II	84.425D	S425D210027		144,709	3/13/2020	9/30/2023				120,838			(118,749)	
CR Learning Acceleration	84.425D	S425D210027		118,749	3/13/2020	9/30/2023				118,749			(35,620)	
CR Mental Health	84.425D	S425D210027		45,000	3/13/2020	9/30/2023				35,620			(777,645)	
American Rescue Plan:														
ARP - ESSER	84.425U	S425U210027		4,158,643	3/13/2020	9/30/2023	(72,481)		702,823	1,407,987				
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	(281,139)		1,006,617	1,778,330			(1,052,852)	
IDEA, Part B-Basic	84.027A	H027A210100	IDEA-4270-23	264,677	7/1/2022	9/30/2023	(229,371)	(229,371)	487,744	266,726			(8,353)	
IDEA, Part B-Basic	84.027A	H027A200100	IDEA-4270-22	236,723	7/1/2021	9/30/2022	(229,371)	229,371						
IDEA, Part B-Preschool	84.173A	H173A210114	IDEA-4270-23	10,652	7/1/2022	9/30/2023	(11,881)	(11,881)	11,881	10,652			(10,652)	
IDEA, Part B-Preschool	84.173A	H173A200114	IDEA-4270-22	9,074	7/1/2021	9/30/2022	(11,881)	11,881						
ARP - IDEA, Part B-Basic	84.027X	H027X210100	IDEA-4270-22	54,241	7/1/2021	9/30/2022	(15,491)	(15,491)	15,491	37,065			(37,065)	
ARP - IDEA, Part B - Preschool	84.173X	H173X210114	IDEA-4270-22	4,608	7/1/2021	9/30/2022	(4,608)	(4,608)	519,724	314,443			(56,070)	
Total Special Revenue Fund														
							(1,005,510)		2,248,193	2,837,111	(11,190)		(1,605,618)	

BOROUGH OF PROSPECT PARK SCHOOL DISTRICT

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Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2023

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, 2022	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023	
					From	To							(Accounts Receivable)	Deferred Revenue
US Department of Agriculture														
Passed Through State Dept of Education:														
Enterprise Fund														
Food Distribution Program	10.555	231NJ309N1099	N/A	47,679	7/1/2022	6/30/2023			47,679	47,679				
National School Breakfast Program	10.553	231NJ304N1099	N/A	188,421	7/1/2022	6/30/2023			147,500	188,421			(40,921)	
National School Breakfast Program SSO	10.553	231NJ304N1099	N/A	149,578	7/1/2022	6/30/2022	(14,546)		14,546					
National School Lunch Program	10.555	231NJ304N1099	N/A	349,650	7/1/2022	6/30/2023			287,240	349,650			(62,410)	
National School Lunch Program SSO	10.555	231NJ304N1099	N/A	388,735	7/1/2022	6/30/2022	(47,541)		47,541					
Supply Chain Assistance Funding (1st/2nd Round)	10.555	231NJ344N8903	N/A	39,561	3/1/2022	9/30/2023			39,561					
Supply Chain Assistance Funding (3rd Round)	10.555	231NJ344N8903	N/A	11,339	10/1/2022	9/30/2024			11,339				(5,651)	5,651
Local Food for Schools Cooperative Agreement Program	10.185	USDA-AMS-10185	N/A	5,651	7/1/2022	6/30/2023								
Total Enterprise Fund														
							(62,087)		595,406	636,650			(108,982)	5,651
Total Federal Financial Assistance														
							\$ (1,067,597)		2,876,719	3,506,881	(11,190)		(1,714,600)	5,651

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, 2023

State Grantor/Program Titles	Project Number	Award Amount	Grant Period		Balance at June 30, 2022		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass through Funds	Budgetary Expenditures Direct	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023		Memo		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor							(Accounts Receivable)	Deferred Revenue/ Interfund Payable		Due to Grantor at	Budgetary Receivable
State Department of Education:																	
General Fund																	
Transportation Aid	495-034-5120-014	\$ 64,723	7/1/2022	6/30/2023	\$			58,273	64,723					*	(6,450)	64,723	
Equalization Aid	495-034-5120-078	10,047,828	7/1/2022	6/30/2023				9,046,580	10,047,828					*	(1,001,248)	10,047,828	
Special Education Categorical Aid	495-034-5120-089	794,961	7/1/2022	6/30/2023				715,745	794,961					*	(79,216)	794,961	
Security Aid	495-034-5120-084	366,508	7/1/2022	6/30/2023				329,886	366,508					*	(36,522)	366,508	
Extraordinary Aid	495-034-5120-044	502,970	7/1/2022	6/30/2023					502,970					*		502,970	
Extraordinary Aid	495-034-5120-044	420,532	7/1/2021	6/30/2022	(420,532)			420,532				(502,970)		*		420,532	
Non Public Transportation	495-078-6060-034	4,350	7/1/2021	6/30/2022	(4,350)			4,350						*		4,350	
School Security Grant		42,752	7/1/2020	6/30/2022				42,752						*		42,752	
Reimbursed TPAF Social Security	495-034-5094-003	407,478	7/1/2022	6/30/2023				365,219	407,478			(42,259)		*		407,478	
Reimbursed TPAF Social Security	495-034-5094-003	480,658	7/1/2021	6/30/2022	(21,590)			21,590						*		480,658	
On Behalf TPAF - Post Retirement Medical	495-034-5094-001	525,504	7/1/2022	6/30/2023				525,504	525,504					*		525,504	
On Behalf TPAF Pension	495-034-5094-002	1,973,040	7/1/2022	6/30/2023				1,973,040	1,973,040					*		1,973,040	
On Behalf TPAF NCGI Premium	495-034-5094-004	27,374	7/1/2022	6/30/2023				27,374	27,374					*		27,374	
On-Behalf TPAF - LTDI	495-034-5094-004	677	7/1/2022	6/30/2023				677	677					*		677	
Total General Fund					(446,472)			13,531,622	14,753,815			(545,229)		*	(1,123,436)	15,659,355	
Special Revenue Fund																	
Preschool Education Aid	495-034-5120-086	1,462,091	7/1/2022	6/30/2023			36,399	1,315,881	931,342				399,266	*	(146,210)	931,342	
Preschool Education Aid	495-034-5120-086	187,948	7/1/2021	6/30/2022	17,604		(36,399)	18,795						*		200,456	
Preschool Expansion Aid	495-034-5120-086	216,720	7/1/2022	6/30/2023				195,048	216,720					*	(21,672)	216,720	
NJ NonPublic Aid:																	
Textbook Aid	100-034-5120-064	18,942	7/1/2022	6/30/2023				18,942	18,897					45	*		18,897
Textbook Aid	100-034-5120-064	12,904	7/1/2021	6/30/2022		44						44		*		12,860	
Technology Aid	100-034-5120-373	12,054	7/1/2022	6/30/2023				12,054	12,054					*		12,054	
Technology Aid	100-034-5120-373	9,030	7/1/2021	6/30/2022		1,000						1,000		*		8,030	
Nursing Services	100-034-5120-070	32,144	7/1/2022	6/30/2023				32,144	32,144					*		32,144	
Security Aid	100-034-5120-509	58,835	7/1/2022	6/30/2023				58,835	39,768					19,067	*	39,768	
Security Aid	100-034-5120-509	37,625	7/1/2021	6/30/2022		16,045						16,045		*		21,580	
Handicapped Services:																	
Exam & Classification	100-034-5120-066	18,396	7/1/2022	6/30/2023				18,396	17,256					1,140	*	17,256	
Exam & Classification	100-034-5120-066	25,585	7/1/2021	6/30/2022		25,585						25,585		*			
Corrective Speech	100-034-5120-066	14,508	7/1/2022	6/30/2023				14,508	13,578					930	*	13,578	
Corrective Speech	100-034-5120-066	15,810	7/1/2021	6/30/2022		7,737						7,737		*		8,073	
Supplementary Inst.	100-034-5120-066	10,738	7/1/2022	6/30/2023				10,738	8,343					2,395	*	8,343	
Supplementary Inst.	100-034-5120-066	7,434	7/1/2021	6/30/2022		4,799						4,799		*		2,635	
Auxiliary Services:																	
Compensatory Education	100-034-5120-067	94,383	7/1/2022	6/30/2023				94,383	81,831					12,552	*	81,831	
Compensatory Education	100-034-5120-067	31,621	7/1/2021	6/30/2022		24,306						24,306		*		7,315	
English as a Second Language	100-034-5120-067	501	7/1/2022	6/30/2023				501	301				(3,201)	200	*	301	
Climate Change Grant	100-034-5120-067	6,660	7/1/2022	6/30/2023					3,201					*		3,201	
SDA Emergent Needs and Capital														*			
Maintenance in School Districts														*			
Total Special Revenue Fund					17,604	79,516		1,826,431	1,411,641			79,516	(3,201)	399,266	*	(167,882)	1,672,590

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

Year ended June 30, 2023

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period From To	Balance at June 30, 2022		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass through Funds	Budgetary Expenditures Direct	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023		Memo	
				Deferred Revenue (Accts Receivable)	Due to Grantor							Deferred Revenue/ Interfund Payable	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures
Enterprise Fund															
State Department of Agriculture															
National School Lunch Program (State Share)	100-010-3350-023	6,005	7/1/2022				4,933	6,005						*	6,005
National School Lunch Program SSO (State Share)	100-010-3350-023	9,143	7/1/2021	(1,094)			1,094					(1,072)		*	9,143
Breakfast After the Bell	100-010-3350-023	7,813	7/1/2022				6,116	7,813				(1,697)		*	7,813
				(1,094)			12,143	13,818				(2,769)		*	
Total Enterprise Fund				(429,962)	79,516		15,370,196	16,179,274			79,516	399,266	36,329	*	22,961
Total State Financial Assistance														*	17,354,906
Less: On-Behalf/TPAF Pension System Contributions															
On Behalf/TPAF - Post Retirement Medical															
On Behalf/TPAF Pension															
On Behalf/TPAF NCGI Premium															
On-Behalf/TPAF - LTDI															
2,526,595															
13,652,679															
Total for State Financial Assistance - Major Program Determination															
Local Sources															
Special Revenue Fund															
Fortun Estates Grade 1		7,253		7,253								7,253		*	
Puntoja Donation - Uniforms		210		210			6,300	6,300				210		*	
NJSB Safety Grant		6,300		6,400				6,300						*	6,300
NJSB Safety Grant		6,400						6,400						*	6,400
				13,863			6,300	12,700				7,463		*	12,700
				(416,099)	79,516		15,376,496	16,191,974			79,516	406,729	36,329	*	17,367,606
Total Local Financial Assistance															
Total State and Local Financial Assistance															

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 \$(103,302) for the general fund and \$(23,636) 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	\$33,120	\$14,650,513	\$14,683,633
Special Revenue Fund	2,808,718	1,416,398	4,225,116
Food Service Fund	<u>642,301</u>	<u>13,818</u>	<u>656,119</u>
Total Awards and Financial Assistance	<u>\$3,484,139</u>	<u>\$16,080,729</u>	<u>\$19,564,868</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, 2023.

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 \$2,526,595 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>	\$664,666
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	52,282
Title III: <i>English Language Acquisition State Grants</i>	1,719
Title IV: <i>Student Support and Academic Enrichment Grants</i>	<u>25,671</u>
Total	<u>\$744,338</u>

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X 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? yes X none reported
2. Material weakness(es) identified? yes X no

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D/84.425U	S425D200027 (A)	CARES ACT/ARP-ESSER
	H027A210100/ H173A210114/	
84.027A/84.173A/ 84.027X/84.173X	H027X210100/ H173X210114/ (A)	IDEA Basic/IDEA Preschool/ ARP-IDEA Basic, ARP-IDEA Preschool

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, 2023
(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
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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
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Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-089/ 495-034-5120-084/ 495-034-5120-078	State Aid Public Cluster: Special Education Categorical Aid/Security Aid/Equalization Aid
495-034-5120-086	Preschool 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, 2023**

Section II – Financial Statement Findings

None

**BOROUGH OF PROSPECT PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

FEDERAL AWARDS

None

STATE AWARDS

Finding 2023-001

Information on the state program:

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/22-6/30/23.

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 2022-23 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:

None

Context:

The district submitted the 2022/2023 ASSA but were unable to provide the related supporting documents which provide an audit trail for testing enrollments reported on the ASSA.

Effect:

By not maintaining appropriate supporting documentation in accordance with the instructions provided by the Office of School Finance, the enrollments reported as Low Income and Low Income Limited English Proficient 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 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Finding 2023-002

Information on the state program:

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/22-6/30/23.

Criteria or specific requirement:

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

Condition:

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

Questioned Costs:

None

Context:

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

Effect:

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

Cause:

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

Recommendation:

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

Management's response:

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

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Status of Prior Year Findings

Financial Statement Findings:

Finding 2022-001

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 been taken.

Finding 2022-002

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.

Current Status:

Corrective action has been taken, the District provided a fixed asset report for the current year.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(continued)**

Status of Prior Year Findings (continued)

Federal Awards:

Finding 2022-003

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 2023-001

Finding 2022-004

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.

Current Status:

Corrective action has been taken.

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(continued)**

Status of Prior Year Findings, (continued)

State Awards:

Finding 2022-005

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:

Corrective action has been taken.

Finding 2022-006

Condition:

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

Current Status:

Corrective action has not been taken – See Finding 2023-002