

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

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 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

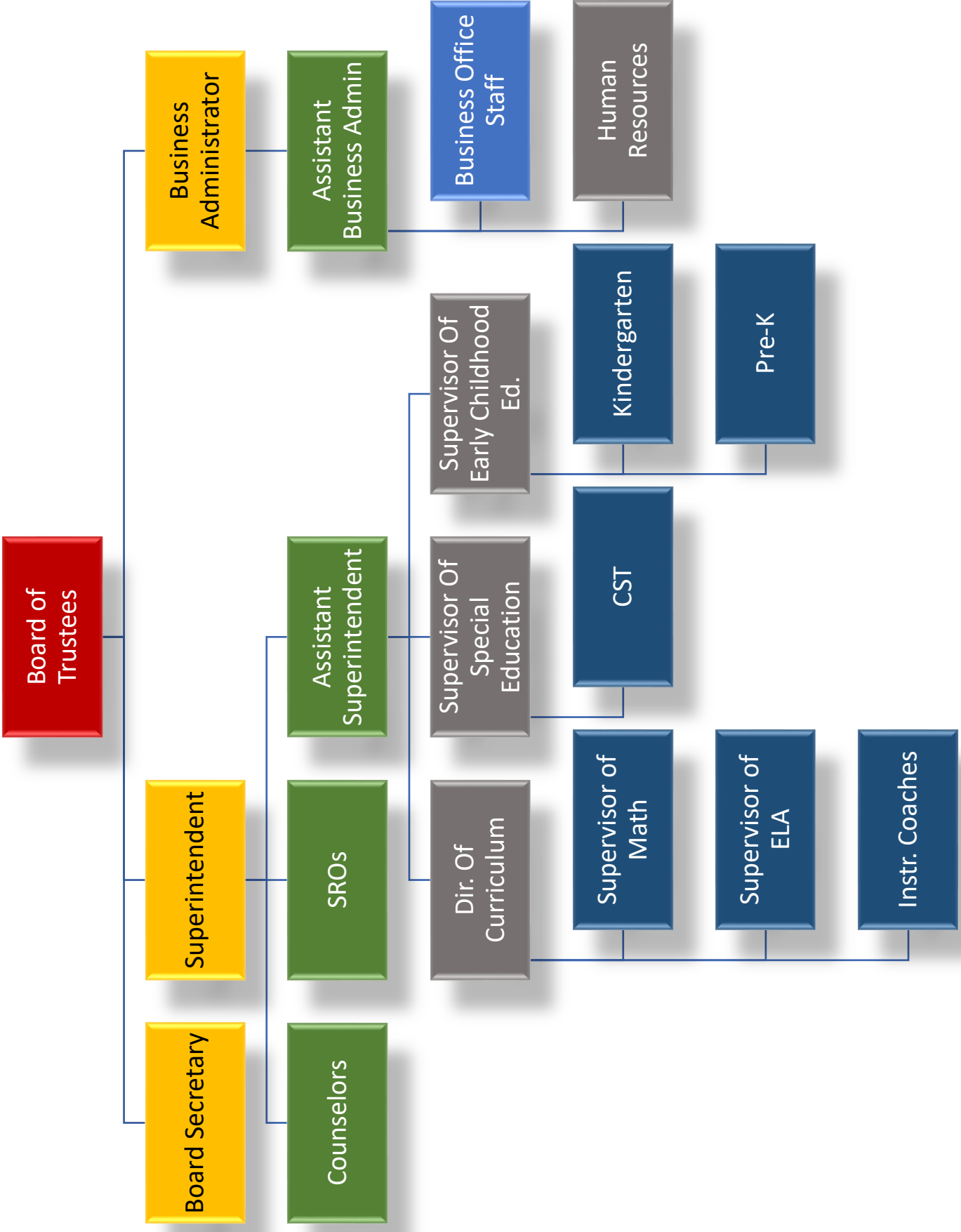
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wielkott & Company LLC, was selected by the Prospect Park Board of Education to conduct the independent audit. In addition to meeting the requirements set forth 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

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|---|----------------------------|
| 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. Wielkocz

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

Wielkocz + Company, LLC

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

February 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**

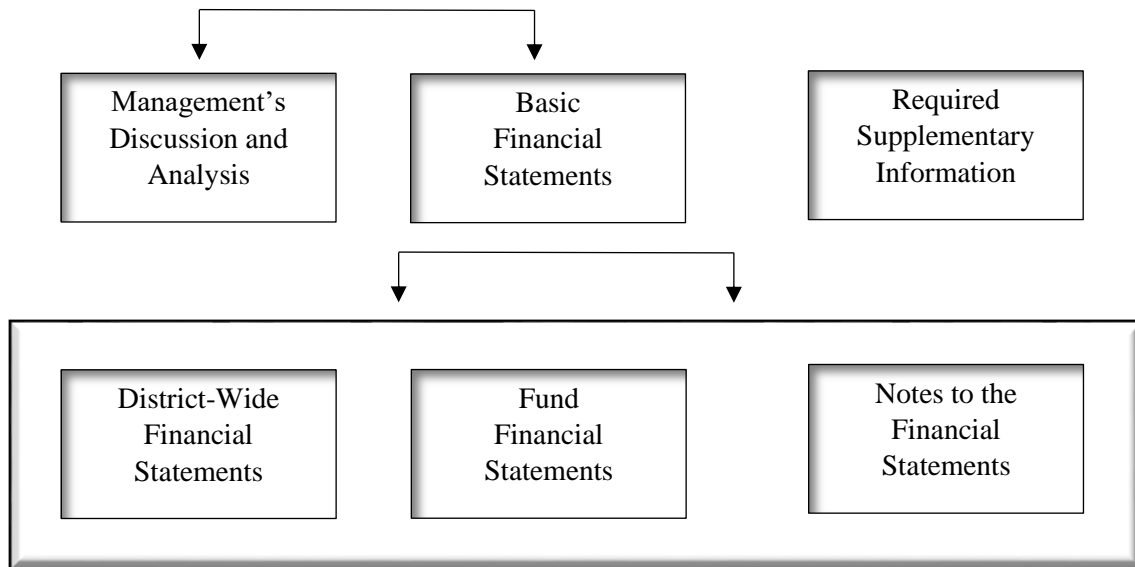
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 dedications 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 Amortization | 8,486 | 57,954 | | | 8,486 | 57,954 |
| Food Service | 186,598 | | | | 186,598 | 0 |
| | <u>606,272</u> | <u>605,847</u> | <u>606,272</u> | <u>605,847</u> | <u>606,272</u> | <u>605,847</u> |
| 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

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|--------------------|
| 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 | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--|-------------------|------------------------------|----------------------|---|-------------------------|--------------------------|---------------------|
| | Expenses | Indirect Expenses Allocation | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | 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 | <u>20,597,730</u> | <u>876,656</u> | <u>3,328</u> | <u>4,139,637</u> | <u>(17,331,421)</u> | <u>-</u> | <u>(17,331,421)</u> |
| Business-Type Activities: | | | | | | | |
| Food Service | 606,272 | | 3,722 | 656,119 | | 53,569 | 53,569 |
| Total Business-Type Activities | <u>606,272</u> | | <u>3,722</u> | <u>656,119</u> | | <u>53,569</u> | <u>53,569</u> |
| Total Primary Government | <u>21,204,002</u> | | <u>7,050</u> | <u>4,795,756</u> | <u>(17,331,421)</u> | <u>53,569</u> | <u>(17,277,852)</u> |
| 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 | | | | | <u>17,696,875</u> | <u>5,246</u> | <u>17,702,121</u> |
| 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><u>2,110,274</u></u> | <u><u>1,602,155</u></u> | <u><u>148,582</u></u> | <u><u>3,861,011</u></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><u>996,675</u></u> | <u><u>1,595,323</u></u> | <u><u>-</u></u> | <u><u>2,591,998</u></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><u>1,113,599</u></u> | <u><u>6,832</u></u> | <u><u>148,582</u></u> | <u><u>1,269,013</u></u> |
| Total Liabilities and Fund Balances | <u><u>2,110,274</u></u> | <u><u>1,602,155</u></u> | <u><u>148,582</u></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) | <u>(4,560,238)</u> |
| Net Position of Governmental Activities | <u><u>(1,519,104)</u></u> |

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

* Include former fiduciary fund cash and cash equivalents

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

PROSPECT PARK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 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 | <u>-</u> | (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 | <u>(186,598)</u> | 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 | <u>86,610</u> | 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 | <u>(1,865,984)</u> | (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 | <u>(1,463)</u> | 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 |
| 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 | <u>151,052</u> | 303,346 |
| (Increase)/Decrease in Pension Expense | | |
| 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 | | <u><u>365,454</u></u> |

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 | 203,477 |
| Total Net Position | <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 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 | 3,722 |
| 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 | 606,272 |
| Operating Income (Loss) | (602,550) |
| 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) | 661,365 |
| Income (Loss) before Contributions & Transfers | 58,815 |
| Change in Net Position | 58,815 |
| Total Net Position—Beginning (Restated) | 155,771 |
| Total Net Position—Ending | 214,586 |

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 | 5,823 |
| Total Adjustments | <u>23,179</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>(579,371)</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>\$206,455</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:

| | Restated Balance <u>6/30/22</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>6/30/23</u> |
|---|---------------------------------------|---------------------------|----------------------------|---------------------------|
| Governmental Activities | | | | |
| Capital Assets that are not being depreciated: | | | | |
| Land: | \$12,549 | \$ | \$ | \$12,549 |
| Construction in progress | <u> </u> | <u> </u> | <u> </u> | <u> 0</u> |
| Total Capital Assets, not being depreciated | <u>12,549</u> | <u> </u> | <u> </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> </u> | <u>1,865,984</u> | <u> </u> | <u>1,865,984</u> |
| Totals at historical cost | <u>911,140</u> | <u>1,865,984</u> | <u> </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> </u> | <u>(186,598)</u> | <u> </u> | <u>(186,598)</u> |
| Total accumulated depreciation | <u>(618,253)</u> | <u>(195,084)</u> | <u> </u> | <u>(813,337)</u> |
| Total Capital Assets, being depreciated, net of accumulated depreciation | <u>292,887</u> | <u>1,670,900</u> | <u> </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> |

| | Restated Balance <u>6/30/22</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>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> </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 June 30, 2022</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2023</u> | <u>Amounts Due Within One Year</u> | <u>Long-term Portion</u> |
|--------------------------------------|----------------------------------|--------------------|--------------------|----------------------------------|--|------------------------------|
| Governmental Activities: | | | | | | |
| Bonds payable: | | | | | | |
| General obligation debt | \$1,089,000 | \$ _____ | (\$270,000) | \$819,000 | \$270,000 | \$549,000 |
| 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>\$2,599,671</u> | <u>\$2,538,690</u> | <u>(\$578,123)</u> | <u>\$4,560,238</u> | <u>\$435,932</u> | <u>\$4,124,306</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 Issued</u> | <u>Issue Date</u> | <u>Interest Rates</u> | <u>Date of Maturity</u> | <u>Principal Balance 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>\$1,779,374</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:

| Year | <u>PERS</u> | <u>DCRP</u> |
|--------------------------|-------------|-------------|
| <u>Ending</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:

| Year | <u>Pension Contributions</u> | <u>Post-Retirement Medical Contributions</u> | <u>NCGI Premium</u> | <u>Long-Term Disability Insurance</u> |
|--------------------------|------------------------------|--|---------------------|---------------------------------------|
| <u>Ending</u> 6/30/23 | \$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>\$499,531</u> | <u>\$528,290</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:

| | <u>June 30, 2022</u> | | |
|--|---------------------------------------|--|---------------------------------------|
| | <u>1%</u> Decrease <u>6.00%</u> | <u>At Current</u> Discount Rate <u>7.00%</u> | <u>1%</u> Increase <u>8.00%</u> |
| District's proportionate share of the pension liability | \$2,345,840 | \$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, 20223 was 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:

Valic

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 a 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 June 30, 2022</u> | <u>Restatement</u> | <u>Restated Balance 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 | \$ | \$1,865,984 | \$ | \$1,865,984 |
| 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 | | (186,598) | | (186,598) |
| 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> | <u>Net Asset Balance</u> | <u>Accumulated Amortization</u> | <u>Gross Asset 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

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 | |

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 | <u>112,843</u> | <u>3,582</u> | <u>116,425</u> | <u>115,477</u> | <u>948</u> |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | <u>1,342,608</u> | <u>(174,481)</u> | <u>1,168,127</u> | <u>1,103,479</u> | <u>64,648</u> |
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of Teachers | | 230 | 230 | 230 | |
| Total Basic Skills/Remedial - Instruction | | <u>230</u> | <u>230</u> | <u>230</u> | |
| Bilingual Education - Instruction | | | | | |
| Salaries of Teachers | 124,654 | (22,639) | 102,015 | 101,950 | 65 |
| General Supplies | 500 | | 500 | | 500 |
| Total Bilingual Education - Instruction | <u>125,154</u> | <u>(22,639)</u> | <u>102,515</u> | <u>101,950</u> | <u>565</u> |
| 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 | <u>15,000</u> | <u>(5,835)</u> | <u>9,165</u> | <u>9,051</u> | <u>114</u> |
| 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 | <u>25,000</u> | <u>(24,402)</u> | <u>598</u> | <u>454</u> | <u>144</u> |
| 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 | <u>81,683</u> | <u>(76,927)</u> | <u>4,756</u> | <u>4,756</u> | |
| Community Services Programs/Operations: | | | | | |
| Salaries | | 140 | 140 | | 140 |
| Total Community Services Programs/Operations | | <u>140</u> | <u>140</u> | | <u>140</u> |
| TOTAL INSTRUCTION | <u>5,665,168</u> | <u>(137,769)</u> | <u>5,527,399</u> | <u>5,438,703</u> | <u>88,696</u> |
| 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: | <u>1,962,448</u> | <u>(37,357)</u> | <u>1,925,091</u> | <u>1,905,075</u> | <u>20,016</u> |
| 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 | <u>84,878</u> | <u>64,984</u> | <u>149,862</u> | <u>149,862</u> | |
| 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 | <u>68,500</u> | <u>21,753</u> | <u>90,253</u> | <u>79,275</u> | <u>10,978</u> |
| 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 | <u>591,300</u> | <u>273,520</u> | <u>864,820</u> | <u>856,052</u> | <u>8,768</u> |
| 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. | <u>434,564</u> | <u>(354,853)</u> | <u>79,711</u> | <u>66,336</u> | <u>13,375</u> |
| 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 | <u>172,566</u> | <u>16,344</u> | <u>188,910</u> | <u>187,296</u> | <u>1,614</u> |
| 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 | <u>199,172</u> | <u>(60,913)</u> | <u>138,259</u> | <u>117,528</u> | <u>20,731</u> |
| 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 | <u>141,175</u> | <u>50,650</u> | <u>191,825</u> | <u>191,391</u> | <u>434</u> |

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 | <u>77,233</u> | <u>626</u> | <u>77,859</u> | <u>77,858</u> | <u>1</u> |
| 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. | <u>49,500</u> | <u>(16,695)</u> | <u>32,805</u> | <u>30,314</u> | <u>2,491</u> |
| 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 | <u>352,174</u> | <u>(37,759)</u> | <u>314,415</u> | <u>311,894</u> | <u>2,521</u> |
| 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) | | | |
| 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 | <u>269,928</u> | <u>55,996</u> | <u>325,924</u> | <u>324,784</u> | <u>1,140</u> |
| 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 | <u>269,524</u> | <u>197,933</u> | <u>467,457</u> | <u>464,618</u> | <u>2,839</u> |
| 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 Information Technology | <u>86,000</u> | <u>33,276</u> | <u>119,276</u> | <u>100,326</u> | <u>18,950</u> |
| 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 | <u>195,055</u> | <u>12,521</u> | <u>207,576</u> | <u>191,376</u> | <u>16,200</u> |
| 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 | <u>898,318</u> | <u>44,596</u> | <u>942,914</u> | <u>932,352</u> | <u>10,562</u> |

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] | 18,328,980 | 4,241,144 |
| 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] | 18,220,645 | 4,238,201 |

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

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

| Fiscal Year Ending June 30, | District's Proportion of the Net Pension Liability (Asset) | District's Proportionate Share of the Net Pension Liability (Asset) | District's Covered Payroll - PERS Employee's | District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------|--|---|--|--|--|
| 2015 | 0.0146373255% | \$ 2,740,508 | \$ 873,214 | 313.84% | 52.08% |
| 2016 | 0.0129783497% | 2,913,379 | 872,656 | 333.85% | 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 | Contractually Required Contributions | Contractually Required Contributions | | | |
| 2015 | \$ 101,852 | \$ (101,852) | \$ - | \$ - | \$ 873,214 | 11.66% | |
| 2016 | \$ 111,579 | \$ (111,579) | \$ - | \$ - | \$ 872,656 | 12.79% | |
| 2017 | \$ 109,837 | \$ (109,837) | \$ - | \$ - | \$ 877,084 | 12.52% | |
| 2018 | \$ 116,308 | \$ (116,308) | \$ - | \$ - | \$ 863,531 | 13.47% | |
| 2019 | \$ 116,967 | \$ (116,967) | \$ - | \$ - | \$ 895,367 | 13.06% | |
| 2020 | \$ 118,948 | \$ (118,948) | \$ - | \$ - | \$ 882,000 | 13.49% | |
| 2021 | \$ 136,403 | \$ (136,403) | \$ - | \$ - | \$ 833,572 | 16.36% | |
| 2022 | \$ 126,254 | \$ (126,254) | \$ - | \$ - | \$ 864,613 | 14.60% | |
| 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 Proportionate Share of the Net Pension Liability (Asset) | 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 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 | <u>(4,848,225)</u> | <u>(3,024,794)</u> | <u>12,509,198</u> | <u>(1,353,786)</u> | <u>(3,061,345)</u> | <u>(1,758,823)</u> |
| Total OPEB Liability - Beginning | 29,055,331 | 32,080,125 | 19,570,927 | 20,924,713 | 0 | 25,744,881 |
| Total OPEB Liability - Ending | <u>\$ 24,207,106</u> | <u>\$ 29,055,331</u> | <u>\$ 32,080,125</u> | <u>\$ 19,570,927</u> | <u>\$ (3,061,345)</u> | <u>\$ 23,986,058</u> |
| District's Proportionate Share of OPEB Liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of OPEB Liability | 24,207,106 | 29,055,331 | 32,080,125 | 19,570,927 | 20,924,713 | 23,986,058 |
| Total OPEB Liability - Ending | <u>\$ 24,207,106</u> | <u>\$ 29,055,331</u> | <u>\$ 32,080,125</u> | <u>\$ 19,570,927</u> | <u>\$ 20,924,713</u> | <u>\$ 23,986,058</u> |
| District's Covered Employee Payroll | <u>\$ -</u> | <u>\$ 6,778,356</u> | <u>\$ 6,289,273</u> | <u>\$ 6,509,470</u> | <u>\$ 6,475,053</u> | <u>\$ 6,207,397</u> |
| Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll | 0% | 0% | 0% | 0% | 0% | 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 | | | | | | 76,598 |
| Personal Services - Employee Benefits | 211,289 | | | | 226,877 | 13,769 | 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. | | | | | | | |
| | 3,230,446 | 266,726 | 10,652 | 37,065 | 664,666 | 52,282 | 4,261,837 |
| Total Expenditures | | | | | | | |
| | 2,943 | - | - | - | - | - | 2,943 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | | | | | | | |
| 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 | | | | | | 76,598 |
| Personal Services - Employee Benefits | 197,905 | | | | 13,384 | | 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 | | | | 33,171 | | 77,734 |
| General Supplies | 40,447 | | | 15,061 | | | 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 |
| | <u>74,683</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,761</u> | <u>-</u> | <u>94,444</u> |
| Total Facilities Acquisition and Const. Serv. | | | | | | | |
| | 2,868,333 | 1,719 | 25,671 | 95,136 | 120,838 | 118,749 | 3,230,446 |
| Total Expenditures | | | | | | | |
| | <u>2,943</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,943</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | | | | | | | |
| Fund Balance, July 1 | 3,889 | - | - | - | - | - | 3,889 |
| 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.: | 12,635 | | 62,048 | | | | 12,635 |
| Instructional Equipment | - | | | | | | 62,048 |
| Noninstructional Equipment | | | | | | | |
| 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) | 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-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 | 1,348,546 | |
| 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 Chapter 192 | | Climate Change Grant | SDA Emergent Needs and Capital Maintenance in School Districts | | Student Council Account | Total Carried Forward |
|---|--|---------------------------------|----------------------------|--|---------------|-------------------------------|-----------------------------|
| | Compensatory Education | English as a Second Language | | NJSBAIG Safety Grant | | | |
| REVENUES | | | | | | | |
| Local Sources | 81,831 | 301 | 3,201 | 36,206 | 3,328 | 16,028 | |
| State Sources | | | | | | 121,539 | |
| Federal Sources | | | | | | - | |
| Total Revenues | 81,831 | 301 | 3,201 | 36,206 | 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) | | | | | | - | |
| General Supplies | | | | 36,206 | | 36,206 | |
| Other Objects | | | | | | - | |
| Student Activities | | | | | 385 | 385 | |
| 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 | | Climate Change Grant | SDA Emergent Needs and Capital Maintenance in School Districts | | NJSBAIG Safety Grant | Student Council Account | Total Carried Forward |
|---|-----------------------------------|------------------------------|----------------------|--|--------|----------------------|-------------------------|-----------------------|
| | Compensatory Education | English as a Second Language | | | | | | |
| 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) | - | - | - | - | - | 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
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) | <u>1,678,811</u> |
| Available & Unbudgeted Preschool Educaiton Aid Funds as of June 30, 2023 | 36,399 |
| Add: June 30, 2023 Unexpended Preschool Education Aid | <u>530,749</u> |
| 2022-23 Carryover - Preschool Education Aid/Preschool | <u>567,148</u> |
| 2022-23 Preschool Education Aid Carryover Budgeted for Preschool Programs 2023-24 | <u>36,399</u> |

PROPRIETARY FUNDS

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

| | <u>Food Service Program</u> | <u>Totals</u> |
|---|-------------------------------------|-----------------------|
| 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 | 6,133 | 6,133 |
| Total Current Liabilities | <u>49,238</u> | <u>49,238</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 11,109 | 11,109 |
| Unrestricted | 203,477 | 203,477 |
| 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 | 3,722 | 3,722 |
| 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 | 606,272 | 606,272 |
| Operating Income (Loss) | (602,550) | (602,550) |
| 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) | 661,365 | 661,365 |
| Income (Loss) Before Contributions & Transfers | 58,815 | 58,815 |
| Change in Net Position | 58,815 | 58,815 |
| Total Net Position—Beginning (Restated) | 155,771 | 155,771 |
| Total Net Position—Ending | 214,586 | 214,586 |

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 | <u>(579,371)</u> | <u>(579,371)</u> |
| 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 | <u>703,153</u> | <u>703,153</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest and Dividends | 5,246 | 5,246 |
| Net Cash Provided by (Used for) Investing Activities | <u>5,246</u> | <u>5,246</u> |
| 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 | <u>(12,342)</u> | <u>(12,342)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 116,686 | 116,686 |
| Balances—Beginning of Year | 19,217 | 19,217 |
| Balances—End of Year | <u>135,903</u> | <u>135,903</u> |
| 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 | <u>23,179</u> | <u>23,179</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>(579,371)</u> | <u>(579,371)</u> |

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 Date</u> | <u>Principal Payment Amount</u> | <u>Interest Rate</u> | <u>Balance, June 30, 2022</u> | <u>Retired</u> | <u>Balance, June 30, 2023</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% | | | |
| | | | | | | \$ 1,089,000 | 270,000 | 819,000 |

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 | 1 | - | 1 | 148,582 | - |
| Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | |
| Budgeted Fund Balance | (455,560) | | (455,560) | (306,979) | 148,581 |
| | (455,560) | - | (455,560) | (306,979) | 148,581 |

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

| <u>Contents</u> | <u>Page</u> |
|--|---------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time. | J-1 to J-5 |
| Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax. | J-6 to J-9 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future. | J-10 to J-13 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place. | J-14 to J-15 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs. | J-16 to J-20 |
| Sources: Unless otherwise noted, the information in these schedules is derived from the 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 |
| Unrestricted | \$ 172,044 | \$ 134,926 | \$ 132,589 | \$ 107,412 | \$ 155,880 | \$ 213,912 | \$ 206,603 | \$ 201,179 | \$ 174,636 | \$ 214,586 |
| Total business-type activities net position | \$ 344,088 | \$ 369,852 | \$ 365,178 | \$ 314,824 | \$ 311,760 | \$ 427,824 | \$ 413,206 | \$ 402,458 | \$ 349,272 | \$ 429,172 |
| 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)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 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 | 929,387 | 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 | | | | | | | | | | 8,486 |
| Capital lease obligations and amortization | | | | | | | | | | 186,598 |
| Total governmental activities expenses | <u>13,250,149</u> | <u>13,587,686</u> | <u>13,755,449</u> | <u>13,339,160</u> | <u>17,645,991</u> | <u>17,463,054</u> | <u>17,752,650</u> | <u>18,206,290</u> | <u>18,747,929</u> | <u>21,474,386</u> |
| 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 | <u>466,637</u> | <u>530,143</u> | <u>514,757</u> | <u>521,074</u> | <u>432,692</u> | <u>436,750</u> | <u>562,004</u> | <u>376,172</u> | <u>605,847</u> | <u>606,272</u> |
| Total district expenses | <u>\$ 13,716,786</u> | <u>\$ 14,117,829</u> | <u>\$ 14,270,206</u> | <u>\$ 13,860,234</u> | <u>\$ 18,078,683</u> | <u>\$ 17,901,804</u> | <u>\$ 18,314,654</u> | <u>\$ 18,582,462</u> | <u>\$ 19,353,776</u> | <u>\$ 22,080,658</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Changes 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 | <u>3,065,147</u> | <u>2,787,474</u> | <u>2,893,262</u> | <u>2,699,993</u> | <u>6,421,926</u> | <u>1,153,604</u> | <u>1,432,471</u> | <u>1,361,426</u> | <u>1,622,557</u> | <u>4,142,965</u> |

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 | | | | | | | | | | |
| Food service | 60,529 | 13,674 | 12,680 | 12,103 | 14,006 | 9,305 | 7,706 | 546 | 332 | 3,722 |
| Operating grants and contributions | 387,532 | 479,116 | 449,491 | 483,516 | 466,397 | 483,445 | 546,301 | 370,142 | 573,493 | 656,119 |
| Total business-type activities program revenues | 448,061 | 492,790 | 462,171 | 495,619 | 480,403 | 492,750 | 554,007 | 370,688 | 573,825 | 659,841 |
| Total district 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 | 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 |
| Miscellaneous income | 92,134 | 17,496 | 12,341 | 126,656 | 41,997 | 296,501 | 45,842 | 55,051 | 21,451 | 444,673 |
| Total governmental activities | 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 |
| 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 | | | |
| 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>\$ 455,561</u> | <u>\$ 148,582</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

| Fiscal Year Ended June 30, | Interest on Investments | Cancelled Accounts Payable | Tuition Adjustments | Rents and Royalties | Misc. | Total |
|-------------------------------|----------------------------|----------------------------------|------------------------|------------------------|---------|---------|
| 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, | 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 Estimated Full Cash Valuations |
|----------------------------|----------------------|---------------|---------------|--------------|---------------------------|-------------------------------|-----------------------|---|---|---|
| | Vacant Land | Residential | Commercial | Industrial | | | | | | |
| 2014 | \$ 3,118,900 | \$158,050,000 | \$ 14,994,350 | \$ 2,755,700 | \$ - | \$ 189,782 | \$179,108,732 | 1.600 | \$253,901,232 | 70.54% |
| 2015 | \$ 6,997,900 | \$228,649,100 | \$ 22,356,000 | \$ 5,589,700 | \$ - | \$ 145,000 | \$263,737,700 | 1.106 | \$263,381,994 | 100.14% |
| 2016 | \$ 6,997,900 | \$228,597,400 | \$ 22,356,000 | \$ 5,589,700 | \$ - | \$ 145,000 | \$263,686,000 | 1.198 | \$274,276,948 | 96.14% |
| 2017 | \$ 6,997,900 | \$228,481,400 | \$ 21,857,300 | \$ 5,589,700 | \$ - | \$ 145,000 | \$263,071,300 | 1.198 | \$282,294,785 | 93.19% |
| 2018 | \$ 6,962,800 | \$228,551,700 | \$ 21,770,300 | \$ 5,589,700 | \$ - | \$ 145,000 | \$263,019,500 | 1.241 | \$300,355,505 | 87.57% |
| 2019 | \$ 6,962,800 | \$228,461,200 | \$ 21,815,000 | \$ 5,589,700 | \$ - | \$ 145,000 | \$262,973,700 | 1.239 | \$320,825,501 | 81.97% |
| 2020 | \$ 7,005,600 | \$228,430,200 | \$ 21,777,000 | \$ 5,346,900 | \$ 399,700 | \$ 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 | \$ - | \$ 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 | |
| | Basic Rate ^a | Debt Service ^b | Total Direct | Obligation | | | | |
| 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 | \$ 21,053,000 | | 8.02% | \$ 22,277,900 | | 10.57% |
| | | | \$ 262,649,800 | | | \$ 179,108,732 |

Source: Municipal Tax Assessor.

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

| Fiscal Year Ended June 30, | Taxes Levied for the Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|-------------------------------------|------------------------------|---|-----------------------|--|
| | | Amount | Percentage of Levy | |
| 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 | | Total District | Percentage of Personal Income ^a | Per Capita ^a |
|----------------------------|---------------------------------------|-------------------------------|----------------|------------------------|--------------------------|--------------------------|----------------|--|-------------------------|
| | General Obligation Bonds ^b | Certificates of Participation | Capital Leases | Temporary Note Payable | Capital Leases | Business-Type Activities | | | |
| 2014 | 3,095,000 | - | - | - | - | 3,095,000 | 1.173% | \$ 69 | |
| 2015 | 2,865,000 | - | - | - | - | 2,865,000 | 1.059% | \$ 62 | |
| 2016 | 2,625,000 | - | - | - | - | 2,625,000 | 0.960% | \$ 56 | |
| 2017 | 2,379,000 | - | - | - | - | 2,379,000 | 0.859% | \$ 50 | |
| 2018 | 2,129,000 | - | - | - | - | 2,129,000 | 0.740% | \$ 43 | |
| 2019 | 1,879,000 | - | - | - | - | 1,879,000 | 0.628% | \$ 37 | |
| 2020 | 1,619,000 | - | - | - | - | 1,619,000 | 0.499% | \$ 29 | |
| 2021 | 1,359,000 | - | - | - | - | 1,359,000 | 0.363% | \$ 23 | |
| 2022 | 1,089,000 | - | - | - | - | 1,089,000 | Not Available | Not Available | |
| 2023 | 819,000 | - | - | - | - | 819,000 | Not Available | 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 | Deductions | 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 | | | |
| 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% | <u>3,218,683</u> | |
| Subtotal, overlapping debt | | | \$ 11,367,667 |
| Total direct and overlapping debt | | | <u>\$ 12,186,667</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

| | 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% |

| | 2022 | 2021 | 2020 |
|---|------------------|-------------|-------------|
| Equalized valuation basis | \$ 447,630,498 | 406,756,999 | 372,742,334 |
| [A] | \$ 1,227,129,831 | | |
| Average equalized valuation of taxable property | [A/3] | | |
| Debt limit (3 % of average equalization value) | [B] | | |
| Net bonded school debt | [C] | | |
| Legal debt margin | [B-C] | | |

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

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

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

| Year | Population ^a | Personal Income | Per Capita | Unemployment Rate ^d |
|------|-------------------------------------|-------------------------------------|---------------------------------|-----------------------------------|
| | (thousands of dollars) ^b | (thousands of dollars) ^b | Personal Income ^c | |
| 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

Exhibit J-15

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 |
| | - | 0 | 0.00% | | 1 | 0.00% |
| | - | 0 | 0.00% | | 2 | 0.00% |
| | - | 0 | 0.00% | | 3 | 0.00% |
| | - | 0 | 0.00% | | 4 | 0.00% |
| | - | 0 | 0.00% | | 5 | 0.00% |
| | - | 0 | 0.00% | | 6 | 0.00% |
| | - | 0 | 0.00% | | 7 | 0.00% |
| | - | 0 | 0.00% | | 8 | 0.00% |
| | - | 0 | 0.00% | | 9 | 0.00% |
| | - | 0 | 0.00% | | 10 | 0.00% |
| | - | 0 | 0.00% | | 0 | 0.00% |
| | - | 0 | 0.00% | | 0 | 0.00% |
| | - | 0 | 0.00% | | 0 | 0.00% |
| | - | | | | | |
| | - | | 0.00% | | | 0.00% |

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

Source: Borough of Prospect Park

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

| <u>Function/Program</u> | 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 | | \$ 191,376 | \$ 156,671 | \$ 137,070 | \$ 164,048 | \$ 222,599 | \$ 201,211 | \$ 199,107 | \$ 176,198 | \$ 103,230 | \$ 150,404 |

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

| Company | Type of Coverage | Coverage | Deductible |
|--|---|----------------|------------|
| 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

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 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

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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.



Honorable President and
Members of the Board of Education

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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.

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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) | Deferred Revenue |
| General Fund: | | | | | | | | | | | | | | |
| US Department of Education | | | | | | | | | | | | | | |
| 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 Revenit | 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) | | | | | | | |
| Title I SIA | 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) | | 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) | | 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 | 120,838 | | | (118,749) | |
| CR Learning Acceleration | 84-425D | S425D210027 | | 118,749 | 3/13/2020 | 9/30/2023 | | | 118,749 | 118,749 | | | (35,620) | |
| CR Mental Health | 84-425D | S425D210027 | | 45,000 | 3/13/2020 | 9/30/2023 | | | 35,620 | 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 | | | 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 | 266,736 | | | (8,353) | |
| IDEA, Part B-Basic | 84-027A | H027A200100 | IDEA-4270-22 | 236,723 | 7/1/2021 | 9/30/2022 | (229,371) | | | | | | | |
| IDEA, Part B-Pre-school | 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-Pre-school | 84-173A | H173A200114 | IDEA-4270-22 | 9,074 | 7/1/2021 | 9/30/2022 | (11,881) | | | | | | | |
| ARP - IDEA, Part B-Basic | 84-027X | H027X210100 | IDEA-4270-23 | 54,241 | 7/1/2021 | 9/30/2022 | (4,608) | (4,608) | 15,491 | 37,065 | | | (37,065) | |
| ARP - IDEA, Part B - Pre-school | 84-173X | H173X210114 | IDEA-4270-22 | 4,608 | 7/1/2021 | 9/30/2022 | (261,351) | | 519,724 | 314,443 | | | (56,070) | |
| Total Special Revenue Fund | | | | | | | (1,005,510) | | 2,248,193 | 2,837,111 | (11,900) | | (1,605,618) | |

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) | Deferred Revenue |
| US Department of Agriculture | | | | | | | | | | | | | | |
| Passed Through State Dept of Education: | | | | | | | | | | | | | | |
| Enterprise Fund | | | | | | | | | | | | | | |
| Food Distribution Program | 10.555 | 23INJ309N1099 | N/A | 47,679 | 7/1/2022 | 6/30/2023 | | | 47,679 | | | | | |
| National School Breakfast Program | 10.553 | 23INJ304N1099 | N/A | 188,421 | 7/1/2022 | 6/30/2023 | | | 188,421 | | | | (40,921) | |
| National School Breakfast Program SSO | 10.553 | 22INJ304N1099 | N/A | 149,578 | 7/1/2021 | 6/30/2022 | (14,546) | | 14,546 | | | | | |
| National School Lunch Program | 10.555 | 23INJ304N1099 | N/A | 349,650 | 7/1/2022 | 6/30/2023 | | | 349,650 | | | | (62,410) | |
| National School Lunch Program SSO | 10.555 | 22INJ304N1099 | N/A | 388,735 | 7/1/2021 | 6/30/2022 | (47,541) | | 47,541 | | | | | |
| Supply Chain Assistance Funding (1st/2nd Round) | 10.555 | 22INJ344N8903 | N/A | 39,561 | 3/1/2022 | 9/30/2023 | | | 39,561 | | | | | |
| Supply Chain Assistance Funding (3rd Round) | 10.555 | 23INJ344N8903 | N/A | 11,339 | 10/1/2022 | 9/30/2024 | | | 11,339 | | | | | |
| Local Food for Schools Cooperative Agreement Program | 10.185 | USDA-AMS-10185 | N/A | 5,651 | 7/1/2022 | 6/30/2023 | | | | | | | (5,651) | 5,651 |
| Total Enterprise Fund | | | | | | | (62,087) | | 595,406 | 656,650 | | | (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 | Grant or State Project Number | Award Amount | From | To | Deferred Revenue (Assets Receivable) | Due to Grantor | Carryover/(Walkover) Amount | Cash Received | Budgetary Expenditures Pass-through Funds | Budgetary Expenditures Direct | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2023 | | Memo | |
|--|-------------------------------|--------------|----------|-----------|--------------------------------------|----------------|-----------------------------|---------------|---|-------------------------------|-------------|------------------------------------|--------------------------|-------------------------------------|-------------|-------------------|
| | | | | | | | | | | | | | (Accounts Receivable) | Deferred Revenue/ Interfund Payable | | Due to Grantor at |
| State Department of Education: | | | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | | | |
| Transportation Aid | 495-034-5120-014 | \$ 64,723 | 7/1/2022 | 6/30/2023 | \$ | | | 58,273 | 64,723 | | | | | | | |
| Equalization Aid | 495-034-5120-078 | 10,047,828 | 7/1/2022 | 6/30/2023 | | | | 9,046,580 | 10,047,828 | | | | | | (6,450) | 64,723 |
| Special Education Categorical Aid | 495-034-5120-089 | 794,961 | 7/1/2022 | 6/30/2023 | | | | 715,745 | 794,961 | | | | | | (1,001,248) | 10,047,828 |
| Security Aid | 495-034-5120-084 | 366,508 | 7/1/2022 | 6/30/2023 | | | | 329,986 | 366,508 | | | | | | (79,216) | 794,961 |
| Extraordinary Aid | 495-034-5120-044 | 502,970 | 7/1/2022 | 6/30/2023 | | | | | 502,970 | | | | | | (56,522) | 366,508 |
| Extraordinary Aid | 495-034-5120-044 | 420,532 | 7/1/2021 | 6/30/2022 | (420,532) | | | 420,532 | | | | | | (502,970) | * | 502,970 |
| Non Public Transportation | 495-034-5120-086 | 4,350 | 7/1/2021 | 6/30/2022 | (4,350) | | | 4,350 | | | | | | | * | 4,350 |
| School Security Grant | 495-078-6060-034 | 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 | | | | | | * | 407,478 |
| Reimbursed TPAF Social Security | 495-034-5094-003 | 480,658 | 7/1/2021 | 6/30/2022 | (21,890) | | | 21,890 | | | | | | | * | 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 | * | 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 | | | | | | * | 216,720 |
| NJ NonPublic Aid: | | | | | | | | | | | | | | | | |
| Textbook Aid | 100-034-5120-064 | 18,942 | 7/1/2022 | 6/30/2023 | | | | 18,942 | 18,942 | | | | | | * | 18,942 |
| 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 | | | | | | * | 17,256 |
| Exam & Classification | 100-034-5120-066 | 25,585 | 7/1/2021 | 6/30/2022 | | 25,585 | | | | | | 25,585 | | | * | 13,578 |
| Corrective Speech | 100-034-5120-066 | 14,508 | 7/1/2022 | 6/30/2023 | | | | 14,508 | 13,578 | | | | | 930 | * | 8,073 |
| Corrective Speech | 100-034-5120-066 | 15,810 | 7/1/2021 | 6/30/2022 | | 7,737 | | | | | | 7,737 | | | * | 8,343 |
| Supplementary Inst. | 100-034-5120-066 | 10,738 | 7/1/2022 | 6/30/2023 | | | | 10,738 | 8,343 | | | | | 2,395 | * | 2,635 |
| Supplementary Inst. | 100-034-5120-066 | 7,434 | 7/1/2021 | 6/30/2022 | | 4,799 | | | | | | 4,799 | | | * | 8,183 |
| Auxiliary Services: | | | | | | | | | | | | | | | | |
| Compensatory Education | 100-034-5120-067 | 94,383 | 7/1/2022 | 6/30/2023 | | | | 94,383 | 81,831 | | | | | | * | 7,315 |
| Compensatory Education | 100-034-5120-067 | 31,621 | 7/1/2021 | 6/30/2022 | | 24,306 | | | | | | 24,306 | | | * | 301 |
| English as a Second Language | 100-034-5120-067 | 501 | 7/1/2022 | 6/30/2023 | | | | 501 | 301 | | | | | 200 | * | 3,201 |
| Climate Change Grant | 100-034-5120-067 | 6,660 | 7/1/2022 | 6/30/2023 | | | | | 3,201 | | | | | (3,201) | * | 3,201 |
| SDA Emergent Needs and Capital Maintenance in School Districts | | 36,206 | 7/1/2022 | 6/30/2023 | | | | 36,206 | 36,206 | | | | | | * | 36,206 |
| 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 (Assets Receivable) | Due to Grantor | | | | | | | (Accounts Receivable) | Deferred Revenue/ Interfund Payable | |
| Enterprise Fund | | | | | | | | | | | | | | |
| State Department of Agriculture | | | | | | | | | | | | | | |
| National School Lunch Program (State Share) | 100-010-3350-023 | 6,005 | 7/1/2022 | 6/30/2023 | | | 4,933 | 6,005 | | | | (1,072) | | 6,005 |
| National School Lunch Program SSO (State Share) | 100-010-3350-023 | 9,143 | 7/1/2021 | 6/30/2022 | | | 1,094 | | | | | | | 9,143 |
| Breakfast After the Bell | 100-010-3350-023 | 7,813 | 7/1/2022 | 6/30/2023 | | | 6,116 | 7,813 | | | | (1,697) | | 7,813 |
| Total Enterprise Fund | | | | | | | 12,143 | 13,818 | | | | (2,769) | | 22,961 |
| Total State Financial Assistance | | | | | | | 15,370,196 | 16,179,274 | | | 79,516 | (551,199) | 399,266 | 36,329 * |
| Less: On-Behalf/TPAF Pension System Contributions | | | | | | | | 2,526,595 | | | | | | |
| On Behalf/TPAF - Post Retirement Medical | 495-034-5094-001 | | | | | | | 525,504 | | | | | | |
| On Behalf/TPAF Pension | 495-034-5094-002 | | | | | | | 1,973,040 | | | | | | |
| On Behalf/TPAF NCGI Premium | 495-034-5094-004 | | | | | | | 27,374 | | | | | | |
| On-Behalf/TPAF - LTDI | 495-034-5094-004 | | | | | | | 677 | | | | | | |
| | | | | | | | | 2,526,595 | | | | | | |
| | | | | | | | | 13,652,679 | | | | | | |
| Total for State Financial Assistance - Major Program Determination | | | | | | | | 13,652,679 | | | | | | |
| Local Sources | | | | | | | | | | | | | | |
| Special Revenue Fund | | | | | | | | | | | | | | |
| Fortum Estates Grade I | | 7,253 | | | | | | | | | | | 7,253 | * |
| Pantoja Donation - Uniforms | | 210 | | | | | | | | | | | 210 | * |
| NJSB Safety Grant | | 6,300 | | | | | 6,300 | 6,300 | | | | | | 6,300 |
| NJSB Safety Grant | | 6,400 | | | | | | 6,400 | | | | | | 6,400 |
| Total Local Financial Assistance | | | | | | | 6,300 | 12,700 | | | | | 7,463 | 12,700 |
| Total State and Local Financial Assistance | | | | | | | 15,376,496 | 16,191,974 | | | 79,516 | (551,199) | 406,729 | 36,329 * |
| | | | | | | | | | | | | | | (1,291,318) |
| | | | | | | | | | | | | | | 17,354,906 |

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

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

Internal Control over major programs:

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

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

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

Identification of major programs:

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

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:

The District provided a fixed asset 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 2023-010

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 2023-005