

**SCHOOL DISTRICT
OF THE
BOROUGH OF FRANKLIN LAKES**

**Borough of Franklin Lakes School District
Franklin Lakes, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

Borough of Franklin Lakes School District

Franklin Lakes, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

**Borough of Franklin Lakes School District
Board of Education**

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
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INTRODUCTORY SECTION

FRANKLIN LAKES PUBLIC SCHOOLS

490 Pulis Avenue, Franklin Lakes, New Jersey 07417

(201) 891-1856 • (201) 891-9333
www.franklinlakes.k12.nj.us

Lydia E. Furnari, Ed.D.
Superintendent of Schools

Michael J. Solokas
*Board Secretary and
Business Administrator*

November 13, 2015

The Honorable President and Members of
the Board of Education
Borough of Franklin Lakes School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Franklin Lakes School District (the "District") for the fiscal year ended June 30, 2015, 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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Franklin Lakes School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Franklin Lakes School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2014-2015 fiscal year with an average daily enrollment of 1,231 students, which is a decrease of 50 students from the previous fiscal year's average daily enrollment.

The Honorable President and Members of
the Board of Education
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2) ECONOMIC CONDITION AND OUTLOOK: Standard & Poor's Ratings Services affirmed its "AA+" rating on Franklin Lakes Board of Education general obligation bonds. The outlook is stable. Their rating reflects the District's sizable property tax base with no concentration among leading taxpayers, sound financial operations with good reserves and a low debt burden with limited additional capital needs.

The primary factors considered by the District's Administration during the process of developing the fiscal year 2015-16 budget was the projected continuing declining student population, although that trend may be beginning to stabilize.

3) MAJOR INITIATIVES: During the 2015-16 school year the District continued a 1 to 1 laptop initiative for the 500 students at Franklin Avenue Middle School. This program has been extremely well received by the entire learning community at Franklin Avenue Middle School. The District is undertaking a 5 year Strategic Plan Initiative.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

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. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2015.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

The Honorable President and Members of
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7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Nathan Lane Insurance Agency oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

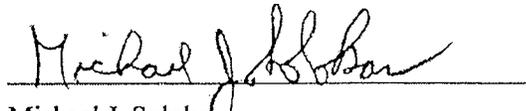
9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Franklin Lakes School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

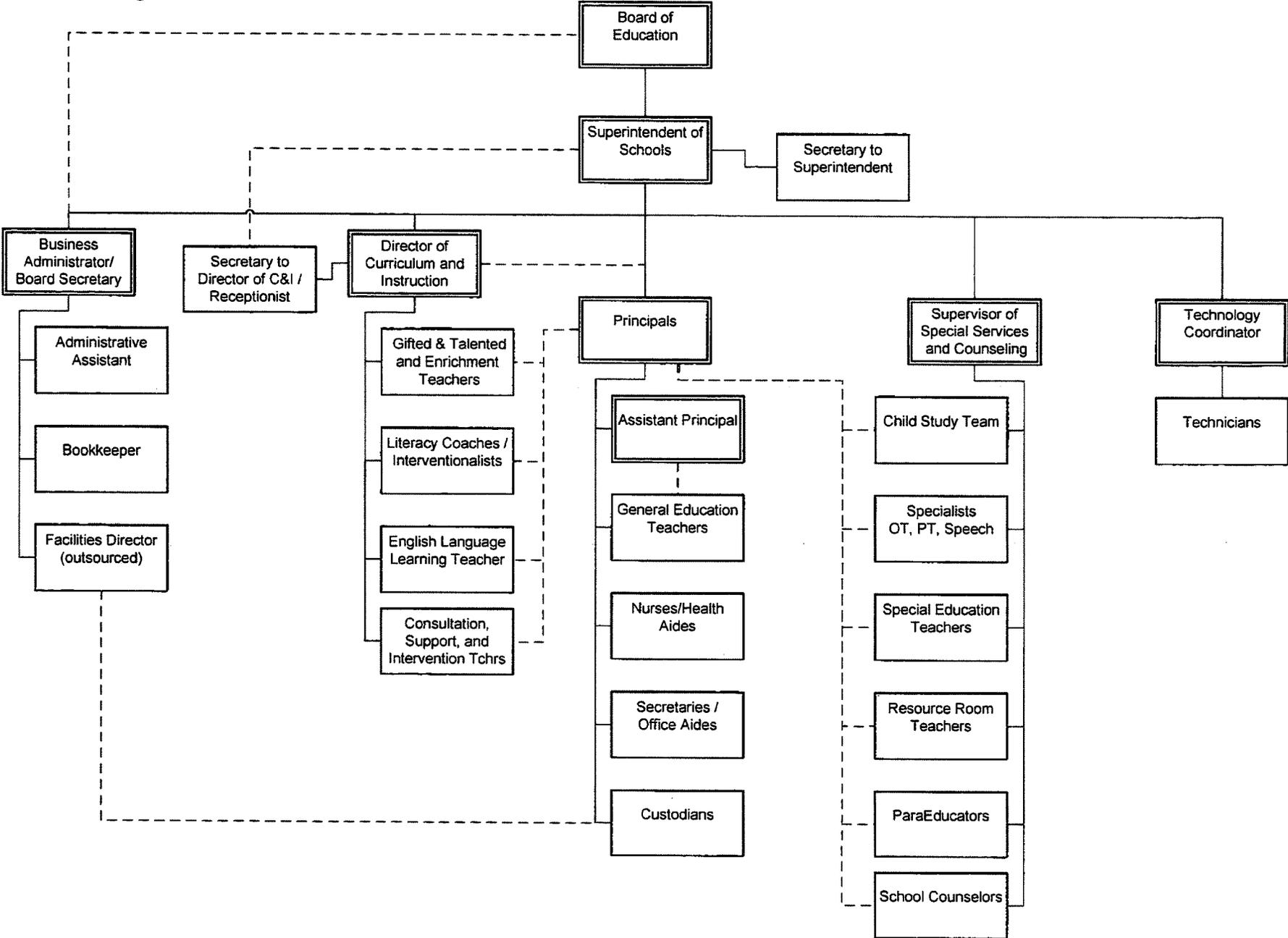


Lydia E. Furnari, Ed.D.
Superintendent



Michael J. Solokas
Business Administrator/Board Secretary

Exhibit: Organizational Chart



**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Shirley O'Reilly, President	2015
Susan McGowan, Vice President	2017
Michael Ben-David	2015
Peter Koulikourdis	2016
Dr. Jennifer Marcus	2017
Robert Medeiros	2015
Jeffrey Merlino	2015
Kathleen Schwartz	2016
Jackie Veliky	2015

<u>Other Officials</u>	<u>Title</u>
Dr. Lydia E. Furnari	Superintendent of Schools
Michael J. Solokas	Board Secretary/School Business Administrator
Nancy Ciavaglia	Treasurer

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
Consultants and Advisors

Attorney

Fogarty & Hara
21-00 New Jersey 208 South
Fair Lawn, NJ 07410

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Official Depository

Capital One Bank, N.A.
805 Franklin Lakes Road
Franklin Lakes, NJ 07417

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Franklin Lakes School District
 County of Bergen, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Franklin Lakes School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable President and Members
of the Board of Education
Borough of Franklin Lakes School District
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Franklin Lakes School District, in the County of Bergen, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 18 to the basic financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the required supplementary information pension schedules and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

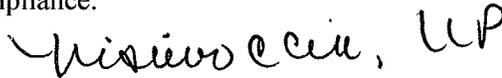
The Honorable President and Members
of the Board of Education
Borough of Franklin Lakes School District
Page 3

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

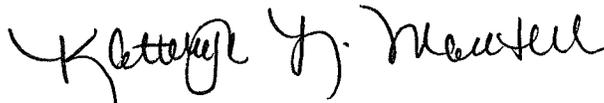
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015 on our consideration of the District'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 District's internal control over financial reporting and compliance.



NISIVOCCIA, LLP

Mount Arlington, New Jersey
November 13, 2015



Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

This section of the Borough of Franklin Lakes School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net position increased \$668,531 during the fiscal year.
- Overall revenue was \$34,275,197.
- Overall expenditures were \$33,606,666.
- Actual local revenue was \$146,489 higher than expected, primarily in tuition and miscellaneous revenues.
- Unexpended budget appropriations in the General Fund were \$1,223,608.
- District enrollments, with the exception of 2008-09, have decreased annually over the past ten years causing increases in cost per pupil.
- The District's outstanding long-term debt (exclusive of compensated absences payable and net pension obligation) was \$5,306,653 at June 30 due to the retirement of \$655,000 in bonds and \$112,017 of the capital lease during the fiscal year.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary 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 *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

**Figure A-1
Organization of the Borough of Franklin Lakes School District's Financial Report**

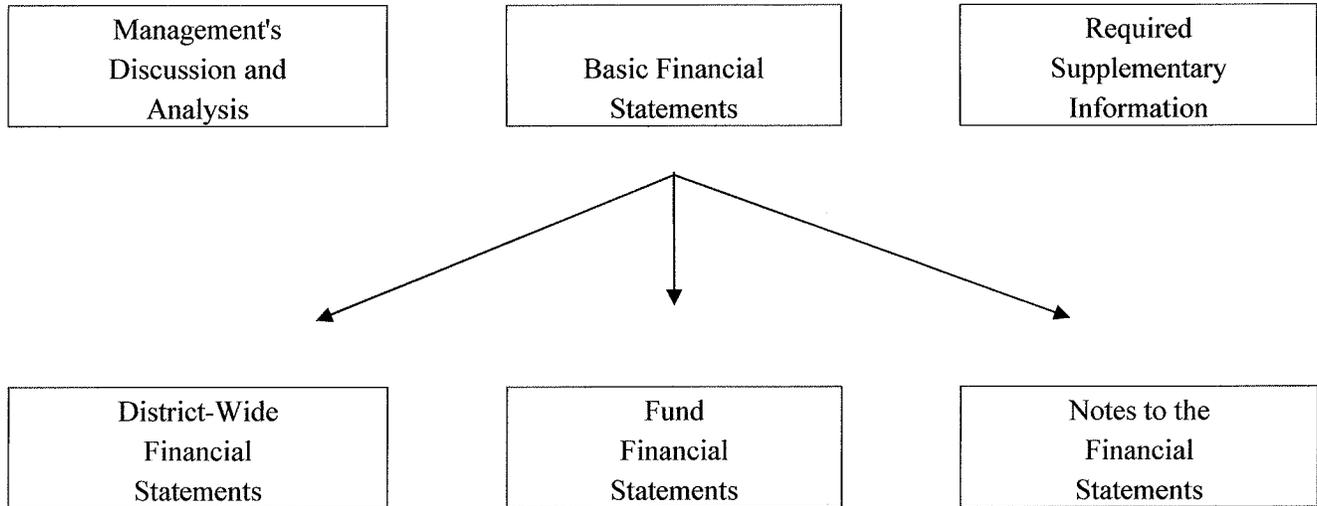


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Figure A-2

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 special education and building maintenance	Activities the District operates similar to private businesses consist of the provision of milk services to students	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement 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 resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's Milk Service Fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

Provide additional information essential to a full understanding of District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$15,696,622 on June 30, 2015, \$668,531 or 4.45% more than it was the year before (See Figure A-3). Net Investment in Capital Assets decreased \$138,919, Restricted Net Position increased \$619,659, and Unrestricted Net Position (Deficit) increased \$187,791.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2014/2015
	2014/2015	2013/2014 (Restated)	2014/2015	2013/2014	2014/2015	2013/2014 (Restated)	
Current and Other Assets	\$ 4,293,282	\$ 3,928,212	\$ 7,152	\$ 5,341	\$ 4,300,434	\$ 3,933,553	9.33%
Capital Assets, Net	22,978,403	23,772,322			22,978,403	23,772,322	-3.34%
Total Assets	27,271,685	27,700,534	7,152	5,341	27,278,837	27,705,875	-1.54%
Deferred Outflows of Resources	466,789	345,680			466,789	345,680	35.04%
Long-Term Debt Outstanding	10,839,774	11,794,246			10,839,774	11,794,246	-8.09%
Other Liabilities	884,742	1,229,218			884,742	1,229,218	-28.02%
Total Liabilities	11,724,516	13,023,464			11,724,516	13,023,464	-9.97%
Deferred Inflows of Resources	324,488				324,488		100.00%
Net Position:							
Net Investment in Capital Assets	17,903,403	18,042,322			17,903,403	18,042,322	-0.77%
Restricted	3,138,863	2,519,204			3,138,863	2,519,204	24.60%
Unrestricted (Deficit)	(5,352,796)	(5,538,776)	7,152	5,341	(5,345,644)	(5,533,435)	3.39%
Total Net Position	\$ 15,689,470	\$ 15,022,750	\$ 7,152	\$ 5,341	\$ 15,696,622	\$ 15,028,091	4.45%

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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Figure A-4 represents the *Changes in Net Position*. The \$138,919 decrease in Net Investment in Capital Assets is the result of capital disposals, net of accumulated depreciation, of \$7,741 and depreciation expense of \$907,702, offset by the retirement of \$655,000 of bonds and \$121,524 of capital purchases. The \$619,659 increase in Restricted Net Position is due to an increase in the capital reserve of \$772,568, offset by \$55,719 of capital projects fund referendum project unexpended balance utilized for debt service and decreases in general fund excess surplus of \$96,940 and debt service fund balance of \$250. The \$187,791 increase in Unrestricted Net Position (Deficit) is due to \$366,583 of local and state revenues in excess of budgeted amounts, \$11 of interest earned transferred from the capital projects fund, \$1,223,608 of unexpended budget appropriations, a budgeted increase in the capital reserve of \$1,800, decreases in general fund excess surplus of \$96,940, interest payable of \$7,319, unamortized bond premiums of \$55,288 and capital leases of \$112,017, a net decrease in the compensated absences liability of \$55,741, \$160,000 of notes payable retired in the capital projects fund, an increase in the net position of the food service fund of \$1,811, changes in pension assumptions of \$159,518 and the change in net pension liability of \$131,714, offset by \$692,514 of surplus used to support the 2014/2015 budget (including \$195,574 of prior fiscal year extraordinary aid authorized by Board resolution), prior fiscal year encumbrances appropriated of \$339,719, increases in the capital reserve of \$772,568 and state aid payments not recognized until the subsequent fiscal year of \$16,861, a decrease of \$38,409 in deferred interest, investment gains in pensions of \$302,316 and changes in proportion in pensions of \$22,172.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2014/2015
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,828,064	\$ 1,999,633	\$ 8,799	\$ 9,244	\$ 1,836,863	\$ 2,008,877	-8.56%
Grants/Contributions:							
Operating	6,939,275	3,698,400	7,083	6,883	6,946,358	3,705,283	87.47%
Capital		212,843				212,843	-100.00%
General Revenue:							
Property Taxes	25,177,461	25,177,461			25,177,461	25,177,461	0.00%
Federal/State Aid							
Not Restricted	54,386	38,860			54,386	38,860	39.95%
Other	260,129	204,998		40	260,129	205,038	26.87%
Total Revenue	<u>34,259,315</u>	<u>31,332,195</u>	<u>15,882</u>	<u>16,167</u>	<u>34,275,197</u>	<u>31,348,362</u>	9.34%
Expenses:							
Instruction	21,162,404	18,522,053			21,162,404	18,522,053	14.26%
Pupil and Instruction							
Services	4,904,487	4,989,556			4,904,487	4,989,556	-1.70%
Administrative and							
Business	2,801,650	2,661,390			2,801,650	2,661,390	5.27%
Maintenance and							
Operations	3,707,558	3,707,881			3,707,558	3,707,881	-0.01%
Transportation	823,310	824,787			823,310	824,787	-0.18%
Other	193,186	219,304	14,071	14,612	207,257	233,916	-11.40%
Total Expenses	<u>33,592,595</u>	<u>30,924,971</u>	<u>14,071</u>	<u>14,612</u>	<u>33,606,666</u>	<u>30,939,583</u>	8.62%
Transfers		14,000		(14,000)			0.00%
Increase/(Decrease) in Net Position	<u>\$ 666,720</u>	<u>\$ 421,224</u>	<u>\$ 1,811</u>	<u>\$ (12,445)</u>	<u>\$ 668,531</u>	<u>\$ 408,779</u>	

Revenue Sources. The District's total revenue for the 2014/2015 school year was \$34,275,197 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$25,177,461 of the total, or 73.46% (See Figure A-5). Another 20.42% came from state formula aid and state and federal aid for specific programs and the remaining 6.12% came from charges for services and miscellaneous sources.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

**Figure A-5
Sources of Revenue for Fiscal Years 2015 and 2014**

Sources of Income:	2015	Percentage	2014	Percentage
State Formula Aid	\$ 719,473	2.10%	\$ 710,457	2.27%
Property Taxes	25,177,461	73.46%	25,177,461	80.32%
Federal and State Categorical Grants	6,281,271	18.32%	3,246,529	10.36%
Charges for Services	1,836,863	5.36%	2,008,877	6.41%
Other	260,129	0.76%	205,038	0.64%
	<u>\$ 34,275,197</u>	<u>100.00%</u>	<u>\$ 31,348,362</u>	<u>100.00%</u>

The total cost of all programs and services was \$33,606,666. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (80.01%) (See Figure A-6). The District's administrative and business activities accounted for 8.34% of total costs. The most significant contributors to the cost of maintenance and operations (11.03% of total costs) are energy costs (including fuel) and insurance. Other expenses include interest on long-term debt, unallocated depreciation and food services.

**Figure A-6
Expenses for Fiscal Years 2015 and 2014**

Expense Category:	2015	Percentage	2014	Percentage
Instruction	\$ 21,162,404	62.97%	\$ 18,522,053	59.86%
Pupil and Instruction Services	4,904,487	14.59%	4,989,556	16.13%
Administrative and Business	2,801,650	8.34%	2,661,390	8.60%
Maintenance and Operations	3,707,558	11.03%	3,707,881	11.98%
Transportation	823,310	2.45%	824,787	2.67%
Other	207,257	0.62%	233,916	0.76%
	<u>\$ 33,606,666</u>	<u>100.00%</u>	<u>\$ 30,939,583</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased in this past year. Maintaining existing programs with decreasing regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. Veteran teachers continue to retire and have been replaced by teachers of less experience. Such changes continue to generate salary savings.

Careful management of expenses remains essential for the District to sustain its financial health. The many significant cost savings actions realized during the year were attributable to:

- Standard practice has been to maintain lower costs by seeking competitive proposals each year and seeking opportunities for shared services by joining more Regional Co-ops to enhance purchasing power.
- The continued implementation of required employee contributions towards health care.

It is crucial that the District monitor its expenses carefully throughout the year. District resources are at their tightest level in a decade, while State aid has been significantly reduced.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Governmental Activities

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014/2015	2013/2014	2014/2015	2013/2014
Instruction	\$ 21,162,404	\$ 18,522,053	\$ 13,263,123	\$ 13,486,396
Pupil and Instruction Services	4,904,487	4,989,556	4,512,752	4,605,981
Administrative and Business	2,801,650	2,661,390	2,475,497	2,525,405
Maintenance and Operations	3,707,558	3,707,881	3,707,558	3,495,038
Transportation	823,310	824,787	673,140	681,971
Other	193,186	219,304	193,186	219,304
	<u>\$ 33,592,595</u>	<u>\$ 30,924,971</u>	<u>\$ 24,825,256</u>	<u>\$ 25,014,095</u>

- The cost of all governmental activities this year was \$33,592,595.
- The federal and state governments subsidized certain programs with grants and contributions (\$6,993,661).
- Most of the District's costs (\$25,177,461) were financed by District taxpayers.
- Charges for services (tuition and transportation) totaled \$1,828,064.

Business-Type Activities

Net position from the District's business-type activity increased \$1,811 (Refer to Figure A-4). The increase is attributable to a \$1,811 profit from operations. The profit is primarily due to parents paying for milk in full at the beginning of the year for which students do not partake during the year.

Financial Analysis of the District's Funds

The District's financial position increased despite using existing surplus to fund operating budgets. Regeneration of surplus during continued difficult economic times has had a direct impact upon the District's revenue sources. Interest from General Fund investments remained unfavorable as compared to years past.

These factors are likely to continue for the next few years. To maintain a stable financial position, the District must continue to practice sound fiscal management and seek alternative revenue sources such as grants and continued support from the Franklin Lakes Education Foundation.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into three categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2014/2015 budget was difficult as a result of rising costs and the state mandated 2% tax levy increase cap. This resulted in the need for numerous line item transfers during the year.
- Allowable appropriations of prior year extraordinary aid.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Total School District		Percentage Change 2014/2015
	2014/2015	2013/2014	2014/2015	2013/2014	
Land	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	0.00%
Construction in Progress	995,289	995,289	995,289	995,289	0.00%
Buildings and Building Improvements	19,673,411	20,503,058	19,673,411	20,503,058	-4.05%
Machinery and Equipment	500,314	464,586	500,314	464,586	7.69%
Total Capital Assets (Net of Depreciation)	<u>\$22,978,403</u>	<u>\$23,772,322</u>	<u>\$22,978,403</u>	<u>\$23,772,322</u>	-3.34%

The District had \$907,702 in depreciation expense, \$121,524 of capital additions and \$7,741 of capital disposals, net of accumulated depreciation, during the current fiscal year. More detailed information about the District's capital assets is presented in Note 7 to the Basic Financial Statements.

Long-term Debt

At year-end, the District had \$5,075,000 in general obligation bonds – a decrease of \$655,000 from last year – as shown in Figure A-9. More detailed information about the District's long-term liabilities is presented in Note 8 to the Basic Financial Statements.

Figure A-9

Outstanding Long-Term Debt

	Total School District		Percentage Change 2014/2015
	2014/2015	2013/2014 (Restated)	
General Obligation Bonds (Financed with Property Taxes)	\$ 5,075,000	\$ 5,730,000	-11.43%
Net Pension Obligation	5,072,873	5,204,587	-2.53%
Other Long Term Liabilities	691,901	859,659	-19.51%
	<u>\$ 10,839,774</u>	<u>\$ 11,794,246</u>	-8.09%

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Long-term Debt

- The District continued to pay down its existing debt, retiring \$655,000 of bonded debt and \$112,017 of a capital lease payable.
- The District's net pension obligation decreased by \$131,714.
- The District's compensated absences payable decreased by the net amount of \$55,741.

Factors Bearing on the District's Future Revenue/Expense Changes

Currently, the District remains in good financial condition. Franklin Lakes, along with over 500 other school districts in New Jersey, elected to move the election of its Board members to November and to keep its budget within the 2% CAP thereby eliminating the need for a public vote on the budget.

The primary factors considered by the District's Administration during the process of developing the fiscal year 2014-15 budget were the projected continuing declining student population and the required employee contribution towards health care costs. These factors enabled the District to remain under the 2% Cap without eliminating any programs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and customers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 490 Pulis Avenue, Franklin Lakes, New Jersey 07417.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,570,591		\$ 1,570,591
Receivable from Federal Government		\$ 425	425
Receivable from State Government	267,332		267,332
Other Accounts Receivable	42,130		42,130
Internal Balances	(6,727)	6,727	
Interfund Receivables	81,093		81,093
Restricted Assets - Cash and Cash Equivalents:			
Emergency Reserve Account	100,000		100,000
Capital Reserve Account	2,238,863		2,238,863
Capital Assets:			
Land	1,809,389		1,809,389
Construction-in-Progress	995,289		995,289
Depreciable Buildings and Building Improvements and Machinery and Equipment	20,173,725		20,173,725
Total Assets	<u>27,271,685</u>	<u>7,152</u>	<u>27,278,837</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	307,271		307,271
Changes in Assumptions - Pensions	159,518		159,518
Total Deferred Outflows of Resources	<u>466,789</u>		<u>466,789</u>
LIABILITIES			
Accounts Payable - Vendors	230,733		230,733
Payable to State Government	20,777		20,777
Accrued Interest Payable	82,702		82,702
Unearned Revenue	108,222		108,222
Unamortized Bond Premium	442,308		442,308
Noncurrent Liabilities:			
Due Within One Year	764,538		764,538
Due Beyond One Year	10,075,236		10,075,236
Total Liabilities	<u>11,724,516</u>		<u>11,724,516</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	302,316		302,316
Changes in Proportion - Pensions	22,172		22,172
Total Deferred Inflows of Resources	<u>324,488</u>		<u>324,488</u>
NET POSITION			
Net Investment in Capital Assets	17,903,403		17,903,403
Restricted for:			
Capital Projects	2,238,863		2,238,863
Other Purposes	900,000		900,000
Unrestricted (Deficit)	(5,352,796)	7,152	(5,345,644)
Total Net Position	<u>\$ 15,689,470</u>	<u>\$ 7,152</u>	<u>\$ 15,696,622</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 14,455,143		\$ 3,781,500		\$ (10,673,643)	\$ (10,673,643)
Special Education	5,470,305	\$ 1,750,765	2,027,223		(1,692,317)	(1,692,317)
Other Special Instruction	1,029,789		285,171		(744,618)	(744,618)
School-Sponsored Instruction	207,167		54,622		(152,545)	(152,545)
Support Services:						
Tuition	779,729		273,001		(506,728)	(506,728)
Student & Instruction Related Services	4,124,758		118,734		(4,006,024)	(4,006,024)
General Administrative Services	524,643				(524,643)	(524,643)
School Administrative Services	1,649,779		326,153		(1,323,626)	(1,323,626)
Central Services	430,389				(430,389)	(430,389)
Administrative Information Technology	196,839				(196,839)	(196,839)
Plant Operations and Maintenance	3,707,558				(3,707,558)	(3,707,558)
Pupil Transportation	823,310	77,299	72,871		(673,140)	(673,140)
Interest and Other Charges	181,158				(181,158)	(181,158)
Unallocated Depreciation	12,028				(12,028)	(12,028)
Total Governmental Activities	33,592,595	1,828,064	6,939,275		(24,825,256)	(24,825,256)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 14,071	\$ 8,799	\$ 7,083			\$ 1,811	\$ 1,811
Total Business-Type Activities	14,071	8,799	7,083			1,811	1,811
Total Primary Government	<u>\$ 33,606,666</u>	<u>\$ 1,836,863</u>	<u>\$ 6,946,358</u>	<u>\$ -0-</u>	<u>\$ (24,825,256)</u>	<u>1,811</u>	<u>(24,823,445)</u>
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					24,212,205		24,212,205
Taxes Levied for Debt Service					965,256		965,256
Federal and State Aid not Restricted					54,386		54,386
Interest					10,205		10,205
Miscellaneous Income					249,924		249,924
Total General Revenue					<u>25,491,976</u>		<u>25,491,976</u>
Change in Net Position					666,720	1,811	668,531
Net Position - Beginning (Restated)					<u>15,022,750</u>	<u>5,341</u>	<u>15,028,091</u>
Net Position - Ending					<u>\$ 15,689,470</u>	<u>\$ 7,152</u>	<u>\$ 15,696,622</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

Exhibit B-1

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 1,544,803	\$ 22,813	\$ 2,975	\$ 1,570,591
Receivables From State Government	267,332			267,332
Other Receivables	42,130			42,130
Interfund Receivable	282,617			282,617
Restricted Cash and Cash Equivalents	2,338,863			2,338,863
Total Assets	<u>\$ 4,475,745</u>	<u>\$ 22,813</u>	<u>\$ 2,975</u>	<u>\$ 4,501,533</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Interfund Payable	\$ 6,727		\$ 201,524	\$ 208,251
Accounts Payable - Vendors	228,697	\$ 2,036		230,733
Payable to State Government		20,777		20,777
Unearned Revenue	108,222			108,222
Total Liabilities	<u>343,646</u>	<u>22,813</u>	<u>201,524</u>	<u>567,983</u>
Fund Balances:				
Restricted:				
Excess Surplus	400,000			400,000
Excess Surplus - Designated for Subsequent Year's Expenditures	400,000			400,000
Emergency Reserve	100,000			100,000
Capital Reserve Account	2,238,863			2,238,863
Assigned - Encumbrances	286,974			286,974
Unassigned (Deficit)	706,262		(198,549)	507,713
Total Fund Balances (Deficit)	<u>4,132,099</u>		<u>(198,549)</u>	<u>3,933,550</u>
Total Liabilities and Fund Balances	<u>\$ 4,475,745</u>	<u>\$ 22,813</u>	<u>\$ 2,975</u>	

Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$40,570,552 and the Accumulated Depreciation is \$17,592,149.	22,978,403
Deferred Interest Costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The Deferred Interest is \$499,316 and the accumulated amortization is \$192,045.	307,271
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The original amount was \$718,748 and accumulated amortization is \$276,440.	(442,308)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(5,072,873)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	159,518
Investment Gains - Pensions	(302,316)
Changes in Proportion - Pensions	(22,172)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(82,702)
Long-Term Liabilities, Including Bonds Payable and Compensated Absences, Are Not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(5,766,901)</u>
Net Position of Governmental Activities	<u>\$ 15,689,470</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 24,212,205			\$ 965,256	\$ 25,177,461
Other Local Government Units - Restricted	118,129				118,129
Tuition from Individuals	197,450				197,450
Tuition from Other LEAs	1,553,315				1,553,315
Transportation Fees	77,299				77,299
Interest Earned on Capital Reserve	1,800				1,800
Miscellaneous	140,189		\$ 160,011		300,200
Total - Local Sources	26,300,387		160,011	965,256	27,425,654
State Sources	3,713,192	\$ 101,411			3,814,603
Federal Sources		329,631			329,631
Total Revenues	30,013,579	431,042	160,011	965,256	31,569,888
EXPENDITURES:					
Current:					
Regular Instruction	8,753,058	11,737			8,764,795
Special Education Instruction	3,368,858	27,570			3,396,428
Other Special Instruction	590,989				590,989
School-Sponsored/Other Instruction	123,119				123,119
Support Services and Undistributed Costs:					
Tuition	506,728	273,001			779,729
Student and Other Instruction Related Services	3,101,319	118,734			3,220,053
General Administration Services	406,327				406,327
School Administration Services	1,036,945				1,036,945
Central Services	341,284				341,284
Administrative Information Technology	158,096				158,096
Plant Operations and Maintenance	2,768,734				2,768,734
Student Transportation	818,637				818,637
Unallocated Benefits	7,342,692				7,342,692

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:					
Debt Service:					
Interest and Other Charges				\$ 206,225	\$ 206,225
Principal				815,000	815,000
Capital Outlay	\$ 153,896				153,896
Total Expenditures	29,470,682	\$ 431,042		1,021,225	30,922,949
Excess/(Deficit) of Revenue Over/(Under) Expenditures	542,897		\$ 160,011	(55,969)	646,939
OTHER FINANCING SOURCES/(USES):					
Transfers In	11			55,719	55,730
Transfers Out			(55,730)		(55,730)
Total Other Financing Sources/(Uses)	11		(55,730)	55,719	
Net Change in Fund Balances	542,908		104,281	(250)	646,939
Fund Balance/(Deficit) - July 1	3,589,191		(302,830)	250	3,286,611
Fund Balance/(Deficit) - June 30	<u>\$ 4,132,099</u>	<u>\$ -0-</u>	<u>\$ (198,549)</u>	<u>\$ -0-</u>	<u>\$ 3,933,550</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)		\$ 646,939
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 depreciation and disposals exceeded capital outlays in the current period.		
	Depreciation Expense	\$ (907,702)
	Capital Outlays	121,524
	Disposal of Capital Assets, Net of Depreciation	<u>(7,741)</u>
		(793,919)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		131,714
Deferred Outflows:		
Changes in Assumptions		159,518
Deferred Inflows:		
Changes in Proportion		(22,172)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		(302,316)
In the statement of activities, certain operating expenses, e.g., compensated absences 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 (+).		
		55,741
Repayment of serial bonds and capital leases is 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.		
	Serial Bonds Principal	655,000
	Capital Lease Principal	<u>112,017</u>
		767,017
The governmental funds report the effect of deferred interest costs relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities.		
		(38,409)
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		55,288
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.		
		<u>7,319</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 666,720</u>

Exhibit B-4

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds Food Service
ASSETS:	
Current Assets:	
Intergovernmental Accounts Receivable - Federal	\$ 425
Interfund Receivable - General Fund	6,727
Total Current Assets	7,152
Total Assets	7,152
 NET POSITION:	
Unrestricted	7,152
Total Net Position	\$ 7,152

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs - Special Milk Program	\$ 8,799
Total Operating Revenue	<u>8,799</u>
Operating Expenses:	
Cost of Sales	9,267
Supplies	4,804
Total Operating Expenses	<u>14,071</u>
Operating Loss	(5,272)
Non-Operating Revenue:	
Federal Sources - Special Milk Program	<u>7,083</u>
Total Non-Operating Revenue	<u>7,083</u>
Change in Net Position	1,811
Net Position - Beginning of Year	<u>5,341</u>
Net Position - End of Year	<u><u>\$ 7,152</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities	\$ -0-
Net Cash Provided by Operating Activities	-0-
Cash Flows from Noncapital Financing Activities:	
Interfund - General Fund	(8,003)
Federal Sources - Special Milk Program	7,243
Net Cash Used for Noncapital Financing Activities	(760)
Net Decrease in Cash and Cash Equivalents	(760)
Cash and Cash Equivalents, July 1	760
Cash and Cash Equivalents, June 30	\$ -0-
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (5,272)
Adjustment to Reconcile Operating Loss to Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Interfund Receivable	5,272
Net Cash Provided by Operating Activities	\$ -0-

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Agency	Unemployment Compensation Trust	Flexible Spending Trust	Totals
ASSETS:				
Cash and Cash Equivalents	\$ 121,878	\$ 390,988	\$ 105,383	\$ 618,249
Total Assets	121,878	390,988	105,383	618,249
LIABILITIES:				
Interfund Payable - General Fund	7,759		73,334	81,093
Due to Student Groups	48,948			48,948
Payroll Deductions and Withholdings	24,501			24,501
Unearned Revenue				
Total Liabilities	81,208		73,334	154,542
NET POSITION:				
Held in Trust for:				
Unemployment Compensation Claims		390,988		390,988
Flexible Spending Claims			32,049	32,049
Laptop Replacement Costs	40,670			
Total Net Position	\$ 40,670	\$ 390,988	\$ 32,049	\$ 423,037

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust	Totals
Additions:				
Contributions:				
Plan Members	\$ 25,348	\$ 85,665		\$ 111,013
Total Contributions	25,348	85,665		111,013
Investment Earnings:				
Interest	1,359	276	\$ 2	1,637
Net Investment Earnings	1,359	276	2	1,637
Total Additions	26,707	85,941	2	112,650
Deductions				
Unemployment Compensation Claims	34,300			34,300
Flexible Spending Claims Expenditures		75,379		75,379
			5,300	5,300
Total Deductions	34,300	75,379	5,300	114,979
Change in Net Position	(7,593)	10,562	(5,298)	(2,329)
Net Position - Beginning of the Year	398,581	21,487	5,298	425,366
Net Position - End of the Year	\$ 390,988	\$ 32,049	\$ - 0 -	\$ 423,037

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Borough of Franklin Lakes School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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 three elementary schools and a middle school located in the Borough of Franklin Lakes. 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.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

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 - *governmental, 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 District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported 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 NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure 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 temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Milk) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the District's cafeteria operations. The milk service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Laptop Replacement Agency Fund, Unemployment Compensation Insurance Trust Fund, Flexible Spending Trust Fund and Private Purpose Scholarship Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is not recording the June state aid payments in the subsequent fiscal year, the District cannot recognize those payments in the current year GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. Grants are recognized in full on the budgetary basis in the year the grants are awarded, but are not recognized on the GAAP basis until they are expended and submitted for reimbursement.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 30,030,440	\$ 431,042
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	30,912	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(47,773)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 30,013,579</u>	<u>\$ 431,042</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 29,470,682	\$ 431,042
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 29,470,682	\$ 431,042
	Capital Projects Fund	Fund
	Revenue	Balance
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)	\$ -0-	\$ 332,611
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not Recongized on the GAAP Basis until Expended.		(531,160)
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per Exhibit B-2)	\$ -0-	\$ (198,549)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type 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. Additionally, the District 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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. 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 source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed and/or assigned 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 District has received advances are reflected in the balance sheet as unearned revenue 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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	40 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District allows employees who provide services over the ten-month academic year the option to have their salaries distributed during the entire twelve-month year and all payments were made as of June 30, 2015.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the District-wide Statement of Net Position, the liabilities, whose average maturities are greater than one year, should be reported in two components - the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: The \$4,132,099 General Fund balance at June 30, 2015, is comprised of \$286,974 assigned for encumbrances; \$2,238,863 restricted in the capital reserve account; \$100,000 restricted in the emergency reserve account; \$400,000 prior year excess surplus that has been restricted and appropriated and included in as anticipated revenue for the fiscal year ending June 30, 2016; \$400,000 restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017; and \$706,262 is unassigned which is \$47,773 less than the calculated unassigned fund balance, on a GAAP basis, due to the June state aid payments, which are not recognized until the fiscal year ended June 30, 2016.

Capital Projects Fund: The \$198,549 deficit in the Capital Projects Fund balance at June 30, 2015 is in unassigned fund balance which is \$531,160 less on the GAAP basis due to SDA grants receivable that are not recognized on the GAAP basis of accounting until expended and submitted for reimbursement.

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 Restricted 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 restrict General 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 year's budget. The District has excess surplus at June 30, 2015 as outlined above.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$47,773 as reported in the fund statements (modified accrual basis). N.J.A.C. 6A:23A-8.5(j) provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record those 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 payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Fund Balance/Net Position:

The District had a \$198,549 deficit unassigned fund balance in the Capital Projects Fund due to \$531,160 of SDA grants receivable which are not recognized on a GAAP basis and a \$5,352,796 deficit in unrestricted net position in governmental activities as of June 30, 2015 primarily due to the non-recognition of the June state aid payments as explained in Note 1P above, the unassigned deficit in the Capital Projects Fund, the accrual of \$460,248 in compensated absences payable, \$82,702 in accrued interest payable, \$442,308 of unamortized bond premiums, investment gains in pensions of \$302,316, changes in proportion in pensions of \$159,518 and net pension liability of \$5,072,873, offset by \$307,271 deferred amount on refunding, changes in pension assumptions of \$159,518 and governmental funds committed, assigned and unassigned fund balances. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2015 for the deferred amount on refunding of debt related to the District's 2010 refunding bonds and changes in assumptions in pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2015 for changes in proportion in pensions and the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position: (Cont'd)

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, and an emergency reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources on the GAAP basis at June 30, 2015.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$286,974 in assigned resources for year-end encumbrances in the General Fund at June 30, 2015.

T. Revenue - Exchange and Nonexchange 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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. For the District, available means within sixty days of the fiscal year end.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the 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 fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. These revenues are generated from the sale of milk to students. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its formal cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its formal cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd)

New Jersey statutes permit the Borough to purchase the following types of securities: (Cont'd)

- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash & Cash Equivalents Capital Reserve Account</u>	<u>Emergency Reserve Account</u>	<u>Total</u>
Checking Accounts	<u>\$ 2,188,840</u>	<u>\$ 2,238,863</u>	<u>\$ 100,000</u>	<u>\$ 4,527,703</u>

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2015 was \$4,527,703 and the bank balance was \$4,860,266.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on June 30, 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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, 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. 6:23A-5.1(d)7, 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, 2014 to June 30, 2015 fiscal year is as follows:

Balance June 30, 2014	\$ 1,466,295
Interest Earnings	1,800
Deposit per Board Resolution June 9, 2015	<u>770,768</u>
Balance June 30, 2015	<u><u>\$ 2,238,863</u></u>

The June 30, 2015 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP").

NOTE 5: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution on June 24, 2008 by inclusion of \$50,000 for the accumulation of funds for use as unanticipated General Fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

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 through and efficient education. 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 between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is 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, 2014 to June 30, 2015 fiscal year is as follows:

Balance June 30, 2014	<u>\$ 100,000</u>
Balance June 30, 2015	<u><u>\$ 100,000</u></u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District transferred \$108,400 to capital outlay line items for equipment which did not require County Superintendent approval.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,809,389			\$ 1,809,389
Construction in Progress	995,289			995,289
Total Capital Assets Not Being Depreciated	<u>2,804,678</u>			<u>2,804,678</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	35,694,156			35,694,156
Machinery and Equipment	2,001,724	\$ 121,524	\$ 51,530	2,071,718
Total Capital Assets Being Depreciated	<u>37,695,880</u>	<u>121,524</u>	<u>51,530</u>	<u>37,765,874</u>
Governmental Activities Capital Assets	<u>40,500,558</u>	<u>121,524</u>	<u>51,530</u>	<u>40,570,552</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(15,191,098)	(829,647)		(16,020,745)
Machinery and Equipment	(1,537,138)	(78,055)	(43,789)	(1,571,404)
	<u>(16,728,236)</u>	<u>(907,702)</u>	<u>(43,789)</u>	<u>(17,592,149)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 23,772,322</u>	<u>\$ (786,178)</u>	<u>\$ 7,741</u>	<u>\$ 22,978,403</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,251
Student and Instruction Related Services	14,222
General Administration	29,260
School Administration	5,607
Plant Operations and Maintenance	845,334
Unallocated	<u>12,028</u>
	<u>\$ 907,702</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2014 (Restated)	Accrued	Retired	Balance 6/30/2015
Serial Bonds Payable	\$ 5,730,000		\$ 655,000	\$ 5,075,000
Capital Leases Payable	343,670		112,017	231,653
Net Pension Liability	5,204,587		131,714	5,072,873
Compensated Absences Payable	515,989		55,741	460,248
	<u>\$ 11,794,246</u>	<u>\$ -0-</u>	<u>\$ 954,472</u>	<u>\$ 10,839,774</u>

A. Bonds Payable:

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 and are liquidated through the debt service fund.

The District had bonds outstanding as of June 30, 2015 as follows:

Final Maturity	Interest Rate	Amount
08/01/22	3.00% - 4.50%	<u>\$ 5,075,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 650,000	\$ 186,650	\$ 836,650
2017	640,000	167,300	807,300
2018	635,000	145,000	780,000
2019	635,000	119,600	754,600
2020	630,000	92,725	722,725
Thereafter: 2021-2023	1,885,000	114,475	1,999,475
	<u>\$ 5,075,000</u>	<u>\$ 825,750</u>	<u>\$ 5,900,750</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Compensated Absences:

The liability for compensated absences of the Governmental Fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$460,248. No portion of the compensated absences balance represents a current liability. The General Fund will be used to liquidate Compensated Absences Payable.

There is no liability for compensated absences in the District's Enterprise Fund.

D. Capital Leases Payable:

The District has a capital lease payable for laptop computers as of June 30, 2015. The lease is for three years with the final payment occurring in fiscal year 2016-17. The schedule of the future minimum lease payments under the District's capital lease and the present value of the net minimum lease payments at June 30, 2015 are detailed below.

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 119,750
2017	119,750
	<u>239,500</u>
Less: Amount Representing Interest	(7,847)
Present Value of Net Minimum Lease Payments	<u>\$ 231,653</u>

The current portion of capital leases payable at June 30, 2015 is \$114,538 and the long-term portion is \$117,115. The General Fund will be used to liquidate capital leases payable.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$0- and the long-term portion is \$5,072,873. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey.

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$217,388 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$5,072,873 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. 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 members, actuarially determined. At June 30, 2014, the District's proportion was 0.0271%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$264,577. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 159,518	
Changes in Proportion		\$ 22,172
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>302,316</u>
	<u>\$ 159,518</u>	<u>\$ 324,488</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (46,256)
2016	(46,256)
2017	(46,256)
2018	(46,256)
2019	29,323
Thereafter	<u>12,903</u>
	<u>\$ (142,798)</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer G.O. 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 6,381,848	\$ 5,072,873	\$ 3,973,668

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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 always 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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$701,861 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,551,288.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$65,997,546. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. 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 members, actuarially determined. At June 30, 2014, the District's proportion was 0.1235%, which was a decrease of 0.0028% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>\$ 65,997,546</u>
Total	<u><u>\$ 65,997,546</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$3,551,288 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,741,236,574</u>
	<u><u>\$ 2,306,623,861</u></u>	<u><u>\$ 1,763,205,593</u></u>

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the table on the following page:

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,114,204, \$856,512 and \$922,624 for 2015, 2014 and 2013 respectively.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has health benefits coverage for employees with Horizon Blue Cross Blue Shield.

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 on Exhibit J-20 in the statistical section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two fiscal years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ -0-	\$ 1,359	\$ 25,348	\$ 34,300	\$ 390,988
2013-2014	50,000	1,736	25,917	47,946	398,581
2012-2013	-0-	1,789	22,915	21,218	368,874

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 282,617	\$ 6,727
Capital Projects Fund		201,524
Enterprise Fund	6,727	
Flexible Spending Trust Fund		73,334
Agency Fund		7,759
	<u>\$ 289,344</u>	<u>\$ 289,344</u>

The interfund receivable in the General Fund is comprised of interfund loans to the Capital Projects and Flexible Spending Trust Funds for cash flow purposes and interest earnings due from the Capital Projects Fund, Payroll Agency and Net Payroll accounts. The interfund receivable in the Enterprise Fund is due to the General Fund receiving and disbursing funds on the Enterprise Fund's behalf.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 14. 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, permit 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:

AXA Equitable	Mainstay Funds
Valic	Lincoln Investments

NOTE 15. COMMITMENTS AND CONTINGENCIESGrant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to 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 periodically involved in various lawsuits. The District estimates that the potential claims against it resulting from any such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>\$ 286,974</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 286,974</u>

NOTE 16. TEMPORARY NOTES PAYABLE

On January 19, 2010, the District issued \$796,740 in bond anticipation notes to temporarily finance various capital projects at Woodside Elementary School, High Mountain Road Elementary School, and Franklin Avenue Middle School which were authorized by voter referendum on September 29, 2009. The notes were being retired over a 5-year period and, as of June 30, 2015, the District has retired the entire \$796,740 of notes through budget appropriations.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 17. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the School District on a predetermined, agreed-upon schedule.

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/2014 as Previously Reported	Retroactive Adjustments	Balance 6/30/2014 Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Liabilities:			
Noncurrent Liabilities:			
Due Beyond One Year	\$ 5,822,642	\$ 5,204,587	\$11,027,229
Total Liabilities	7,818,877	5,204,587	13,023,464
Net Position - Unrestricted (Deficit)	(334,189)	(5,204,587)	(5,538,776)
Total Net Position	20,227,337	(5,204,587)	15,022,750

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0272320587%	0.0270947244%
District's proportionate share of the net pension liability	\$ 5,204,587	\$ 5,072,873
District's covered employee payroll	\$ 1,863,030	\$ 1,907,591
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	279.36%	265.93%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 205,188	\$ 217,181
Contributions in relation to the contractually required contribution	<u>(205,188)</u>	<u>(217,181)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 1,863,030	\$ 1,907,591
Contributions as a percentage of covered employee payroll	11.01%	11.39%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.1262763221%	0.1234828164%
State's proportionate share of the net pension liability attributable to the District	\$ 63,819,060	\$ 65,997,546
District's covered employee payroll	\$ 13,096,690	\$ 12,932,849
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	487.29%	510.31%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 24,212,205		\$ 24,212,205	\$ 24,212,205	
Other Local Government Units - Restricted	120,840		120,840	118,129	\$ (2,711)
Tuition from Individuals	270,000		270,000	197,450	(72,550)
Tuition from Other LEA's	1,450,000		1,450,000	1,553,315	103,315
Transportation Fees from Individuals	65,000		65,000	77,299	12,299
Interest Earned on Capital Reserve	1,800		1,800	1,800	
Miscellaneous	34,053		34,053	140,189	106,136
Total - Local Sources	26,153,898		26,153,898	26,300,387	146,489
State Sources:					
Categorical Special Education Aid	625,156		625,156	625,156	
Categorical Security Aid	18,589		18,589	18,589	
Categorical Transportation Aid	54,533		54,533	54,533	
Adjustment Aid	14,036		14,036	14,036	
Per Pupil Growth Aid	12,010		12,010	12,010	
PARCC Readiness Aid	12,010		12,010	12,010	
Extraordinary Aid				200,584	200,584
Additional Nonpublic Transportation Aid				19,510	19,510
On-Behalf Contributions (Non-budgeted):					
TPAF Pension Contributions				701,861	701,861
TPAF Post-Retirement Medical Benefits				1,114,204	1,114,204
Reimbursed TPAF Social Security Contributions				957,560	957,560
Total State Sources	736,334		736,334	3,730,053	2,993,719
TOTAL REVENUES	26,890,232		26,890,232	30,030,440	3,140,208

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 190,000		\$ 190,000	\$ 115,481	\$ 74,519
Kindergarten - Salaries of Teachers	445,124	\$ 85,000	530,124	528,945	1,179
Grades 1-5 - Salaries of Teachers	3,992,000	(193,502)	3,798,498	3,728,194	70,304
Grades 6-8 - Salaries of Teachers	3,573,880	(191,968)	3,381,912	3,350,160	31,752
Regular Programs - Home Instruction:					
Salaries of Teachers	24,000	9,500	33,500	32,008	1,492
Other Salaries for Instruction	68,000	(6,500)	61,500	61,500	
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	95,660		95,660	94,848	812
General Supplies	809,004	145,040	954,044	796,768	157,276
Textbooks	145,056	(99,288)	45,768	45,154	614
Total Regular Programs - Instruction	9,342,724	(251,718)	9,091,006	8,753,058	337,948
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	235,000	14,206	249,206	249,058	148
Other Salaries for Instruction	265,000	(16,778)	248,222	244,960	3,262
General Supplies	23,000	1,872	24,872	24,872	
Total Learning and/or Language Disabilities	523,000	(700)	522,300	518,890	3,410
Resource Room/Resource Center:					
Salaries of Teachers	1,765,000	28,000	1,793,000	1,792,031	969
General Supplies	4,000	(3,900)	100		100
Total Resource Room/Resource Center	1,769,000	24,100	1,793,100	1,792,031	1,069

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Autism:					
Salaries of Teachers	\$ 192,236	\$ 3,575	\$ 195,811	\$ 191,924	\$ 3,887
Other Salaries for Instruction	704,180	(109,359)	594,821	593,332	1,489
General Supplies	14,500	(2,221)	12,279	12,279	
Total Autism	<u>910,916</u>	<u>(108,005)</u>	<u>802,911</u>	<u>797,535</u>	<u>5,376</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	225,000	(15,239)	209,761	209,473	288
Other Salaries for Instruction	66,820	(16,300)	50,520	50,171	349
General Supplies	4,000	(3,242)	758	758	
Total Preschool Disabilities - Part-Time	<u>295,820</u>	<u>(34,781)</u>	<u>261,039</u>	<u>260,402</u>	<u>637</u>
Total Special Education Instruction	<u>3,498,736</u>	<u>(119,386)</u>	<u>3,379,350</u>	<u>3,368,858</u>	<u>10,492</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	310,000	172,986	482,986	481,985	1,001
General Supplies	1,800	329	2,129	1,809	320
Textbooks	250	(29)	221	221	
Total Basic Skills/Remedial - Instruction	<u>312,050</u>	<u>173,286</u>	<u>485,336</u>	<u>484,015</u>	<u>1,321</u>
Bilingual Education - Instruction:					
Salaries of Teachers	107,940		107,940	104,641	3,299
General Supplies	300	3,901	4,201	2,333	1,868
Total Bilingual Education - Instruction	<u>108,240</u>	<u>3,901</u>	<u>112,141</u>	<u>106,974</u>	<u>5,167</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 71,867	\$ 12,934	\$ 84,801	\$ 83,641	\$ 1,160
Supplies and Materials	2,000	(79)	1,921	1,921	
Other Objects	800	(800)			
Total School-Sponsored Cocurricular Activities - Instruction	<u>74,667</u>	<u>12,055</u>	<u>86,722</u>	<u>85,562</u>	<u>1,160</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	26,728	1,993	28,721	28,721	
Purchased Services (300-500 series)	16,944	(7,048)	9,896	8,836	1,060
Total School-Sponsored Cocurricular Athletics - Instruction	<u>43,672</u>	<u>(5,055)</u>	<u>38,617</u>	<u>37,557</u>	<u>1,060</u>
Total Instruction	<u>13,380,089</u>	<u>(186,917)</u>	<u>13,193,172</u>	<u>12,836,024</u>	<u>357,148</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	17,700	(9,100)	8,600	8,600	
Tuition to CSSD & Regional Day Schools	202,000	70,675	272,675	272,053	622
Tuition to Private Schools for the Disabled - Within State	387,000	(76,075)	310,925	217,099	93,826
Tuition - Other	15,000	(3,000)	12,000	8,976	3,024
Total Undistributed Expenditures - Instruction	<u>621,700</u>	<u>(17,500)</u>	<u>604,200</u>	<u>506,728</u>	<u>97,472</u>
Health Services:					
Salaries	267,588	20,100	287,688	286,048	1,640
Other Purchased Services (400-500 series)	9,000	(9,000)			
Supplies and Materials	11,623	14,335	25,958	25,958	
Total Health Services	<u>288,211</u>	<u>25,435</u>	<u>313,646</u>	<u>312,006</u>	<u>1,640</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT and Related Services:					
Salaries	\$ 692,456	\$ 67,020	\$ 759,476	\$ 755,022	\$ 4,454
Purchased Professional - Educational Services	30,300	(3,868)	26,432	26,432	
Supplies and Materials	6,000	(691)	5,309	4,781	528
Total Speech, OT, PT and Related Services	728,756	62,461	791,217	786,235	4,982
Extraordinary Services:					
Salaries	162,424	(62,194)	100,230	98,337	1,893
Purchased Professional - Educational Services	40,200	(6,834)	33,366	31,887	1,479
Total Extraordinary Services	202,624	(69,028)	133,596	130,224	3,372
Guidance:					
Salaries of Other Professional Staff	304,232	9,875	314,107	308,659	5,448
Other Purchased Professional and Technical Services	34,600	(6,240)	28,360	21,079	7,281
Supplies and Materials	7,000	(2,468)	4,532	3,028	1,504
Total Guidance	345,832	1,167	346,999	332,766	14,233
Child Study Teams:					
Salaries of Other Professional Staff	680,081	6,526	686,607	676,886	9,721
Salaries of Secretarial and Clerical Assistants	94,576		94,576	94,051	525
Purchased Professional - Educational Services	16,500	(2,620)	13,880	13,880	
Other Purchased Professional and Technical Services	18,750		18,750	18,750	
Supplies and Materials	16,500	(2,643)	13,857	13,857	
Other Objects	3,100	350	3,450	3,450	
Total Child Study Teams	829,507	1,613	831,120	820,874	10,246

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 65,500	\$ 10,277	\$ 75,777	\$ 75,777	
Total Improvement of Instructional Services	65,500	10,277	75,777	75,777	
Educational Media Services/School Library:					
Salaries	535,588	(338)	535,250	510,396	\$ 24,854
Purchased Professional and Technical Services	17,500	98	17,598	16,813	785
Other Purchased Services (400-500)	26,375	(3,139)	23,236	22,902	334
Supplies and Materials	36,125	(2,850)	33,275	26,288	6,987
Other Objects	1,350		1,350	1,350	
Total Educational Media Services/School Library	616,938	(6,229)	610,709	577,749	32,960
Instructional Staff Training Services:					
Salaries of Other Professional Staff	82,000	(2,707)	79,293	65,354	13,939
Supplies and Materials	2,500		2,500	334	2,166
Total Instructional Staff Training Services	84,500	(2,707)	81,793	65,688	16,105
Support Services - General Administration:					
Salaries	289,808		289,808	264,745	25,063
Legal Services	33,000	27,607	60,607	43,557	17,050
Audit Fees	38,500	475	38,975	38,975	
Other Purchased Professional Services	11,761	1,471	13,232	13,232	
Communications/Telephone	19,500	(1,956)	17,544	17,544	
Miscellaneous Purchased Services (400-500 series)	800	(50)	750	750	
General Supplies	13,320	(284)	13,036	10,607	2,429
Miscellaneous Expenditures	17,180	(263)	16,917	16,917	
Total Support Services - General Administration	423,869	27,000	450,869	406,327	44,542

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 671,200	\$ 2,980	\$ 674,180	\$ 670,930	\$ 3,250
Salaries of Other Professional Staff	7,400	3,217	10,617	10,332	285
Salaries of Secretarial and Clerical Assistants	273,420	48,565	321,985	321,351	634
Supplies and Materials	25,379	11	25,390	24,157	1,233
Other Objects	18,286	(7,220)	11,066	10,175	891
Total Support Services - School Administration	995,685	47,553	1,043,238	1,036,945	6,293
Support Services - Central Services:					
Salaries	265,004	21,782	286,786	286,292	494
Miscellaneous Purchased Services (400-500 series)	59,875	(11,000)	48,875	48,344	531
Supplies and Materials	7,000	(2,000)	5,000	4,624	376
Interest on Lease Purchase Agreements	4,000		4,000	2,024	1,976
Total Support Services - Central Services	335,879	8,782	344,661	341,284	3,377
Support Services - Administration Information Technology:					
Salaries	125,416		125,416	124,369	1,047
Other Purchased Services (400-500 series)	11,000	(8,782)	2,218	2,218	
Supplies and Materials	8,000	27,000	35,000	31,509	3,491
Total Support Services - Administration Information Technology	144,416	18,218	162,634	158,096	4,538
Required Maintenance of School Facilities:					
Cleaning, Repair and Maintenance Services	447,317	479,226	926,543	827,671	98,872
General Supplies	16,490	(10,290)	6,200	6,200	
Total Required Maintenance of School Facilities	463,807	468,936	932,743	833,871	98,872

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 41,000	\$ (41,000)			
Salaries of Non-Instructional Aides	212,065	7,935	\$ 220,000	\$ 206,908	\$ 13,092
Purchased Professional and Technical Services	38,995	(12,182)	26,813	26,018	795
Cleaning, Repair and Maintenance Services	1,062,055	(23,827)	1,038,228	1,038,228	
Other Purchased Property Services	25,000	16,598	41,598	41,598	
Insurance	121,700	270	121,970	121,970	
General Supplies	15,296	(7,670)	7,626	7,626	
Energy (Natural Gas)	183,503	(60,278)	123,225	123,225	
Energy (Electricity)	458,023	(81,733)	376,290	369,290	7,000
Total Custodial Services	2,157,637	(201,887)	1,955,750	1,934,863	20,887
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	10,000	(10,000)			
Total Care and Upkeep of Grounds	10,000	(10,000)			
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	15,000		15,000	15,000	
Management Fee - ESC and CTSA Transportation Programs	4,600	269	4,869	4,869	
Contracted Services:					
Aid in Lieu of Payments - Nonpublic School	80,000	9,951	89,951	87,825	2,126
Between Home and School - Vendors	386,275	1,355	387,630	381,439	6,191
Other than Between Home and School - Vendors	46,200	(20,193)	26,007	25,027	980
Special Education Students - Vendors	297,500	8,618	306,118	304,477	1,641
Total Student Transportation Services	829,575		829,575	818,637	10,938

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 295,000	\$ (17,000)	\$ 278,000	\$ 244,025	\$ 33,975
Other Retirement Contributions - PERS	250,000	(32,612)	217,388	217,388	
Workmen's Compensation	225,000	(11,910)	213,090	213,090	
Health Benefits	4,235,000	(56,886)	4,178,114	3,816,140	361,974
Tuition Reimbursement	43,000	10,000	53,000	45,560	7,440
Other Employee Benefits	15,000	18,408	33,408	32,864	544
Total Unallocated Benefits	<u>5,063,000</u>	<u>(90,000)</u>	<u>4,973,000</u>	<u>4,569,067</u>	<u>403,933</u>
On-Behalf Contributions (Non-budgeted):					
TPAF Pension Contribution				701,861	(701,861)
TPAF Post-Retirement Medical Benefits				1,114,204	(1,114,204)
Reimbursed TPAF Social Security Contributions				957,560	(957,560)
Total On-Behalf Contributions				<u>2,773,625</u>	<u>(2,773,625)</u>
Total Personal Services - Employee Benefits	<u>5,063,000</u>	<u>(90,000)</u>	<u>4,973,000</u>	<u>7,342,692</u>	<u>(2,369,692)</u>
Total Undistributed Expenses	<u>14,207,436</u>	<u>274,091</u>	<u>14,481,527</u>	<u>16,480,762</u>	<u>(1,999,235)</u>
TOTAL CURRENT EXPENSE	<u>27,587,525</u>	<u>87,174</u>	<u>27,674,699</u>	<u>29,316,786</u>	<u>(1,642,087)</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 105,327	\$ (105,327)			
Support Services:					
General Administration		162,298	\$ 162,298	\$ 121,657	\$ 40,641
Required Maintenance for School Facilities	3,205		3,205	3,205	
Custodial Services		51,429	51,429		51,429
Total Equipment	<u>108,532</u>	<u>108,400</u>	<u>216,932</u>	<u>124,862</u>	<u>92,070</u>
Facilities Acquisition and Construction Services:					
Assessment for Debt Services- SDA Funding	29,034		29,034	29,034	
Total Facilities Acquisition and Construction Services	<u>29,034</u>		<u>29,034</u>	<u>29,034</u>	
TOTAL CAPITAL OUTLAY	<u>137,566</u>	<u>108,400</u>	<u>245,966</u>	<u>153,896</u>	<u>92,070</u>
TOTAL EXPENDITURES	<u>27,725,091</u>	<u>195,574</u>	<u>27,920,665</u>	<u>29,470,682</u>	<u>(1,550,017)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(834,859)</u>	<u>(195,574)</u>	<u>(1,030,433)</u>	<u>559,758</u>	<u>1,590,191</u>
Other Financing Sources:					
Operating Transfer In:					
Capital Projects Fund - Interest				11	11
Total Other Financing Sources				<u>11</u>	<u>11</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</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	\$ (834,859)	\$ (195,574)	\$ (1,030,433)	\$ 559,769	\$ 1,590,202
Fund Balance, July 1	<u>3,620,103</u>		<u>3,620,103</u>	<u>3,620,103</u>	
Fund Balance, June 30	<u>\$ 2,785,244</u>	<u>\$ (195,574)</u>	<u>\$ 2,589,670</u>	<u>\$ 4,179,872</u>	<u>\$ 1,590,202</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus				\$ 400,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				400,000	
Emergency Reserve				100,000	
Capital Reserve				2,238,863	
Assigned - Encumbrances				286,974	
Unassigned				<u>754,035</u>	
				4,179,872	
Reconciliation to Governmental Funds Statements (GAAP):					
State Aid Payments not Recognized on GAAP Basis				<u>(47,773)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,132,099</u>	

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$ 125,639	\$ (3,451)	\$ 122,188	\$ 101,411	\$ (20,777)
Federal Sources	315,277	14,354	329,631	329,631	
Total Revenues	<u>440,916</u>	<u>10,903</u>	<u>451,819</u>	<u>431,042</u>	<u>(20,777)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	12,280	15,290	27,570	27,570	
Tuition	258,569	14,432	273,001	273,001	
Textbooks	11,025	712	11,737	11,737	
Total Instruction	<u>281,874</u>	<u>30,434</u>	<u>312,308</u>	<u>312,308</u>	
Support Services:					
Personal Services - Employee Benefits		4,315	4,315	4,315	
Purchased Professional/Educational Services	159,042	(26,255)	132,787	112,010	20,777
Other Purchased Professional Services		2,265	2,265	2,265	
Supplies and Materials		144	144	144	
Total Support Services	<u>159,042</u>	<u>(19,531)</u>	<u>139,511</u>	<u>118,734</u>	<u>20,777</u>
Total Expenditures	<u>\$ 440,916</u>	<u>\$ 10,903</u>	<u>\$ 451,819</u>	<u>\$ 431,042</u>	<u>\$ 20,777</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from Budgetary Comparison Schedule	\$ 30,030,440	\$ 431,042
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	30,912	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(47,773)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 30,013,579</u>	<u>\$ 431,042</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 29,470,682</u>	<u>\$ 431,042</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 29,470,682</u>	<u>\$ 431,042</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. 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. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the current year GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	No Child Left Behind	IDEA Part B, Basic		Nonpublic Textbook Aid
	Title II, Part A	Regular	Preschool	
REVENUE:				
State Sources				\$ 11,737
Federal Sources	\$ 17,548	\$ 295,337	\$ 16,746	
Total Revenue	<u>17,548</u>	<u>295,337</u>	<u>16,746</u>	<u>11,737</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	12,014		15,556	
Tuition		273,001		
Textbooks				11,737
Total Instruction	<u>12,014</u>	<u>273,001</u>	<u>15,556</u>	<u>11,737</u>
Support Services:				
Personal Services - Employee Benefits	3,125		1,190	
Purchased Professional - Educational Services		22,336		
Other Purchased Professional Services	2,265			
Supplies and Materials	144			
Total Support Services	<u>5,534</u>	<u>22,336</u>	<u>1,190</u>	
Total Expenditures	<u>\$ 17,548</u>	<u>\$ 295,337</u>	<u>\$ 16,746</u>	<u>\$ 11,737</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Nonpublic Nursing Aid	Nonpublic Technology Initiative	Chapter 192 - Nonpublic Auxiliary Aid	
			Compensatory Education	Transportation
REVENUE:				
State Sources	\$ 18,780	\$ 6,304	\$ 23,380	\$ 12,600
Federal Sources				
Total Revenue	<u>18,780</u>	<u>6,304</u>	<u>23,380</u>	<u>12,600</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Tuition				
Textbooks				
Total Instruction				
Support Services:				
Personal Services - Employee Benefits				
Purchased Professional - Educational Services	18,780	6,304	23,380	12,600
Other Purchased Professional Services				
Supplies and Materials				
Total Support Services	<u>18,780</u>	<u>6,304</u>	<u>23,380</u>	<u>12,600</u>
Total Expenditures	<u>\$ 18,780</u>	<u>\$ 6,304</u>	<u>\$ 23,380</u>	<u>\$ 12,600</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Chapter 193 - Nonpublic Handicapped Aid</u>			<u>Totals</u>
	<u>Examination & Classification</u>	<u>Supplementary Instruction</u>	<u>Corrective Speech</u>	
REVENUE:				
State Sources	\$ 12,606	\$ 7,611	\$ 8,393	\$ 101,411
Federal Sources				329,631
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	12,606	7,611	8,393	431,042
EXPENDITURES:				
Instruction:				
Salaries of Teachers				27,570
Tuition				273,001
Textbooks				11,737
	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction				312,308
Support Services:				
Personal Services - Employee Benefits				4,315
Purchased Professional - Educational Services	12,606	7,611	8,393	112,010
Other Purchased Professional Services				2,265
Supplies and Materials				144
	<hr/>	<hr/>	<hr/>	<hr/>
Total Support Services	12,606	7,611	8,393	118,734
Total Expenditures	<u>\$ 12,606</u>	<u>\$ 7,611</u>	<u>\$ 8,393</u>	<u>\$ 431,042</u>

CAPITAL PROJECTS FUND

Exhibit F-1

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue:	
Budget Appropriation	\$ 160,000
Interest on Investments	<u>11</u>
Total Revenue	<u>160,011</u>
Expenditures and Other Financing Uses:	
Operating Transfers Out:	
General Fund - Interest Earned	11
Debt Service Fund - Unexpended Balance of Project	<u>55,719</u>
Total Expenditures and Other Financing Uses	<u>55,730</u>
Excess of Revenue Over Expenditures and Other Financing Uses	104,281
Fund Balance - Beginning of Year	<u>228,330</u>
Fund Balance - End of Year	<u><u>\$ 332,611</u></u>
Recapitulation of Fund Balance:	
Committed	\$ 332,611
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants not Recognized on GAAP Basis	<u>(531,160)</u>
Fund Balance (Deficit) per Governmental Funds (GAAP)	<u><u>\$ (198,549)</u></u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF AN ADDITION TO AND UPGRADING OF EXISTING FACILITIES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 3,568,339		\$ 3,568,339	\$ 3,568,339
Bond Proceeds	12,029,000		12,029,000	12,029,000
Transfer from Capital Reserve	1,102,000		1,102,000	1,102,000
Total Revenue and Other Financing Sources	16,699,339	\$ -0-	16,699,339	16,699,339
Expenditures and Other Financing Uses:				
Legal Services	41,099		41,099	41,099
Purchased Professional and Technical Services	1,580,433		1,580,433	1,580,433
Construction Services	14,590,068		14,590,068	14,590,068
Equipment Purchases	424,873		424,873	424,873
Other Objects	7,147		7,147	7,147
Operating Transfers Out:				
Debt Service Fund - Unexpended Balances		55,719	55,719	55,719
Total Expenditures and Other Financing Uses	16,643,620	55,719	16,699,339	16,699,339
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 55,719	\$ (55,719)	\$ -0-	\$ -0-
Additional Project Information:				
Project Number(s)	SP-202266, 202529, 202559, 202558			
Grant Date(s)	2002			
Bond Authorization Date	April 16, 2002			
Bonds and Notes Authorized	\$ 12,029,600			
Bonds and Notes Issued	\$ 12,029,000			
Original Authorized Cost	\$ 16,502,000			
Additional Funds	\$ 200,000			
SDA Grant Cancelled	\$ (2,061)			
Bonds and Notes Authorized Cancelled	\$ (600)			
Revised Authorized Cost	\$ 16,699,339			
Change Order Percentage	1.21%			
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2015			
Revised Target Completion Date	Unknown			

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BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH MOUNTAIN ROAD SCHOOL - ADA COMPLIANT DOOR LOCKS
AND HARDWARE ON ALL EXTERIOR DOORS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Costs</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 13,000		\$ 13,000	\$ 13,000
Budget Appropriations	15,610	\$ 3,890	19,500	19,500
	<u>28,610</u>	<u>3,890</u>	<u>32,500</u>	<u>32,500</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Legal Services	41		41	1,000
Architectural/Engineering Services	4,529		4,529	5,000
Construction Services	19,782		19,782	20,000
Other Objects				6,500
	<u>24,352</u>		<u>24,352</u>	<u>32,500</u>
Total Expenditures				
Excess (Deficit) of Revenue and Other Financing Sources over (under) Expenditures				
	<u>\$ 4,258</u>	<u>\$ 3,890</u>	<u>\$ 8,148</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	1580-020-09-1002/0ZBX			
Grant Date(s)	12/30/09			
Bond Authorization Date	N/A			
Bonds and Notes Authorized	\$ 19,500			
Bonds and Notes Issued	\$ 19,500			
Original Authorized Cost	\$ 32,500			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	09/15/10			

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WOODSIDE AVENUE SCHOOL - BOILER AND ADA COMPLIANT DOOR LOCKS
AND HARDWARE ON ALL EXTERIOR DOORS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Costs</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 163,200		\$ 163,200	\$ 163,200
Budget Appropriations	195,960	\$ 48,840	244,800	244,800
Total Revenue and Other Financing Sources	<u>359,160</u>	<u>48,840</u>	<u>408,000</u>	<u>408,000</u>
Expenditures:				
Legal Services	520		520	2,500
Architectural/Engineering Services	43,819		43,819	44,000
Purchased Professional and Technical Services	8,250		8,250	8,250
Construction Services	253,857		253,857	337,000
Other Objects				16,250
Total Expenditures	<u>306,446</u>		<u>306,446</u>	<u>408,000</u>
Excess (Deficit) of Revenue and Other Financing Sources over (under) Expenditures	<u>\$ 52,714</u>	<u>\$ 48,840</u>	<u>\$ 101,554</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	1580-030-09-1003/OZBY			
Grant Date(s)	12/30/09			
Bond Authorization Date	N/A			
Bonds and Notes Authorized	\$ 244,800			
Bonds and Notes Issued	\$ 244,800			
Original Authorized Cost	\$ 408,000			
Percentage Completion	100.00%			
Original Target Completion Date	09/15/10			

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
FRANKLIN AVENUE MIDDLE SCHOOL - PARTIAL ROOF REPLACEMENT,
LOCKER ROOM RENOVATIONS, AND ADA COMPLIANT DOOR LOCKS AND
HARDWARE ON ALL EXTERIOR DOORS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Authorized</u> <u>Costs</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 354,960		\$ 354,960	\$ 354,960
Budget Appropriations	425,170	\$ 107,270	532,440	532,440
	<u>780,130</u>	<u>107,270</u>	<u>887,400</u>	<u>887,400</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Legal Services	1,130		1,130	5,000
Architectural/Engineering Services	86,952		86,952	103,810
Purchased Professional and Technical Services	2,250		2,250	2,250
Construction Services	574,159		574,159	709,000
Other Objects				67,340
	<u>664,491</u>		<u>664,491</u>	<u>887,400</u>
Total Expenditures				
Excess (Deficit) of Revenue and Other Financing Sources over (under) Expenditures	<u>\$ 115,639</u>	<u>\$ 107,270</u>	<u>\$ 222,909</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	1580-015-09-1001/OZPV			
Grant Date(s)	12/30/09			
Bond Authorization Date	N/A			
Bonds and Notes Authorized	\$ 532,440			
Bonds and Notes Issued	\$ 532,440			
Original Authorized Cost	\$ 887,400			
Percentage Completion	100.00%			
Original Target Completion Date	09/15/10			

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF TEMPORARY NOTES PAYABLE

Grant Date	Project Descriptions	Date of		Interest Rate	Balance June 30, 2014	Retired or Matured	Balance June 30, 2015
		Issue	Maturity				
12/30/09	Various Projects - Franklin Avenue Middle, Woodside Avenue and High Mountain Road Schools	01/16/14	01/16/15	1.265%	\$ 160,000	\$ 160,000	
					<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ -0-</u>
				Notes Paid by Budget Appropriation		<u>\$ 160,000</u>	

PROPRIETARY FUNDS

Exhibit G-1

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS:

Current Assets:	
Intergovernmental Accounts Receivable - Federal	\$ 425
Interfund Accounts Receivable - General Fund	<u>6,727</u>
Total Current Assets	<u>7,152</u>
Total Assets	<u>7,152</u>
 NET POSITION:	
Unrestricted	<u>7,152</u>
Total Net Position	<u><u>\$ 7,152</u></u>

Exhibit G-2

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs - Special Milk Program	\$ 8,799
Total Operating Revenue	<u>8,799</u>
Operating Expenses:	
Cost of Sales	9,267
Supplies	4,804
Total Operating Expenses	<u>14,071</u>
Operating Loss	(5,272)
Non-Operating Revenue:	
Federal Sources - Special Milk Program	<u>7,083</u>
Total Non-Operating Revenue	<u>7,083</u>
Change in Net Position	1,811
Net Position - Beginning of Year	<u>5,341</u>
Net Position - End of Year	<u><u>\$ 7,152</u></u>

Exhibit G-3

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities	\$	-0-
Net Cash Provided by Operating Activities		-0-
Cash Flows from Noncapital Financing Activities:		
Interfund - General Fund		(8,003)
Federal Sources - Special Milk Program		7,243
		(760)
Net Cash Used for Noncapital Financing Activities		(760)
Net Decrease in Cash and Cash Equivalents		(760)
Cash and Cash Equivalents, July 1		760
Cash and Cash Equivalents, June 30	\$	-0-
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating Loss	\$	(5,272)
Adjustment to Reconcile Operating Loss to Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Decrease in Interfund Receivable		5,272
		5,272
Net Cash Provided by Operating Activities	\$	-0-

FIDUCIARY FUNDS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Student Activities</u>	<u>Payroll Agency</u>	<u>Laptop Replacement Agency</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:						
Cash and Cash Equivalents	\$ 48,948	\$ 32,260	\$ 40,670	\$ 121,878	\$ 390,988	\$ 105,383
Total Assets	<u>48,948</u>	<u>32,260</u>	<u>40,670</u>	<u>121,878</u>	<u>390,988</u>	<u>105,383</u>
LIABILITIES:						
Interfund Payable - General Fund		7,759		7,759		73,334
Due to Student Groups	48,948			48,948		
Payroll Deductions and Withholdings		24,501		24,501		
Total Liabilities	<u>48,948</u>	<u>32,260</u>		<u>81,208</u>		<u>73,334</u>
NET POSITION:						
Held in Trust for:						
Unemployment Compensation Claims					390,988	
Flexible Spending Claims						32,049
Laptop Replacement Costs			40,670	40,670		
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 40,670</u>	<u>\$ 40,670</u>	<u>\$ 390,988</u>	<u>\$ 32,049</u>

Exhibit H-2

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
Additions:			
Contributions:			
Plan Contributions	\$ 25,348	\$ 85,665	
Total Contributions	25,348	85,665	
Investment Earnings:			
Interest	1,359	276	\$ 2
Net Investment Earnings	1,359	276	2
Total Additions	26,707	85,941	2
Deductions			
Unemployment Compensation Claims	34,300		
Flexible Spending Claims		75,379	
Expenditures			5,300
Total Deductions	34,300	75,379	5,300
Change in Net Position	(7,593)	10,562	(5,298)
Net Position - Beginning of the Year	398,581	21,487	5,298
Net Position - End of the Year	<u>\$ 390,988</u>	<u>\$ 32,049</u>	<u>\$ - 0 -</u>

Exhibit H-3

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 55,815	\$ 60,895	\$ 67,762	\$ 48,948
Total Assets	<u>\$ 55,815</u>	<u>\$ 60,895</u>	<u>\$ 67,762</u>	<u>\$ 48,948</u>
LIABILITIES				
Due to Student Groups	55,815	\$ 60,895	\$ 67,762	\$ 48,948
Total Liabilities	<u>\$ 55,815</u>	<u>\$ 60,895</u>	<u>\$ 67,762</u>	<u>\$ 48,948</u>

Exhibit H-4

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Elementary School:				
Colonial Road School	\$ 3,944	\$ 2,639	\$ 2,480	\$ 4,103
High Mountain Road School	3,715	2,249	2,603	3,361
Woodside Avenue School	2,688	3,201	3,145	2,744
Middle Schools:				
Franklin Avenue Middle School	31,921	45,988	53,919	23,990
Snapple - Peer Leadership	13,547	6,818	5,615	14,750
 Total All Schools	 <u>\$ 55,815</u>	 <u>\$ 60,895</u>	 <u>\$ 67,762</u>	 <u>\$ 48,948</u>

Exhibit H-5

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 5,320	\$ 18,187,606	\$ 18,160,666	\$ 32,260
Total Assets	<u>\$ 5,320</u>	<u>\$ 18,187,606</u>	<u>\$ 18,160,666</u>	<u>\$ 32,260</u>
<u>LIABILITIES:</u>				
Interfund Payable - General Fund	\$ 5,265	\$ 2,494		\$ 7,759
Payroll Deductions and Withholdings	<u>55</u>	<u>18,185,112</u>	<u>\$ 18,160,666</u>	<u>24,501</u>
Total Liabilities	<u>\$ 5,320</u>	<u>\$ 18,187,606</u>	<u>\$ 18,160,666</u>	<u>\$ 32,260</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
LAPTOP REPLACEMENT AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	<u> </u>	<u>\$ 40,670</u>	<u> </u>	<u>\$ 40,670</u>
Total Assets	<u>\$ -0-</u>	<u>\$ 40,670</u>	<u>\$ -0-</u>	<u>\$ 40,670</u>
<u>LIABILITIES:</u>				
Laptop Replacement Costs	<u> </u>	<u>\$ 40,670</u>	<u> </u>	<u>\$ 40,670</u>
Total Liabilities	<u>\$ -0-</u>	<u>\$ 40,670</u>	<u>\$ -0-</u>	<u>\$ 40,670</u>

LONG-TERM DEBT

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
LONG TERM DEBT
STATEMENT OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2014	Retired or Matured	Balance June 30, 2015
			Date	Outstanding June 30, 2015 Amount				
Refunding School Bonds	09/30/10	\$ 6,390,000	8/1/2015	\$ 650,000	3.00%			
			8/1/2016	640,000	3.00%			
			8/1/2017	635,000	4.00%			
			8/1/2018	635,000	4.00%			
			8/1/2019	630,000	4.50%			
			8/1/2020	630,000	4.50%			
			8/1/2021	630,000	4.00%			
			8/1/2022	625,000	4.00%			
					\$ 5,730,000	\$ 655,000	\$ 5,075,000	
					<u>\$ 5,730,000</u>	<u>\$ 655,000</u>	<u>\$ 5,075,000</u>	

Exhibit I-2

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2014</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2015</u>
Laptop Computers	2.25%	\$ 463,420	<u>\$ 343,670</u>	<u>\$ 112,017</u>	<u>\$ 231,653</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 965,256		\$ 965,256	\$ 965,256	
Total Revenues	<u>965,256</u>		<u>965,256</u>	<u>965,256</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	206,225		206,225	206,225	
Redemption of Principal	815,000		815,000	815,000	
Total Regular Debt Service	<u>1,021,225</u>		<u>1,021,225</u>	<u>1,021,225</u>	
Total Expenditures	<u>1,021,225</u>		<u>1,021,225</u>	<u>1,021,225</u>	
Deficiency of Revenues Under Expenditures	(55,969)		(55,969)	(55,969)	
Other Financing Sources:					
Operating Transfers In - Capital Projects Fund	55,719		55,719	55,719	
Total Other Financing Sources	<u>55,719</u>		<u>55,719</u>	<u>55,719</u>	
Deficiency of Revenues and Other Financing Sources Under Expenditures	(250)		(250)	(250)	
Fund Balance, July 1	<u>250</u>		<u>250</u>	<u>250</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru 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 thru 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 and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014 (Restated)	2015
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 14,391,964	\$ 15,498,547	\$ 16,688,892	\$ 16,497,801	\$ 17,688,410	\$ 20,208,412	\$ 20,376,854	\$ 18,164,821	\$ 18,042,322	\$ 17,903,403
Restricted	52,617	73,578	1,009,846	980,178	1,795,817	1,600,063	2,023,639	2,109,714	2,519,204	3,138,863
Unrestricted (Deficit)	(220,137)	552,656	(212,496)	(136,650)	(143,854)	(532,122)	(303,939)	(468,422)	(5,538,776)	(5,352,796)
Total Governmental Activities Net Position	<u>\$ 14,224,444</u>	<u>\$ 16,124,781</u>	<u>\$ 17,486,242</u>	<u>\$ 17,341,329</u>	<u>\$ 19,340,373</u>	<u>\$ 21,276,353</u>	<u>\$ 22,096,554</u>	<u>\$ 19,806,113</u>	<u>\$ 15,022,750</u>	<u>\$ 15,689,470</u>
Business-Type Activities:										
Unrestricted	\$ 16,010	\$ 18,633	\$ 21,709	\$ 28,069	\$ 27,077	\$ 26,847	\$ 9,829	\$ 17,786	\$ 5,341	\$ 7,152
Total Business-Type Activities Net Position	<u>\$ 16,010</u>	<u>\$ 18,633</u>	<u>\$ 21,709</u>	<u>\$ 28,069</u>	<u>\$ 27,077</u>	<u>\$ 26,847</u>	<u>\$ 9,829</u>	<u>\$ 17,786</u>	<u>\$ 5,341</u>	<u>\$ 7,152</u>
District-Wide:										
Net Investment in										
Capital Assets	\$ 14,391,964	\$ 15,498,547	\$ 16,688,892	\$ 16,497,801	\$ 17,688,410	\$ 20,208,412	\$ 20,376,854	\$ 18,164,821	\$ 18,042,322	\$ 17,903,403
Restricted	52,617	73,578	1,009,846	980,178	1,795,817	1,600,063	2,023,639	2,109,714	2,519,204	3,138,863
Unrestricted (Deficit)	(204,127)	571,289	(190,787)	(108,581)	(116,777)	(505,275)	(294,110)	(450,636)	(5,533,435)	(5,345,644)
Total District-Wide Net Position	<u>\$ 14,240,454</u>	<u>\$ 16,143,414</u>	<u>\$ 17,507,951</u>	<u>\$ 17,369,398</u>	<u>\$ 19,367,450</u>	<u>\$ 21,303,200</u>	<u>\$ 22,106,383</u>	<u>\$ 19,823,899</u>	<u>\$ 15,028,091</u>	<u>\$ 15,696,622</u>

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$11,348,750	\$11,914,952	\$12,834,091	\$12,086,630	\$12,045,778	\$12,352,045	\$12,421,382	\$12,900,206	\$12,852,499	\$14,455,143
Special Education	3,118,735	3,497,458	3,735,787	4,340,749	4,730,524	4,595,110	4,752,660	4,633,915	4,944,229	5,470,305
Other Special Instruction	296,888	602,771	538,425	647,574	445,005	602,667	573,125	632,933	599,078	1,029,789
Other Instruction	114,941	110,267	142,060	150,979	142,543	108,527	125,369	145,964	126,247	207,167
Support Services:										
Tuition			20,499	166,231	87,232	198,186	357,294	764,909	926,665	779,729
Student & Instruction Related Services	3,835,338	4,004,282	3,633,681	3,355,727	3,236,637	3,747,085	3,963,614	4,154,137	4,062,891	4,124,758
General Administrative Services	588,718	608,725	599,627	611,581	692,663	538,848	573,298	572,586	630,900	524,643
School Administrative Services	1,212,696	1,320,483	1,268,673	1,282,228	1,178,475	1,406,480	1,380,949	1,615,493	1,408,197	1,649,779
Central Services/Admin. Technology	555,432	541,848	608,894	579,770	568,874	585,198	591,005	692,228	622,293	627,228
Plant Operations and Maintenance	2,491,749	2,659,892	3,012,230	4,006,142	2,928,186	2,765,484	3,419,560	3,840,866	3,707,881	3,707,558
Pupil Transportation	850,387	838,590	811,236	869,598	846,818	796,237	831,477	759,926	824,787	823,310
Capital Outlay			18,915	576,442	187,935	33,102				
Interest on Long-Term Debt	674,327	612,949	561,882	407,695	431,480	271,680	253,804	229,254	200,821	181,158
Unallocated Depreciation								18,483	12,028	
Total Governmental Activities Expenses	<u>25,087,961</u>	<u>26,712,217</u>	<u>27,786,000</u>	<u>29,081,346</u>	<u>27,522,150</u>	<u>28,000,649</u>	<u>29,243,537</u>	<u>30,942,417</u>	<u>30,924,971</u>	<u>33,592,595</u>
Business-Type Activities:										
Milk Enterprise Fund	40,670	33,909	28,308	25,519	18,374	27,807	47,367	14,646	14,612	14,071
Total Business-Type Activities Expenses	<u>40,670</u>	<u>33,909</u>	<u>28,308</u>	<u>25,519</u>	<u>18,374</u>	<u>27,807</u>	<u>47,367</u>	<u>14,646</u>	<u>14,612</u>	<u>14,071</u>
Total District Expenses	<u>25,128,631</u>	<u>26,746,126</u>	<u>27,814,308</u>	<u>29,106,865</u>	<u>27,540,524</u>	<u>28,028,456</u>	<u>29,290,904</u>	<u>30,957,063</u>	<u>30,939,583</u>	<u>33,606,666</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Special Education	\$ 1,352,191	\$ 1,392,942	\$ 1,507,097	\$ 1,794,627	\$ 1,757,801	\$ 1,529,041	\$ 1,794,954	\$ 1,693,662	\$ 1,926,933	\$ 1,750,765
Pupil Transportation	150,500	163,800	129,900	125,800		90,165	84,310	75,150	72,700	77,299
Operating Grants and Contributions	3,183,972	4,046,175	4,204,136	3,432,958	3,461,607	2,689,538	3,358,334	4,124,351	3,698,400	6,939,275
Capital Grants and Contributions		44,100							212,843	
Total Governmental Activities Program Revenue	4,686,663	5,647,017	5,841,133	5,353,385	5,219,408	4,308,744	5,237,598	5,893,163	5,910,876	8,767,339
Business-Type Activities:										
Charges for Services:										
Milk Enterprise Fund	22,990	25,714	19,151	18,216	10,886	15,037	17,271	13,952	9,244	8,799
Operating Grants and Contributions	11,040	10,818	12,233	13,663	11,997	12,540	13,019	8,593	6,883	7,083
Total Business-Type Activities Revenues	34,030	36,532	31,384	31,879	22,883	27,577	30,290	22,545	16,127	15,882
Total District Program Revenues	4,720,693	5,683,549	5,872,517	5,385,264	5,242,291	4,336,321	5,267,888	5,915,708	5,927,003	8,783,221
Net (Expense)/Revenue										
Governmental Activities	(20,401,298)	(21,065,200)	(21,944,867)	(23,727,961)	(22,302,742)	(23,691,905)	(24,005,939)	(25,049,254)	(25,014,095)	(24,825,256)
Business-Type Activities	(6,640)	2,623	3,076	6,360	4,509	(230)	(17,077)	7,899	1,515	1,811
Total District Net (Expense)/Revenue	(20,407,938)	(21,062,577)	(21,941,791)	(23,721,601)	(22,298,233)	(23,692,135)	(24,023,016)	(25,041,355)	(25,012,580)	(24,823,445)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$18,614,242	\$20,267,099	\$20,576,202	\$21,014,827	\$21,844,912	\$23,129,335	\$23,489,921	\$23,660,306	\$24,133,512	\$24,212,205
Taxes Levied for Debt Service	2,278,534	2,287,311	2,288,142	2,239,775	2,178,485	2,233,021	1,082,007	976,361	1,043,949	965,256
Federal and State Aid not Restricted	125,411	191,337	229,552	211,870	152,765	15,569		18,210	38,860	54,386
Interest and Miscellaneous Income	68,140	219,790	212,432	116,576	125,624	249,960	254,212	199,225	204,998	260,129
Loss on Disposal of Capital Assets	(254,979)									
Transfers									14,000	
Total Governmental Activities	20,831,348	22,965,537	23,306,328	23,583,048	24,301,786	25,627,885	24,826,140	24,854,102	25,435,319	25,491,976
Business-Type Activities:										
Investment Earnings							59	58	40	
Transfers									(14,000)	
Total Business-Type Activities							59	58	(13,960)	
Total District General Revenues and Other Changes in Net Position	20,831,348	22,965,537	23,306,328	23,583,048	24,301,786	25,627,885	24,826,199	24,854,160	25,421,359	25,491,976
Change in Net Position:										
Governmental Activities	430,050	1,900,337	1,361,461	(144,913)	1,999,044	1,935,980	820,201	(195,152)	421,224	666,720
Business-Type Activities	(6,640)	2,623	3,076	6,360	4,509	(230)	(17,018)	7,957	(12,445)	1,811
Total District Change in Net Position	\$ 423,410	\$ 1,902,960	\$ 1,364,537	\$ (138,553)	\$ 2,003,553	\$ 1,935,750	\$ 803,183	\$ (187,195)	\$ 408,779	\$ 668,531

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)
 (Modified Accrual Basis of Accounting)

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 273,177	\$ 828,144	\$ 1,145,680	\$ 1,137,302	\$ 2,078,307					
Unreserved	394,265	568,551	456,150	483,431	501,093					
Restricted						\$ 1,461,600	\$ 1,884,175	\$ 2,050,683	\$ 2,463,235	\$ 3,138,863
Assigned						516,370	408,454	258,421	339,719	286,974
Unassigned						671,908	784,311	786,704	786,237	706,262
Total General Fund	\$ 667,442	\$ 1,396,695	\$ 1,601,830	\$ 1,620,733	\$ 2,579,400	\$ 2,649,878	\$ 3,076,940	\$ 3,095,808	\$ 3,589,191	\$ 4,132,099
Other Governmental Funds:										
Unreserved (Deficit)	\$ (139,270)	\$ (110,926)	\$ (135,834)	\$ (157,124)	\$ (282,490)					
Restricted						\$ 138,463	\$ 139,464	\$ 59,031	\$ 55,969	
Unassigned (Deficit)						(1,050,453)	(891,453)	(732,453)	(358,549)	\$ (198,549)
Total Other Governmental Funds	\$ (139,270)	\$ (110,926)	\$ (135,834)	\$ (157,124)	\$ (282,490)	\$ (911,990)	\$ (751,989)	\$ (673,422)	\$ (302,580)	\$ (198,549)
Total Governmental Funds:										
Reserved	\$ 273,177	\$ 828,144	\$ 1,145,680	\$ 1,137,302	\$ 2,078,307					
Unreserved	254,995	457,625	320,316	326,307	218,603					
Restricted						\$ 1,600,063	\$ 2,023,639	\$ 2,109,714	\$ 2,519,204	\$ 3,138,863
Assigned						516,370	408,454	258,421	339,719	286,974
Unassigned (Deficit)						(378,545)	(107,142)	54,251	427,688	507,713
Total Governmental Funds	\$ 528,172	\$ 1,285,769	\$ 1,465,996	\$ 1,463,609	\$ 2,296,910	\$ 1,737,888	\$ 2,324,951	\$ 2,422,386	\$ 3,286,611	\$ 3,933,550

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$20,892,776	\$22,554,410	\$22,864,344	\$23,254,602	\$24,023,397	\$25,362,356	\$24,571,928	\$24,636,667	\$25,177,461	\$25,177,461
Other Governmental Units - Restricted						123,410	118,648	125,866	128,383	118,129
Tuition Charges	1,352,191	1,392,942	1,507,097	1,794,627	1,757,801	1,529,041	1,794,954	1,693,662	1,926,933	1,750,765
Interest Earnings	68,140	132,577	101,704	19,835	1,800	1,800	1,800	9,927	11,647	10,205
Transportation Fees from Individuals			129,900	125,800	101,905	90,165	84,310	75,150	72,700	77,299
Miscellaneous	150,500	251,013	207,455	210,518	185,964	157,852	325,865	255,533	223,968	291,795
State Sources	2,915,435	3,927,290	3,985,158	3,185,753	2,875,932	2,206,241	2,935,225	3,772,987	3,634,851	3,814,603
Federal Sources	393,948	354,322	351,803	345,298	574,395	625,504	390,008	336,473	315,252	329,631
Total Revenues	25,772,990	28,612,554	29,147,461	28,936,433	29,521,194	30,096,369	30,222,738	30,906,265	31,491,195	31,569,888
Expenditures:										
Instruction:										
Regular Instruction	11,101,477	11,707,778	8,932,277	8,773,440	8,511,119	9,246,089	9,185,130	9,000,413	8,814,159	8,764,795
Special Education Instruction	3,118,735	3,497,458	2,728,191	3,167,135	3,466,504	3,445,443	3,478,316	3,300,491	3,490,328	3,396,428
Other Special Instruction	296,888	602,771	370,887	459,074	305,762	434,570	423,521	431,141	409,606	590,989
Other Instruction	114,941	110,267	100,055	115,852	97,007	81,449	93,249	102,730	89,736	123,119
Support Services:										
Tuition			20,499	166,231	87,232	198,186	357,294	764,909	926,665	779,729
Student & Instruction Related Services	3,737,989	3,906,933	3,018,677	2,733,763	2,567,125	2,785,867	3,150,929	3,309,210	3,188,642	3,220,053
General Administration	555,976	575,983	519,648	535,667	587,332	472,224	477,462	476,912	522,784	406,327
School Administration	1,255,642	1,303,387	1,028,248	1,020,578	921,275	1,020,002	1,013,628	1,149,221	1,000,746	1,036,945
Central Services/Admin. Technology	560,812	541,228	528,395	489,914	454,632	485,766	471,742	518,507	498,821	499,380
Operations/Maintenance	2,056,675	2,224,818	2,542,666	2,389,017	2,231,063	2,260,161	2,591,421	2,672,406	2,761,007	2,768,734
Pupil Transportation	842,997	831,200	803,846	866,043	843,918	793,564	828,372	756,292	820,818	818,637
Unallocated Benefits			5,762,781	5,812,000	6,110,227	6,030,939	6,318,468	7,102,936	6,912,571	7,342,692
Capital Outlay	578,932	228,033	322,593	579,041	326,212	1,248,549	165,137	166,868	623,557	153,896

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenditures:										
Debt Service:										
Principal	\$ 1,560,000	\$ 1,675,188	\$ 1,695,000	\$ 1,745,000	\$ 1,715,000	\$ 1,824,740	\$ 809,000	\$ 809,000	\$ 819,000	\$ 815,000
Interest/Other Charges	718,534	649,913	593,471	516,065	463,485	327,842	272,006	247,794	225,950	206,225
Total Expenditures	26,499,598	27,854,957	28,967,234	29,368,820	28,687,893	30,655,391	29,635,675	30,808,830	31,104,390	30,922,949
Excess (Deficiency) of Revenues Over (Under) Expenditures	(726,608)	757,597	180,227	(432,387)	833,301	(559,022)	587,063	97,435	386,805	646,939
Other Financing Sources (Uses)										
Capital Leases				430,000					463,420	
Serial Bonds Issued						6,390,000				
Serial Bonds Defeased						(6,499,000)				
Bond Issuance Costs						(110,432)				
Bond Premium						718,748				
Deferred Interest - Refunding						(499,316)				
Transfers In		1,319	329		372	1,121		15	14,015	55,730
Transfers Out		(1,319)	(329)		(372)	(1,121)		(15)	(15)	(55,730)
Total Other Financing Sources (Uses)	- 0 -	- 0 -	- 0 -	430,000	- 0 -	- 0 -	- 0 -	- 0 -	477,420	- 0 -
Net Change in Fund Balances	<u>\$ (726,608)</u>	<u>\$ 757,597</u>	<u>\$ 180,227</u>	<u>\$ (2,387)</u>	<u>\$ 833,301</u>	<u>\$ (559,022)</u>	<u>\$ 587,063</u>	<u>\$ 97,435</u>	<u>\$ 864,225</u>	<u>\$ 646,939</u>
Debt Service as a Percentage of Noncapital Expenditures	9.6 %	9.2 %	8.7 %	8.5 %	8.3 %	7.9 %	3.8 %	3.6 %	3.5 %	3.4 %

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
 (UNAUDITED)
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Other</u>	<u>Total</u>
2006	\$ 63,245	\$ 1,352,191		\$ 150,500	\$ 1,565,936
2007	131,258	1,392,942		163,800	1,688,000
2008	101,375	1,507,097	\$ 129,900	110,728	1,849,100
2009	19,835	1,794,627	125,800	96,741	2,037,003
2010	14,240	1,757,801	101,905	111,012	1,984,958
2011	51,077	1,529,041	90,165	197,762	1,868,045
2012	11,895	1,794,954	84,310	242,317	2,133,476
2013	9,912	1,693,662	75,150	189,298	1,968,022
2014	11,632	1,926,933	72,700	193,351	2,204,616
2015	10,194	1,750,765	77,299	249,924	2,088,182

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
 (UNAUDITED)

Year Ended 12/31	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	\$46,127,800	\$1,845,092,402	\$3,681,300	\$ 19,000	\$274,931,030	\$ 13,438,000	\$ 9,783,000	\$2,193,072,532	\$ 1,402,055	\$2,194,474,587	\$150,719,500	\$ 0.93	\$3,676,494,569
2006	39,168,100	1,887,092,102	3,681,300	19,000	246,418,000	13,438,000	9,783,000	2,199,599,502	1,333,619	2,200,933,121	150,719,500	0.99	4,024,313,596
2007 *	80,998,400	4,379,627,600	6,344,900	21,200	384,240,500	23,568,000	18,139,400	4,892,940,000	1,333,619	4,894,273,619	220,364,900	0.47	4,465,718,841
2008	90,703,100	4,349,987,800	6,344,900	21,200	384,240,500	23,568,000	30,856,600	4,885,722,100	3,416,228	4,889,138,328	219,249,100	0.47	4,650,202,081
2009	90,999,700	4,388,465,100	5,317,500	18,800	401,034,300	23,429,400	30,856,600	4,940,121,400	5,581,035	4,945,702,435	219,249,100	0.48	4,869,232,530
2010	75,848,200	4,420,389,200	5,317,500	18,800	393,342,200	23,429,400	30,139,400	4,948,484,700	3,687,173	4,952,171,873	219,249,100	0.50	4,709,650,468
2011	53,113,100	3,563,332,500	4,240,000	21,400	408,302,900	32,820,000	30,139,400	4,091,969,300	3,325,267	4,095,294,567	190,895,400	0.62	4,354,743,831
2012	52,494,400	3,561,581,700	4,240,000	21,400	405,702,600	32,758,500	30,139,400	4,086,938,000	2,370,663	4,089,308,663	194,171,500	0.60	4,471,193,866
2013	50,565,400	3,566,930,300	4,505,500	23,700	405,652,400	32,285,300	30,139,400	4,090,102,000	- 0 -	4,090,102,000	193,846,600	0.61	4,344,917,974
2014	48,992,100	3,584,962,000	3,470,900	18,800	403,843,900	31,751,400	38,139,400	4,111,178,500	- 0 -	4,111,178,500	194,652,600	0.61	4,267,554,280

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 of assessed value.

* Year in which revaluation was effective.

Source: Borough of Franklin Lakes Tax Assessor.

Exhibit J-7

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

(UNAUDITED)

(Rate per \$100 of Assessed Value)

Year Ended December 31,	Franklin Lakes School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Borough of Franklin Lakes	Ramapo- Indian Hills Regional School	Bergen County	
2005	\$ 0.824	\$ 0.106	\$ 0.930	\$ 0.363	\$ 0.659	\$ 0.328	\$ 2.280
2006	0.881	0.108	0.989	0.377	0.680	0.324	2.370
2007 *	0.418	0.047	0.465	0.166	0.313	0.166	1.110
2008	0.423	0.047	0.470	0.180	0.330	0.170	1.150
2009	0.434	0.046	0.480	0.192	0.340	0.188	1.200
2010	0.454	0.045	0.499	0.210	0.350	0.187	1.246
2011	0.565	0.055	0.620	0.259	0.431	0.219	1.529
2012	0.575	0.027	0.602	0.264	0.427	0.240	1.533
2013	0.586	0.024	0.609	0.269	0.434	0.244	1.556
2014	0.569	0.044	0.613	0.273	0.444	0.242	1.572

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 calculation.

^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.

* Year in which revaluation was effective.

Source: Borough of Franklin Lakes Tax Collector and School Business Administrator.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	2014		Taxpayer	2005	
	Taxable Assessed Value	% of Total District Net Valuation Taxable		Taxable Assessed Value	% of Total District Net Valuation Taxable
Becton Dickinson & Company	\$ 156,547,900	3.81 %	Becton Dickinson & Company	\$ 132,024,130	6.08 %
Medco Health Solutions	114,000,000	2.77 %	Merck Medco Managed Care,LLC	80,893,700	3.73 %
Urban Farms Acquisition	21,496,300	0.52 %	1st Real Estate Invest Trust	12,699,500	0.59 %
University Heights LLC	20,000,000	0.49 %	Franklin Lakes Building Assoc.	9,783,000	0.45 %
1st Real Estate Invest Trust	19,784,900	0.48 %	Franklin Farms Associates, LLC	7,425,000	0.34 %
East Coast Horizon	18,139,400	0.44 %	Urban Farms	5,788,100	0.27 %
FL Storage LLC	9,000,000	0.22 %	High Mtn. Golf Club	5,208,000	0.24 %
Franklin Lakes Realty, LLC	7,480,000	0.18 %	Sabra Realty Corp	3,813,800	0.18 %
LD Management LLC	6,964,100	0.17 %	Individual Taxpayer #1	3,325,000	0.15 %
Individual Taxpayer #1	6,923,600	0.17 %	Individual Taxpayer #2	3,256,800	0.15 %
Total	\$ 380,336,200	9.25 %	Total	\$ 264,217,030	12.18 %

NOTE: Revaluation of real property was effective in 2007.

Source: Borough of Franklin Lakes Tax Assessor.

Exhibit J-9

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected Within the</u> <u>Fiscal Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2006	\$ 20,892,776	\$ 20,892,776	100.00 %	\$ - 0 -
2007	22,554,410	22,554,410	100.00 %	- 0 -
2008	22,864,344	22,864,344	100.00 %	- 0 -
2009	23,254,602	23,254,602	100.00 %	- 0 -
2010	24,023,397	24,023,397	100.00 %	- 0 -
2011	25,362,356	25,362,356	100.00 %	- 0 -
2012	24,571,928	24,571,928	100.00 %	- 0 -
2013	24,636,667	24,636,667	100.00 %	- 0 -
2014	25,177,461	25,177,461	100.00 %	- 0 -
2015	25,177,461	25,177,461	100.00 %	- 0 -

^a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Borough of Franklin Lakes School District records, including the Certificate and Report of School Taxes (A4F form).

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities</u>		<u>Total District</u>	<u>Percentage of Personal Income ^a</u>	<u>Per Capita ^a</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2006	\$ 16,259,000	\$ 43,652	\$ 16,302,652	2.33 %	\$ 1,467.52
2007	14,619,000	8,464	14,627,464	1.89 %	1,318.62
2008	12,924,000		12,924,000	1.66 %	1,130.21
2009	11,179,000	339,163	11,518,163	1.55 %	991.49
2010	9,464,000	258,588	9,722,588	1.44 %	916.97
2011	7,690,000	175,266	7,865,266	1.09 %	735.97
2012	7,040,000	89,102	7,129,102	0.96 %	664.10
2013	6,390,000		6,390,000	0.85 %	592.65
2014	5,730,000	343,670	6,073,670	0.81 %	560.46
2015	5,075,000	231,653	5,306,653	0.70 %	489.68

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

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

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 16,259,000	\$ - 0 -	\$ 16,259,000	0.74 %	\$ 1,465.70
2007	14,619,000	- 0 -	14,619,000	0.66 %	1,278.44
2008	12,924,000	- 0 -	12,924,000	0.26 %	1,119.35
2009	11,179,000	- 0 -	11,179,000	0.23 %	962.30
2010	9,464,000	- 0 -	9,464,000	0.19 %	892.58
2011	7,690,000	- 0 -	7,690,000	0.16 %	719.57
2012	7,040,000	- 0 -	7,040,000	0.17 %	655.80
2013	6,390,000	- 0 -	6,390,000	0.16 %	592.65
2014	5,730,000	- 0 -	5,730,000	0.14 %	528.74
2015	5,075,000	- 0 -	5,075,000	0.12 %	468.30

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

^a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Borough of Franklin Lakes School District Financial Reports.

Exhibit J-12

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Borough of Franklin Lakes	\$ 13,902,754	100.00 %	\$ 13,902,754
Ramapo-Indian Hills Regional High School	21,215,000	39.20 %	8,316,074
Bergen County General Obligation Debt	933,422,641	2.63 %	<u>24,543,463</u>
Subtotal, Overlapping Debt			46,762,291
Franklin Lakes Board of Education Direct Debt			<u>5,075,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 51,837,291</u></u>

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 residents and businesses of Franklin Lakes. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation; debt outstanding data provided by each governmental unit.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	\$ 109,181,485	\$ 116,496,242	\$ 130,629,438	\$ 138,613,851	\$ 141,661,097
Total Net Debt Applicable to Limit	16,259,600	14,619,600	12,924,000	11,179,000	9,464,000
Legal Debt Margin	<u>\$ 92,921,885</u>	<u>\$ 101,876,642</u>	<u>\$ 117,705,438</u>	<u>\$ 127,434,851</u>	<u>\$ 125,402,097</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.89 %	12.55 %	9.89 %	8.06 %	6.68 %

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 140,829,991	\$ 137,481,129	\$ 133,924,677	\$ 130,460,856	\$ 129,191,012
Total Net Debt Applicable to Limit	7,690,000	7,040,000	6,390,000	5,730,000	5,075,000
Legal Debt Margin	<u>\$ 125,402,097</u>	<u>\$ 83,521,940</u>	<u>\$ 127,534,677</u>	<u>\$ 124,730,856</u>	<u>\$ 124,116,012</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.46 %	5.12 %	4.77 %	4.39 %	3.93 %

Legal Debt Margin Calculation for Fiscal Year 2015

Year Ended December 31,	Equalized Valuation Basis
2012	\$ 4,336,273,740
2013	4,240,644,894
2014	4,342,182,615
	<u>\$ 12,919,101,249</u>
Average Equalized Valuation of Taxable Property	<u>\$ 4,306,367,083</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 129,191,012
Net Bonded School Debt at June 30, 2015	5,075,000
Legal Debt Margin	<u>\$ 124,116,012</u>

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

Exhibit J-14

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

Year	Borough Population ^a	Bergen County Per Capita Personal Income ^b	Borough Personal Income ^c	Borough Unemployment Rate ^d
2006	11,093	\$ 63,103	\$ 700,001,579	2.30 %
2007	11,435	67,544	772,365,640	2.00 %
2008	11,546	67,331	777,403,726	2.70 %
2009	11,617	63,874	742,024,258	4.90 %
2010	10,603	63,885	677,372,655	5.00 %
2011	10,687	67,248	718,679,376	4.90 %
2012	10,735	69,281	743,731,535	5.00 %
2013	10,782	69,495	749,295,090	6.50 %
2014	10,837	69,495 *	753,117,315 *	4.10 %
2015	10,837 **	69,495 **	753,117,315 **	N/A

N/A - Information is not available.

* - Latest Bergen County per capita personal income available (2013) was used for calculation purposes.

** - Latest Borough population available (2014) and Bergen County per capita personal income available (2013) was used for for calculation purposes.

Sources:

^a Population information provided by the US Department of Census - Population Division.

^b Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

^c Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Employer	2014		Employer	2005	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	Total	N/A	N/A

N/A - Information is not available.

NOTE: The District was unsuccessful in its attempt to obtain information regarding the principal employers of the Borough.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:										
Regular	126	128	128	126	125	126	129	129	130	130
Support Services:										
Student & Instruction Related Services	39	40	40	39	39	41	41	41	40	40
General Administrative Services	3	4	4	4	4	4	4	4	4	4
School Administrative Services	13	13	13	12	12	13	13	13	13	13
Central Services	2	2	2	2	2	2	2	2	2	2
Total	<u>183</u>	<u>187</u>	<u>187</u>	<u>183</u>	<u>182</u>	<u>186</u>	<u>189</u>	<u>189</u>	<u>189</u>	<u>189</u>

Source: Borough of Franklin Lakes School District Personnel Records.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2006	1,535	\$ 23,642,132	\$ 15,402	8.87 %	130	1:12	1:12	1,534	1,480	-1.35 %	96.48 %
2007	1,521	25,301,823	16,635	8.01 %	138	1:10	1:12	1,521	1,462	-0.85 %	96.12 %
2008	1,489	26,356,170	17,701	6.41 %	138	1:12	1:12	1,489	1,436	-2.10 %	96.44 %
2009	1,492	26,528,714	17,781	0.45 %	137	1:12	1:12	1,492	1,416	0.20 %	94.91 %
2010	1,464	26,183,196	17,885	0.59 %	136	1:12	1:12	1,458	1,381	-2.28 %	94.72 %
2011	1,433	27,254,260	19,019	6.34 %	135	1:12	1:12	1,429	1,375	-1.99 %	96.22 %
2012	1,410	28,389,532	20,134	5.86 %	139	1:11	1:12	1,414	1,352	-1.05 %	95.62 %
2013	1,311	29,585,168	22,567	12.08 %	138	1:11	1:12	1,311	1,264	-7.28 %	96.41 %
2014	1,285	29,435,883	22,907	1.51 %	139	1:11	1:12	1,281	1,230	-2.29 %	96.02 %
2015	1,236	29,747,828	24,068	5.07 %	136	1:12	1:12	1,231	1,183	-3.90 %	96.10 %

Note: Enrollment based on annual October District count.

^a Operating expenditures equal total expenditures less debt service and capital outlay.

^b Cost per pupil is calculated based upon enrollment and operating expenditures presented above which may not be the same as State cost per pupil calculations.

^c Teaching staff includes only full-time equivalents of certificated staff.

^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Borough of Franklin Lakes School District Records.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>										
Colonial Road School (2004):										
Square Feet	59,645	59,645	59,645	59,645	59,645	59,645	59,645	59,645	59,645	59,645
Capacity (Students)	373	373	373	373	373	373	373	373	373	373
Enrollment	372	364	363	364	353	340	320	287	277	267
High Mountain Road School:										
Square Feet	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173
Capacity (Students)	359	359	359	359	359	359	359	359	359	359
Enrollment	291	285	277	280	267	259	263	249	249	227
Woodside Avenue School:										
Square Feet	53,409	53,409	53,409	53,409	53,409	53,409	53,409	53,409	53,409	53,409
Capacity (Students)	363	363	363	363	363	363	363	363	363	363
Enrollment	341	335	330	331	334	330	315	286	286	278
Franklin Avenue Middle School:										
Square Feet	78,806	78,806	78,806	78,806	78,806	78,806	78,806	78,806	78,806	78,806
Capacity (Students)	540	540	540	540	540	540	540	540	540	540
Enrollment	531	537	519	517	510	504	512	489	473	464

Number of Schools at June 30, 2015:

Elementary = 3
Middle School = 1

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Borough of Franklin Lakes School District Facilities Office.

Exhibit J-19

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

Undistributed Expenditures - Required Maintenance
For School Facilities - Account #11-000-261-XXX:

Fiscal Year Ending June 30	Colonial Road Elementary School	High Mountain Road Elementary School	Woodside Avenue Elementary School	Franklin Avenue Middle School	Total School Facilities*
2006	\$ 26,008	\$ 57,745	\$ 64,216	\$ 104,936	\$ 252,905
2007	22,027	88,980	131,428	94,310	336,745
2008	27,755	113,153	173,131	184,715	498,754
2009	18,404	80,870	133,877	240,025	473,176
2010	39,591	90,399	129,192	150,494	409,676
2011	53,988	76,199	89,168	175,429	394,784
2012	48,828	166,381	198,933	161,881	576,023
2013	57,336	158,111	248,182	207,890	671,519
2014	161,539	195,717	180,141	231,433	768,830
2015	222,767	151,617	204,524	254,963	833,871

* School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: Borough of Franklin Lakes School District Records.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(UNAUDITED)

	Coverage	Deductible
American Guarantee and Liability Insurance Company:		
General Liability:		
General Aggregate	\$ 2,000,000	
Each Occurrence	1,000,000	
Production/Completed Operations	2,000,000	
Personal Injury	1,000,000	
Fire Damage	1,000,000	
Medical Expense	10,000	
Employee Benefits Liability	1,000,000	\$ 1,000
Commercial Property Coverage:		
Property Building & Contents Replacement		
Cost Values	62,312,282	5,000
Business Income & Extra Expense	5,000,000	72Hr Waiting Period
Earthquake and Volcanic Eruption	5,000,000	5%
Flood (Outside Zones A, V or B)	5,000,000	50,000
Flood (Zone B)	2,000,000	100,000
Flood (Zones A or V)	1,000,000	500,000
Valuable Papers	5,000,000	1,000
Electronic Data Processing Equipment	3,000,000	5,000
Boiler and Machinery:		
Blanket Property Damage Per Breakdown	25,000,000	5,000
Crime:		
Employee Dishonesty with Faithful Performance	500,000	5,000
Forgery & Alteration	50,000	1,000
Theft - Inside - Money and Securities	100,000	1,000
Theft - Outside - Money and Securities	100,000	1,000
Computer Fraud	50,000	1,000
Commercial Automobile:		
Combined Single Limit	1,000,000	
Automobile Medical Payments	5,000	
Hired/Non-Owned	1,000,000	
Uninsured/Underinsured	1,000,000	
Hired Auto Physical Damage	100,000	1,000
School Board Legal Liability Coverage:		
Each Loss	1,000,000	25,000
Aggregate	1,000,000	
Employment Practices Liability	1,000,000	25,000

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(UNAUDITED)

	Coverage	Deductible
Catastrophic Liability Coverage - American Guarantee & Liability:		
Per Occurrence	\$ 10,000,000	
Aggregate Limit	10,000,000	
Retained Limit	10,000	
Fidelity Bonds - Western Surety Company:		
Board Secretary/Business Administrator:	250,000	
Treasurer of School Monies:	250,000	
Workers' Compensation - Manufacturers Alliance Insurance Co.:		
Covered Payrolls - Professional	16,660,000	

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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*

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Franklin Lakes School District
 County of Bergen, New Jersey

We have audited, in accordance with the 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Franklin Lakes School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 the 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.

The Honorable President and Members
of the Board of Education
Borough of Franklin Lakes School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

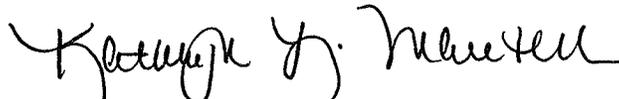
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



NISIVOCCIA, LLP

Mount Arlington, New Jersey
November 13, 2015



Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance Required by
 OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Franklin Lakes School District
 County of Bergen, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Borough of Franklin Lakes School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2015. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members
of the Board of Education
Borough of Franklin Lakes School District
Page 2

Opinion on Each Major State Program

In our opinion, the District 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 state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 or 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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 OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

Nisivoccia, LLP

NISIVOCCIA, LLP

Mount Arlington, New Jersey
November 13, 2015

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2014			Balance June 30, 2015			
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture -												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Special Milk Program	10.556	N/A	7/1/14	6/30/15	\$ 7,083			\$ 6,658	\$ (7,083)	\$ (425)		
Special Milk Program	10.556	N/A	7/1/13	6/30/14	6,883	\$ (585)		585				
Total Child Nutrition Cluster						(585)		7,243	(7,083)	(425)		
Total Enterprise Fund						(585)		7,243	(7,083)	(425)		
Total U.S. Department of Agriculture						(585)		7,243	(7,083)	(425)		
U.S. Department of Education -												
Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA-1580-15	7/1/14	6/30/15	295,337			295,337	(295,337)			
I.D.E.A. Part B, Preschool	84.173	IDEA-1580-15	7/1/14	6/30/15	16,746			16,746	(16,746)			
Total Special Education Cluster								312,083	(312,083)			
No Child Left Behind:												
Title II, Part A	84.281	NCLB-1580-15	7/1/14	6/30/15	17,548			17,548	(17,548)			
Total Special Revenue Fund								329,631	(329,631)			
Total U.S. Department of Education								329,631	(329,631)			
TOTAL FEDERAL AWARDS						\$ (585)	\$ -0-	\$ 336,874	\$ (336,714)	\$ (425)	\$ -0-	\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2014			Repayment of Prior Years' Balances	Balance June 30, 2015			MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Unearned Revenue	Budgetary (Accounts Receivable)
State Department of Education:													
General Fund:													
Special Education Categorical Aid	15-495-034-5120-089	7/1/14	6/30/15	\$ 625,156			\$ 584,596	\$ (625,156)				\$ (40,560)	\$ 625,156
Special Education Categorical Aid	14-495-034-5120-089	7/1/13	6/30/14	625,156	\$ (27,130)		27,130						
Security Aid	15-495-034-5120-084	7/1/14	6/30/15	18,589			17,383	(18,589)				(1,206)	18,589
Security Aid	14-495-034-5120-084	7/1/13	6/30/14	18,589	(807)		807						
Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	54,533			50,995	(54,533)				(3,538)	54,533
Transportation Aid	14-495-034-5120-014	7/1/13	6/30/14	54,533	(2,366)		2,366						
Adjustment Aid	15-495-034-5120-085	7/1/14	6/30/15	14,036			13,125	(14,036)				(911)	14,036
Adjustment Aid	14-495-034-5120-085	7/1/13	6/30/14	14,036	(609)		609						
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14	6/30/15	12,010			11,231	(12,010)				(779)	12,010
PARCC Readiness Aid	15-495-034-5120-098	7/1/14	6/30/15	12,010			11,231	(12,010)				(779)	12,010
Nonpublic School Transportation Costs	15-495-034-5120-014	7/1/14	6/30/15	19,510				(19,510)	\$ (19,510)			(19,510)	19,510
Nonpublic School Transportation Costs	14-495-034-5120-014	7/1/13	6/30/14	15,618	(15,618)		15,618						
Extraordinary Special Education Costs Aid	15-495-034-5120-044	7/1/14	6/30/15	200,584				(200,584)	(200,584)			(200,584)	200,584
Extraordinary Special Education Costs Aid	14-495-034-5120-044	7/1/13	6/30/14	264,409	(264,409)		264,409						
Reimbursed TPAF Social Security Aid	15-495-034-5095-002	7/1/14	6/30/15	957,560			910,322	(957,560)	(47,238)			(47,238)	957,560
Reimbursed TPAF Social Security Aid	14-495-034-5095-002	7/1/13	6/30/14	954,508	(48,129)		48,129						
Total General Fund State Aid							1,957,951	(1,913,988)		(267,332)		(315,105)	1,913,988
Special Revenue Fund:													
NJ Nonpublic Aid:													
Nursing Services (Chapter 226)	15-100-034-5120-070	7/1/14	6/30/15	18,780			18,780	(18,780)					18,780
Textbook Aid (Chapter 194)	15-100-034-5120-064	7/1/14	6/30/15	11,737			11,737	(11,737)					11,737
Textbook Aid (Chapter 194)	14-100-034-5120-064	7/1/13	6/30/14	11,025		\$ 383			\$ (383)				
Technology Initiative	15-100-034-5120-373	7/1/14	6/30/15	6,304			6,304	(6,304)					6,304
Auxiliary Services (Chapter 192):													
Transportation	15-100-034-5120-068	7/1/14	6/30/15	12,600			12,600	(12,600)					12,600
Compensatory Education	15-100-034-5120-067	7/1/14	6/30/15	31,353			31,353	(23,380)		\$ 7,973			23,380
Compensatory Education	14-100-034-5120-067	7/1/13	6/30/14	31,671		6,077			(6,077)				
Handicapped Services (Chapter 193):													
Supplementary Instruction	15-100-034-5120-066	7/1/14	6/30/15	10,201			10,201	(7,611)		2,590			7,611
Supplementary Instruction	14-100-034-5120-066	7/1/13	6/30/14	10,477		3,122			(3,122)				
Examination and Classification	15-100-034-5120-066	7/1/14	6/30/15	15,310			15,310	(12,606)		2,704			12,606
Examination and Classification	14-100-034-5120-066	7/1/13	6/30/14	14,488		3,661			(3,661)				
Corrective Speech	15-100-034-5120-066	7/1/14	6/30/15	15,903			15,903	(8,393)		7,510			8,393
Corrective Speech	14-100-034-5120-066	7/1/13	6/30/14	14,843		6,875			(6,875)				
Total Special Revenue Fund						20,118	122,188	(101,411)	(20,118)		20,777		101,411
Total State Department of Education					(359,068)	20,118	2,080,139	(2,015,399)	(20,118)	(267,332)	20,777	(315,105)	2,015,399

N/A - Not Available/Applicable

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2014			Repayment of Prior Years' Balances	Balance June 30, 2015			MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Unearned Revenue	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
Schools Development Authority:														
Capital Projects Fund:														
Educational Facilities Construction & Financing Act:														
District School:														
High Mountain Road Elementary	SP-1580-020-09-1002	12/30/09	06/30/11	\$ 13,000	\$ (13,000)								\$ (13,000)	\$ 13,000
Woodside Avenue Elementary	SP-1580-030-09-1003	12/30/09	06/30/11	163,200	(163,200)								(163,200)	163,200
Franklin Avenue Middle	SP-1580-015-09-1001	12/30/09	06/30/11	354,960	(354,960)								(354,960)	354,960
Total Capital Projects Fund					(531,160)								(531,160)	531,160
Total Schools Development Authority					(531,160)								(531,160)	531,160
TOTAL STATE AWARDS					\$ (890,228)	\$ 20,118	\$ 2,080,139	\$ (2,015,399)	\$ (20,118)	\$ (267,332)	\$ 20,777	\$ -0-	\$ (846,265)	\$ 2,546,559

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES FEDERAL AND STATE AWARDS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Franklin Lakes School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception programs recorded in the Milk Fund, which are presented using the accrual basis of accounting. This basis of accounting is described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General, Special Revenue and Capital Projects Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds 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 two current year state aid payments, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two current year state aid payments 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 revenue, whereas the GAAP basis does not.

The Capital Projects Fund is presented in the accompanying schedules on the budgetary basis with the exception of the recognition of the Schools Development Authority grants which are realized as revenue on the budgetary basis when awarded. These grants are realized on the GAAP basis when they are expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(16,861) for the General Fund and \$-0- for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post-Retirement Medical Benefits revenue of \$701,861 and \$1,114,204 respectively.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,713,192	\$ 3,713,192
Special Revenue Fund	\$ 329,631	101,411	431,042
Capital Projects Fund			
Proprietary Fund	<u>7,083</u>		<u>7,083</u>
Total Financial Assistance	<u>\$ 336,714</u>	<u>\$ 3,814,603</u>	<u>\$ 4,151,317</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

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2015.

NOTE 6. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANT

The District has been awarded grants in the amount of \$531,160 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2015, the grant funds have been expended but have not been drawn down or submitted for reimbursement, therefore, \$- has been recognized as revenue or receivable on the GAAP basis and \$531,160 is receivable on the budgetary basis.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for each major state program for the District expresses an unmodified opinion on each major state program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for the fiscal year ended June 30, 2015 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's state programs tested as major for the current fiscal year were the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Aid Public:				
Special Education				
Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 625,156	\$ 625,156
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	18,589	18,589
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	14,036	14,036
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	12,010	12,010
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	12,010	12,010

- The threshold used for distinguishing between Type A and Type B state programs was \$300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 was \$500,000.
- The District was determined to be a "low-risk" auditee for state programs under the provisions of section 530 of the federal Circular.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2014.