

**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, 2019**

**Comprehensive Annual
Financial Report**

of the

Borough of Franklin Lakes School District

Franklin Lakes, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BOROUGH OF FRANKLIN LAKES SCHOOL
DISTRICT
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INTRODUCTORY SECTION

FRANKLIN LAKES PUBLIC SCHOOLS

490 Pulis Avenue, Franklin Lakes, New Jersey 07417

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www.franklinlakes.k12.nj.us

Gayle Strauss, Ph.D.
Interim Superintendent of Schools

Michael J. Solokas
*Board Secretary and
Business Administrator*

November 22, 2019

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, 2019, 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, the 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 financial 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are 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 2018-2019 fiscal year with an average daily enrollment of 1,139 students, which is an increase of 10 students from the previous fiscal year's average daily enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: In 2019, Franklin Lakes' net assessed valuations increased by \$29,763,600 to \$4,245,681,100 and the projected new home developments are still increasing. Standard & Poor's Ratings Services "AA+" rating reflects the District's sizable property tax base with no concentration among leading taxpayers. With good reserves and sound financial operations, the District's outlook remains very stable.

Enrollment is projected to continue to increase in the lower grades due to a new housing development with families moving in helping to stabilize the student base. Also, sales of existing homes are increasing.

3) MAJOR INITIATIVES: At June 30, 2019 year-end, the Capital Reserve was replenished with the interest earnings allocated, and a Board approved deposit.

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 approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget 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, 2019.

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.

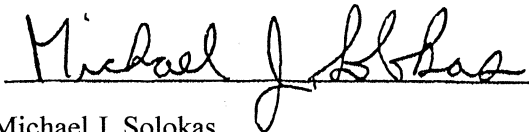
7) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 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.

8) 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,



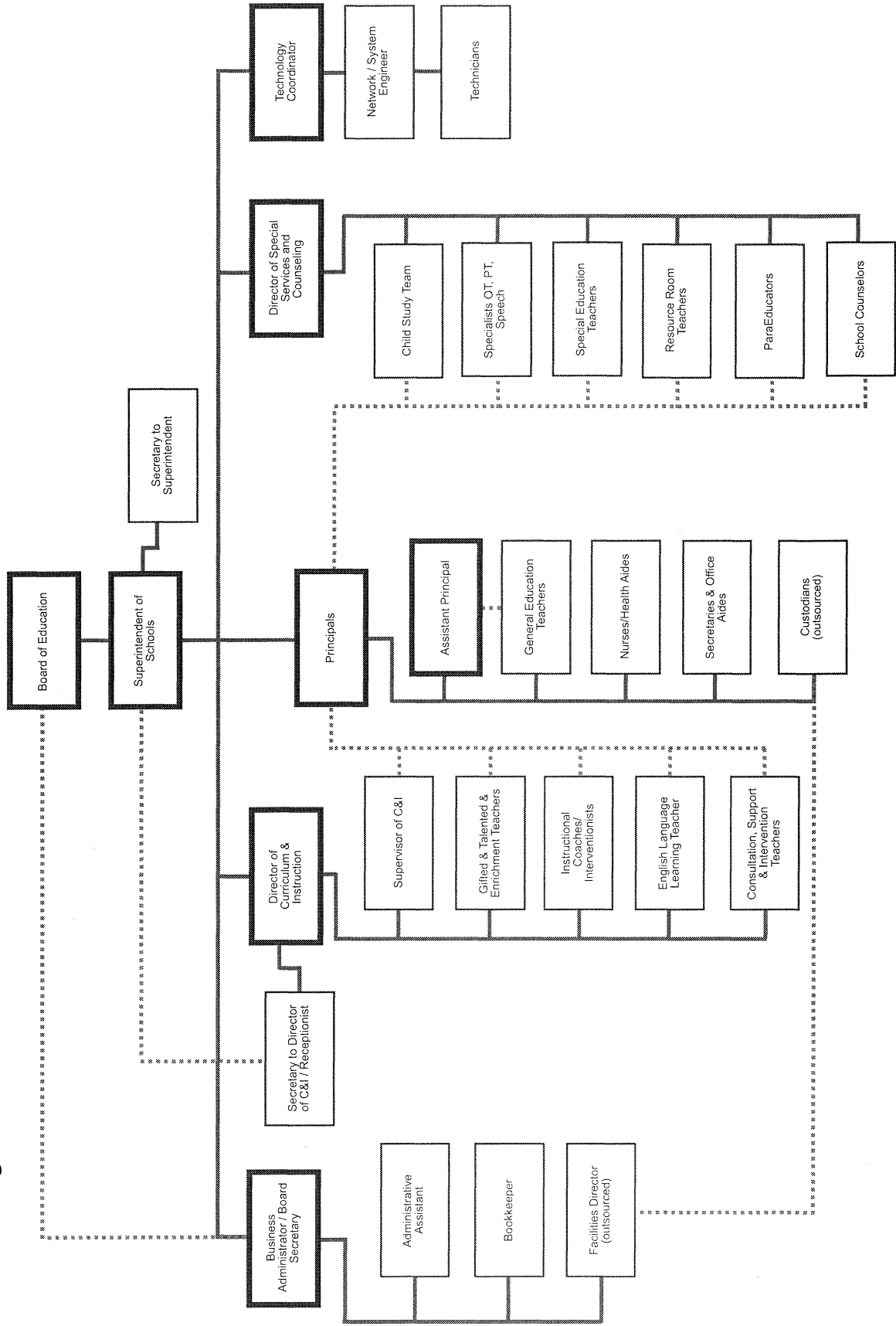
Gayle Strauss, Ph.D.
Interim Superintendent of Schools



Michael J. Solokas
Business Administrator/Board Secretary

FRANKLIN LAKES BOARD OF EDUCATION
Franklin Lakes, New Jersey

Exhibit: Organizational Chart



**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Rosano, President	2019
Ann Kraemer, Vice President	2020
Lisa Acquaire	2020
Vicki Holst	2021
Taso Katopodis	2019
Peter Koulikourdis	2020
Amanda Krakowiak	2021
Kathleen Schwartz	2019
Jackie Veliky	2021

Other Officials

Title

Dr. Gayle Strauss	Interim 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

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, 2019, 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.

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, 2019, 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.

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 pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-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 other supplementary schedules and the schedules of expenditures of federal and state awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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 22, 2019 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 solely 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 the effectiveness of the District's 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 22, 2019

NISIVOCCIA, LLP

Kathryn L. Mantell

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, 2019
(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, 2019. 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.

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.

Figure A-1

Organization of the Borough of Franklin Lakes School District's Financial Report

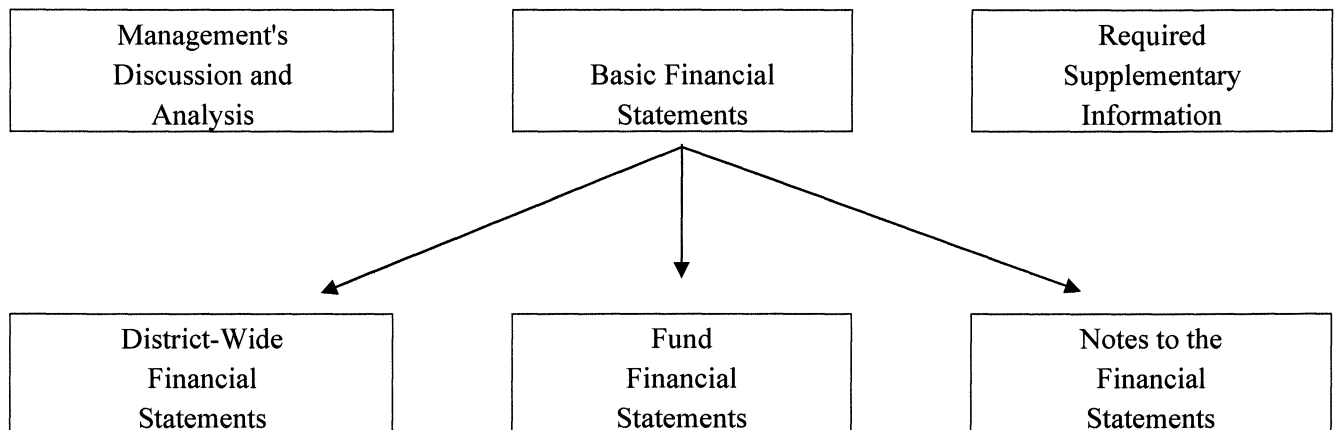


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019
(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 Food 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, 2019
(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 \$15,553,721 on June 30, 2019, \$935,601 or 6.40% more than it was the year before (See Figure A-3). Net Investment in Capital Assets decreased \$92,023, Restricted Net Position increased \$1,234,966, and Unrestricted Net Position (Deficit) decreased \$207,342.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2018/2019
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	
Current and Other Assets	\$ 7,201,551	\$ 5,267,970		\$ 1,334	\$ 7,201,551	\$ 5,269,304	
Capital Assets, Net	19,947,391	20,822,221			19,947,391	20,822,221	
Total Assets	<u>27,148,942</u>	<u>26,090,191</u>	<u>\$ -0-</u>	<u>1,334</u>	<u>27,148,942</u>	<u>26,091,525</u>	4.05%
Deferred Outflows of Resources	<u>2,203,252</u>	<u>2,951,063</u>			<u>2,203,252</u>	<u>2,951,063</u>	-25.34%
Other Liabilities	1,998,028	1,143,484			1,998,028	1,143,484	
Long-Term Liabilities	9,675,393	11,773,662			9,675,393	11,773,662	
Total Liabilities	<u>11,673,421</u>	<u>12,917,146</u>			<u>11,673,421</u>	<u>12,917,146</u>	-9.63%
Deferred Inflows of Resources	<u>2,125,052</u>	<u>1,507,322</u>			<u>2,125,052</u>	<u>1,507,322</u>	40.98%
Net Position:							
Net Investment in Capital Assets	17,417,512	17,509,535			17,417,512	17,509,535	
Restricted	4,940,727	3,705,761			4,940,727	3,705,761	
Unrestricted (Deficit)	<u>(6,804,518)</u>	<u>(6,598,510)</u>		<u>1,334</u>	<u>(6,804,518)</u>	<u>(6,597,176)</u>	
Total Net Position	<u>\$ 15,553,721</u>	<u>\$ 14,616,786</u>	<u>\$ -0-</u>	<u>\$ 1,334</u>	<u>\$ 15,553,721</u>	<u>\$ 14,618,120</u>	6.40%

Net Investment in Capital Assets decreased due to \$972,364 of depreciation and \$11,959 of disposals of capital assets offset by \$109,493 in capital asset additions and reductions in debt. Restricted Net Position increased due to the deposit of funds to the Capital Reserve Account. Unrestricted Net Position decreased primarily due to reductions in encumbrances and deferred inflows offset by reductions in long-term liabilities and collection of SDA grants.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2018/2019
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,336,177	\$ 2,187,118	\$ 3,540	\$ 3,981	\$ 2,339,717	\$ 2,191,099	
Grants/Contributions:							
Operating	9,861,901	12,122,809		6,885	9,861,901	12,129,694	
Capital		402,766				402,766	
General Revenue:							
Property Taxes	27,145,086	26,432,437			27,145,086	26,432,437	
Federal/State Aid							
Not Restricted	25,431	69,739			25,431	69,739	
Other	193,877	145,212			193,877	145,212	
Total Revenue	<u>39,562,472</u>	<u>41,360,081</u>	<u>3,540</u>	<u>10,866</u>	<u>39,566,012</u>	<u>41,370,947</u>	-4.36%
Expenses:							
Instruction	25,008,844	28,177,728			25,008,844	28,177,728	
Pupil and Instruction							
Services	5,387,387	5,562,794			5,387,387	5,562,794	
Administrative and							
Business	3,079,607	3,350,248			3,079,607	3,350,248	
Maintenance and							
Operations	4,002,222	3,635,415			4,002,222	3,635,415	
Transportation	1,039,839	864,249			1,039,839	864,249	
Other	102,693	126,980	9,819	10,266	112,512	137,246	
Total Expenses	<u>38,620,592</u>	<u>41,717,414</u>	<u>9,819</u>	<u>10,266</u>	<u>38,630,411</u>	<u>41,727,680</u>	-7.42%
Transfers	(4,945)		4,945				
Increase/(Decrease) in Net Position	<u>\$ 936,935</u>	<u>\$ (357,333)</u>	<u>\$ (1,334)</u>	<u>\$ 600</u>	<u>\$ 935,601</u>	<u>\$ (356,733)</u>	

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District decreased 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 in the last several years.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Governmental Activities

Figure A-5 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-5
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2018/2019	2017/2018	2018/2019	2017/2018
Instruction	\$ 25,008,844	\$ 28,177,728	\$ 14,005,694	\$ 15,058,448
Pupil and Instruction Services	5,387,387	5,562,794	4,475,872	4,522,572
Administrative and Business	3,079,607	3,350,248	3,079,607	3,350,248
Maintenance and Operations	4,002,222	3,635,415	4,002,222	3,232,649
Transportation	1,039,839	864,249	756,426	713,824
Other	102,693	126,980	102,693	126,980
	<u>\$ 38,620,592</u>	<u>\$ 41,717,414</u>	<u>\$ 26,422,514</u>	<u>\$ 27,004,721</u>

Business-Type Activities

Net position from the District's business-type activity decreased by \$6,879 (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position increased \$1,335,144 due to careful monitoring and savings achieved with respect to expenditures and increases in local and state revenues. Even so, 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. All of the District's capital projects in the Capital Projects Fund were officially finalized and the remaining unexpended balances were transferred to the General Fund during the fiscal year.

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 2018/2019 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 appropriation of capital reserve for Franklin Avenue Middle School boiler replacement project.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Capital Assets

**Figure A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Total School District		Percentage Change 2018/2019
	2018/2019	2017/2018	2018/2019	2017/2018	
Land	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	
Construction in Progress	995,289	995,289	995,289	995,289	
Buildings and Building Improvements	16,715,153	17,549,527	16,715,153	17,549,527	
Machinery and Equipment	427,560	468,016	427,560	468,016	
Total Capital Assets (Net of Depreciation)	\$19,947,391	\$20,822,221	\$19,947,391	\$20,822,221	-4.20%

The District had \$972,364 in depreciation expense and \$109,493 of capital additions 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 Liabilities

At year-end, the District had \$2,515,000 in general obligation bonds – a decrease of \$635,000 from last year – as shown in Figure A-7. More detailed information about the District's long-term liabilities is presented in Note 8 to the Basic Financial Statements.

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change 2018/2019
	2018/2019	2017/2018	
General Obligation Bonds (Financed with Property Taxes)	\$ 2,515,000	\$ 3,150,000	
Unamortized Bond Issuance Premiums	221,156	276,444	
Net Pension Liability	6,293,284	7,459,772	
Other Long Term Liabilities	645,953	887,446	
	\$ 9,675,393	\$ 11,773,662	-17.82%

- The District's major change comes primarily from the change in the Net Pension Liability.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

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

The primary factor considered by the District's Administration during the process of developing the fiscal year 2019-20 budget was the steadying of the student population. Current enrollment remains 50 students above the projected enrollment predicted by the April 2019 Demographic Study. Also, families have begun moving into the 275 residential units in the High Mountain Road school area which is the school with the lowest enrollment currently.

The District currently has over \$460,610 in Banked Cap available for use in the next 3 budget cycles.

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 2,704,967	\$ 2,704,967
Receivable from State Government	311,795	311,795
Other Accounts Receivable	56,905	56,905
Interfund Receivables	78,230	78,230
Restricted Assets - Cash and Cash Equivalents:		
Emergency Reserve Account	100,000	100,000
Capital Reserve Account	3,840,727	3,840,727
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	17,142,713	17,142,713
Total Assets	27,148,942	27,148,942
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount on Refunding	153,635	153,635
Deferred Outflows Related to Pensions	2,049,617	2,049,617
Total Deferred Outflows of Resources	2,203,252	2,203,252
LIABILITIES		
Accounts Payable	1,859,326	1,859,326
Payable to State Government	17,465	17,465
Accrued Interest Payable	45,354	45,354
Unearned Revenue	75,883	75,883
Noncurrent Liabilities:		
Due Within One Year	784,135	784,135
Due Beyond One Year	8,891,258	8,891,258
Total Liabilities	11,673,421	11,673,421
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions	2,125,052	2,125,052
Total Deferred Inflows of Resources	2,125,052	2,125,052
NET POSITION		
Net Investment in Capital Assets	17,417,512	17,417,512
Restricted for:		
Capital Projects	3,840,727	3,840,727
Excess Surplus	1,000,000	1,000,000
Emergency	100,000	100,000
Unrestricted (Deficit)	(6,804,518)	(6,804,518)
Total Net Position	\$ 15,553,721	\$ 15,553,721

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, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-Type Activities	Total
			Grants and Contributions				
Governmental Activities:							
Instruction:							
Regular	\$ 16,668,286	\$ 2,290,727	\$ 5,443,317	\$ (11,224,969)	\$ (11,224,969)		\$ (11,224,969)
Special Education	6,910,092		2,789,538	(1,829,827)	(1,829,827)		(1,829,827)
Other Special Instruction	1,282,379		432,895	(849,484)	(849,484)		(849,484)
School-Sponsored Instruction	148,087		46,673	(101,414)	(101,414)		(101,414)
Support Services:							
Tuition	889,793		244,373	(645,420)	(645,420)		(645,420)
Student & Instruction Related Services	4,497,594		667,142	(3,830,452)	(3,830,452)		(3,830,452)
General Administrative Services	502,010			(502,010)	(502,010)		(502,010)
School Administrative Services	1,967,457			(1,967,457)	(1,967,457)		(1,967,457)
Central Services	409,255			(409,255)	(409,255)		(409,255)
Administrative Information Technology	200,885			(200,885)	(200,885)		(200,885)
Plant Operations and Maintenance	4,002,222			(4,002,222)	(4,002,222)		(4,002,222)
Pupil Transportation	1,039,839	45,450	237,963	(756,426)	(756,426)		(756,426)
Interest and Other Charges	96,588			(96,588)	(96,588)		(96,588)
Unallocated Depreciation	6,105			(6,105)	(6,105)		(6,105)
Total Governmental Activities	38,620,592	2,336,177	9,861,901	(26,422,514)	(26,422,514)		(26,422,514)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities: Food Service	\$ 9,819	\$ 3,540			\$ (6,279)	\$ (6,279)
Total Business-Type Activities	9,819	3,540			(6,279)	(6,279)
Total Primary Government	\$ 38,630,411	\$ 2,339,717	\$ 9,861,901	\$ (26,422,514)	(6,279)	(26,428,793)

General Revenue and Transfers:

Taxes:						
Property Taxes, Levied for General Purposes, Net			26,390,486			26,390,486
Taxes Levied for Debt Service			754,600			754,600
Federal and State Aid not Restricted			25,431			25,431
Miscellaneous Income			193,877			193,877
Transfers			(4,945)	4,945		
Total General Revenue and Transfers			27,359,449	4,945		27,364,394
Change in Net Position			936,935	(1,334)		935,601
Net Position - Beginning			14,616,786	1,334		14,618,120
Net Position - Ending			\$ 15,553,721	\$ -0-		\$ 15,553,721

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

FUND FINANCIAL STATEMENTS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<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	\$ 2,685,797	\$ 16,173	\$ 2,997	\$ 2,704,967
Receivables From Federal Government		108,927		\$ 108,927
Receivables from State Government	311,795			311,795
Other Receivables	56,905			56,905
Interfund Receivable	176,003			176,003
Restricted Cash and Cash Equivalents	3,940,727			3,940,727
Total Assets	<u>\$ 7,171,227</u>	<u>\$ 125,100</u>	<u>\$ 2,997</u>	<u>\$ 7,299,324</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Interfund Payable		\$ 94,776	\$ 2,997	\$ 97,773
Accounts Payable	\$ 1,497,491	12,859		1,510,350
Payable to State Government		17,465		17,465
Unearned Revenue	75,883			75,883
Total Liabilities	<u>1,573,374</u>	<u>125,100</u>	<u>2,997</u>	<u>1,701,471</u>
Fund Balances:				
Restricted:				
Excess Surplus	500,000			500,000
Excess Surplus - Designated for Subsequent Year's Expenditures	500,000			500,000
Emergency Reserve	100,000			100,000
Capital Reserve Account	3,840,727			3,840,727
Committed:				
Unassigned (Deficit)	657,126			657,126
Total Fund Balances (Deficit)	<u>5,597,853</u>			<u>5,597,853</u>
Total Liabilities and Fund Balances	<u>\$ 7,171,227</u>	<u>\$ 125,100</u>	<u>\$ 2,997</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.	19,947,391
Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.	153,635
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	1,037,029
Changes in Proportion - Pensions	543,598
Difference Between Expected and Actual Experience - Pensions	87,564
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(59,032)
Changes in Assumptions - Pensions	(2,012,258)
Changes in Proportion - Pensions	(21,312)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(45,354)
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 \$442,304.	(276,444)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(6,293,284)
Long-Term Liabilities, Including Bonds Payable, Capital Leases Payable and Compensated Absences, Are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(3,105,665)</u>
Net Position of Governmental Activities	<u>\$ 15,553,721</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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 26,390,486			\$ 754,600	\$ 27,145,086
Other Local Government Units - Restricted	66,150				66,150
Tuition from Individuals	308,693				308,693
Tuition from Other LEAs	1,982,034				1,982,034
Transportation Fees	45,450				45,450
Interest Earned on Capital Reserve	1,800				1,800
Miscellaneous	125,927				125,927
Total - Local Sources	28,920,540			754,600	29,675,140
State Sources	5,805,428	\$ 106,054			5,911,482
Federal Sources		391,383			391,383
Total Revenues	34,725,968	497,437		754,600	35,978,005
EXPENDITURES:					
Current:					
Regular Instruction	8,672,080				8,672,080
Special Education Instruction	3,671,365	98,198			3,769,563
Other Special Instruction	631,846				631,846
School-Sponsored/Other Instruction	77,948				77,948
Support Services and Undistributed Costs:					
Tuition	645,420	244,373			889,793
Student and Other Instruction Related Services	3,044,099	154,866			3,198,965
General Administration Services	378,323				378,323
School Administration Services	1,060,841				1,060,841
Central Services	283,074				283,074
Administrative Information Technology	138,278				138,278
Plant Operations and Maintenance	2,758,137				2,758,137

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Debt</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
EXPENDITURES:					
Student Transportation	\$ 1,022,954				\$ 1,022,954
Unallocated Benefits	10,932,636				10,932,636
Capital Outlay	285,940				285,940
Debt Service:					
Interest and Other Charges				\$ 119,600	119,600
Principal				635,000	635,000
Total Expenditures	<u>33,602,941</u>	<u>\$ 497,437</u>	<u>\$ - 0 -</u>	<u>754,600</u>	<u>34,854,978</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>1,123,027</u>	<u>- 0 -</u>		<u>- 0 -</u>	<u>1,123,027</u>
OTHER FINANCING (USES):					
Transfers In	204,217				204,217
Transfers Out	<u>(4,945)</u>		<u>\$ (204,217)</u>		<u>(209,162)</u>
Total Other Financing (Uses)	<u>199,272</u>	<u>- 0 -</u>	<u>(204,217)</u>	<u>- 0 -</u>	<u>(4,945)</u>
Net Change in Fund Balances	<u>1,322,299</u>	<u>- 0 -</u>	<u>(204,217)</u>	<u>- 0 -</u>	<u>1,118,082</u>
Fund Balance - July 1	<u>4,275,554</u>		<u>204,217</u>		<u>4,479,771</u>
Fund Balance - June 30	<u>\$ 5,597,853</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 5,597,853</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, 2019

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 1,118,082

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	\$ (972,364)
	Capital Outlays	109,493
Disposal of Capital Assets, Net of Depreciation		<u>(11,959)</u>
		(874,830)

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	1,166,488
Deferred Outflows:	
Changes in Assumptions	(465,857)
Changes in Proportion	(186,086)
Difference Between Expected and Actual Experience	(55,638)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(50,797)
Deferred Inflows:	
Changes in Proportion	(11,367)
Changes in Assumptions	(514,881)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(91,482)
	55,277

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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Capital leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

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	635,000
Capital Lease Principal	<u>186,216</u>
	821,216

The governmental funds report the effect of the deferred amount on refunding relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities.

The governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

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.

Change in Net Position of Governmental Activities (Exhibit A-2)	55,288
	<u>9,931</u>
	<u>\$ 936,935</u>

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

NOT APPLICABLE

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 3,540
Total Operating Revenue	<u>3,540</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	<u>9,819</u>
Total Operating Expenses	<u>9,819</u>
Operating Loss	(6,279)
Change in Net Position Before Transfer	(6,279)
Transfers In - General Fund Board Contribution	<u>4,945</u>
Change in Net Position	(1,334)
Net Position - Beginning of Year	<u>1,334</u>
Net Position - End of Year	<u>\$ -0-</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, 2019

	<u>Enterprise Funds</u>
	<u>Food Service</u>
Cash Flows from Operating Activities	
Receipts from Customers	\$ 3,540
Payments to Suppliers	(9,819)
Net Cash Used for Operating Activities	(6,279)
Cash Flows from Noncapital Financing Activities:	
Interfund - General Fund	1,334
Transfer Out - General Fund	4,945
Net Cash Provided by Noncapital Financing Activities	6,279
Net Increase in Cash and Cash Equivalents	-0-
Cash and Cash Equivalents, July 1	-0-
Cash and Cash Equivalents, June 30	\$ -0-
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (6,279)
Net Cash Used for Operating Activities	\$ (6,279)

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, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
ASSETS:				
Cash and Cash Equivalents	\$ 276,075	\$ 350,147	\$ 103,921	\$ 730,143
Total Assets	<u>276,075</u>	<u>350,147</u>	<u>103,921</u>	<u>730,143</u>
LIABILITIES:				
Accrued Payroll - Summer Savings	4,896			78,230
Interfund Payable - General Fund	34,039		73,334	34,039
Due to Student Groups	105,827			105,827
Payroll Deductions and Withholdings	131,313			131,313
Laptop Replacement Costs				
Total Liabilities	<u>276,075</u>		<u>73,334</u>	<u>349,409</u>
NET POSITION:				
Held in Trust for:				
Unemployment Compensation Claims		350,147		350,147
Flexible Spending Claims			30,587	30,587
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 350,147</u>	<u>\$ 30,587</u>	<u>\$ 380,734</u>

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, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
Additions:			
Contributions:			
Plan Members	\$ 18,692	\$ 73,652	\$ 92,344
Total Contributions	<u>18,692</u>	<u>73,652</u>	<u>92,344</u>
 Total Additions	 <u>18,692</u>	 <u>73,652</u>	 <u>92,344</u>
 Deductions			
Unemployment Compensation Claims	66,213		66,213
Flexible Spending Claims		61,227	61,227
Total Deductions	<u>66,213</u>	<u>61,227</u>	<u>127,440</u>
Change in Net Position	(47,521)	12,425	(35,096)
Net Position - Beginning of the Year	<u>397,668</u>	<u>18,162</u>	<u>415,830</u>
Net Position - End of the Year	<u>\$ 350,147</u>	<u>\$ 30,587</u>	<u>\$ 380,734</u>

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, 2019

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 ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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.

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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (Cont'd)

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.

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 and Flexible Spending 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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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.

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, 2019 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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 34,738,813	\$ 497,437
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	74,217	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(87,062)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 34,725,968	\$ 497,437
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 33,602,941	\$ 497,437
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 33,602,941	\$ 497,437

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.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

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.

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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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, 2019.

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 acquisition value. 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 and Building Improvements	40 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 an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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, 2019.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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 \$5,597,853 General Fund balance at June 30, 2019, is comprised of \$3,840,727 restricted in the capital reserve account; \$100,000 is restricted in the emergency reserve account; \$500,000 is prior year excess surplus that has been restricted and appropriated and included in as anticipated budget revenue for the fiscal year ending June 30, 2020; \$500,000 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 budget revenue for the fiscal year ending June 30, 2020; and \$657,126 is unassigned which is \$87,062 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, 2020.

Capital Projects Fund: The District has no Capital Projects Fund balance at June 30, 2019.

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, 2019 as outlined above.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 \$87,062 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 Net Position:

The District had a \$6,804,518 deficit in unrestricted net position in governmental activities as of June 30, 2019 primarily due to the non-recognition of the June state aid payments as explained in Note 1P above, the accrual of compensated absences payable, accrued interest payable, deferred inflows and outflows of resources related to pension and the net pension liability. This deficit does 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, 2019 for the deferred amount on refunding of debt related to the District's 2010 refunding bonds, and, with regard to 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, 2019 related to pensions.

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.

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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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 have 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 \$204,217 of committed resources in its Capital Projects Fund on the GAAP basis at June 30, 2019.

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 no assigned resources at June 30, 2019.

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.

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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

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.

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.

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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk – The District’s policy with respect to custodial credit risk ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

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;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (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 section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) the funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) the designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) the designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) on the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash & Cash Equivalents</u>	<u>Emergency Reserve Account</u>	<u>Total</u>
		<u>Capital Reserve Account</u>		
Checking Accounts	<u>\$ 3,491,073</u>	<u>\$ 3,840,727</u>	<u>\$ 100,000</u>	<u>\$ 7,431,800</u>

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2019 was \$7,431,799 and the bank balance was \$7,887,516.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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.

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, 2018 to June 30, 2019 fiscal year is as follows:

Balance June 30, 2018	\$ 2,605,761
Interest Earnings	1,800
Deposit per Board Resolution June 25, 2019	1,331,413
Withdrawals by Resolution for Capital Outlay	<u>(98,247)</u>
Balance June 30, 2019	<u>\$ 3,840,727</u>

The June 30, 2019 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District’s Long Range Facilities Plan (“LRFP”). Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District’s 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 or the withdrawal is included in the original budget certified for taxes to finance school improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

The activity of the emergency reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Balance June 30, 2018	<u>\$ 100,000</u>
Balance June 30, 2019	<u>\$ 100,000</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, the District transferred \$189,165 to capital outlay line items for equipment which did not require County Superintendent approval.

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2019 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	35,933,190			35,933,190
Machinery and Equipment	1,279,598	\$ 109,493	(54,321)	1,334,770
Total Capital Assets Being Depreciated	<u>37,212,788</u>	<u>109,493</u>	<u>(54,321)</u>	<u>37,267,960</u>
Governmental Activities Capital Assets	<u>40,017,466</u>	<u>109,493</u>	<u>(54,321)</u>	<u>40,072,638</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(18,383,663)	(834,374)		(19,218,037)
Machinery and Equipment	(811,582)	(137,990)	42,362	(907,210)
	<u>(19,195,245)</u>	<u>(972,364)</u>	<u>42,362</u>	<u>(20,125,247)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$20,822,221</u>	<u>\$ (862,871)</u>	<u>\$ (11,959)</u>	<u>\$ 19,947,391</u>

Capital acquisitions totaled \$109,493 of current fiscal year capitalized expenditures in the Governmental Activities. As of June 30, 2019, the District had no active construction projects or outstanding construction encumbrances.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 742
Student and Instruction Related Services	5,895
General Administration	39,865
School Administration	3,651
Plant Operations and Maintenance	916,106
Unallocated	<u>6,105</u>
Total Depreciation	<u>\$ 972,364</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2018	Accrued	Retired	Balance 6/30/2019
Serial Bonds Payable	\$ 3,150,000		\$ 635,000	\$ 2,515,000
Unamortized Bond Issuance Premiums	276,444		55,288	221,156
Net Pension Liability	7,459,772		1,166,488	6,293,284
Capital Leases Payable	354,730		186,216	168,514
Compensated Absences Payable	532,716	\$ 2,984	58,261	477,439
	<u>\$ 11,773,662</u>	<u>\$ 2,984</u>	<u>\$ 2,101,253</u>	<u>\$ 9,675,393</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, 2019 as follows:

Purpose	Final Maturity	Interest Rate	Amount
Refunding School Bonds	08/01/22	4.00% - 4.50%	<u>\$ 2,515,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 630,000	\$ 92,725	\$ 722,725
2021	630,000	64,375	694,375
2022	630,000	37,600	667,600
2023	625,000	12,500	637,500
	<u>\$ 2,515,000</u>	<u>\$ 207,200</u>	<u>\$ 2,722,200</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2019, 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, 2019
(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 \$477,439. 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:

As of June 30, 2019, the District has capital lease payable for laptop computers that originally totaled \$356,206 of which \$187,692 has been liquidated as of June 30, 2019. The lease is for four years with the final payment occurring in fiscal year 2020-2021. 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, 2019 are detailed below.

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 93,846
2021	93,845
	<u>187,691</u>
Less: Amount Representing Interest	<u>(19,177)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 168,514</u>

The current portion of capital leases payable at June 30, 2019 is \$83,900 and the long-term portion is \$84,614. The General Fund will be used to liquidate capital leases payable.

E. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums 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 unamortized bond issuance premiums at June 30, 2019 is \$55,289 and the long-term portion is \$165,867.

F. 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, 2019 is \$0- and the long-term portion is \$6,293,284. See Note 9 for further information on the PERS.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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/financial-reports.shtml.

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:

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A 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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began 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 \$346,264 for fiscal year 2019.

The contribution policy for PERS is set by N.J.S.A. 43:15A 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 \$304,088 for fiscal year 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District reported a liability of \$6,293,284 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.03196%, which was a decrease of 0.00008% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$527,962. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources on the next page:

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 (Cont'd)

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 49,812	
	2015	5.72	224,820	
	2016	5.57	762,397	
	2017	5.48		\$ 1,160,120
	2018	5.63		852,138
			<u>1,037,029</u>	<u>2,012,258</u>
Changes in Proportion	2014	6.44		5,869
	2015	5.72	96,266	
	2016	5.57	15,484	
	2017	5.48	431,848	
	2018	5.63		15,443
			<u>543,598</u>	<u>21,312</u>
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2015	5.00		(38,028)
	2016	5.00		(212,597)
	2017	5.00		191,348
	2018	5.00		118,309
				<u>59,032</u>
Difference Between Expected and Actual Experience	2015	5.72	62,375	
	2016	5.57	23,137	
	2017	5.48	34,502	
	2018	5.63		32,450
			<u>120,014</u>	<u>32,450</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	348,976	
			<u>\$ 2,049,617</u>	<u>\$ 2,125,052</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 (Cont'd)

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

Fiscal Year Ending June 30,	Total
2019	\$ 43,679
2020	(60,474)
2021	(433,646)
2022	(375,891)
2023	(120,365)
	\$ (946,697)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, 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, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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, 2018 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:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 7,913,080	\$ 6,293,284	\$ 4,934,380

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/financial-reports.shtml.

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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. 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 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 includes 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 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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 2019, the State of New Jersey contributed \$2,516,550 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,763,886.

The employee contribution rate was 7.50% effective July 1, 2018.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019, the State's proportionate share of the net pension liability attributable to the District was \$81,718,213. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.1285%, which was a decrease of 0.003% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Attributable to the District	<u>81,718,213</u>
Total	<u><u>\$ 81,718,213</u></u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$4,763,886 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		(192,642,062)
	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
				<u>5,793,830</u>
			<u>\$12,473,998,870</u>	<u>\$ 16,180,773,643</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows on the next page:

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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)

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined 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 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2018 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:

	June 30, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net			
Pension Liability Associated with the District	\$ 96,589,376	\$ 81,718,213	\$ 69,390,382

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized \$3,482 pension expense for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$4,275 for the year ended June 30, 2019.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a "special funding situation", as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	217,131
Total	362,181

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
		<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:			
Through 2026		1.55 - 4.55%	2.15 - 4.15%
		based on years of service	based on age
Thereafter		2.00 - 5.45%	3.15 - 5.15%
		based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 52,374,501
Changes for Year:	
Service Cost	2,233,415
Interest	1,933,950
Changes in Assumptions	(5,264,547)
Differences between Expected and Actual Experience	(4,216,592)
Member Contributions	42,397
Gross Benefit Payments	(1,226,719)
Net Changes	(6,498,096)
Balance at June 30, 2018	\$ 45,876,405

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 54,235,250	\$ 45,876,405	\$ 39,231,987

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 37,919,521	\$ 45,876,405	\$ 56,399,689

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

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

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$2,502,529 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	<u>Year of Deferral</u>	<u>Original Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ (5,572,464)
Changes in Assumptions	2018	9.51		(4,710,967)
			<u>-0-</u>	<u>(10,283,431)</u>
Differences Between Expected and Actual Experience	2018	9.51		(4,453,330)
Changes in Proportion	N/A	N/A	<u>\$ 1,054,464</u>	
			<u>\$ 1,054,464</u>	<u>\$ (14,736,760)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2019	\$ (1,815,939)
2020	(1,815,939)
2021	(1,815,939)
2022	(1,815,939)
2023	(1,815,939)
Thereafter	<u>(5,657,065)</u>
	<u>\$ (14,736,760)</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, workers compensation, 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>
2018-2019	\$ -0-	\$ -0-	\$ 18,692	\$ 66,213	\$ 350,147
2017-2018	-0-	18	27,402	11,514	397,668
2016-2017	-0-	1,407	26,272	20,667	381,762

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, PAYABLES AND TRANSFERS

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 176,003	
Special Revenue Fund		\$ 94,776
Capital Projects Fund		2,997
Flexible Spending Trust Fund		73,334
Payroll Agency Fund		4,896
	<u>\$ 176,003</u>	<u>\$ 176,003</u>

The interfund receivable in the General Fund is comprised of interfund loans to the Capital Projects Fund, Special Revenue and Flexible Spending Trust Fund for cash flow purposes and interest earnings due from the Capital Projects Fund, Payroll Agency and Net Payroll accounts. The interfund receivable in the Capital Projects Fund is due to the General Fund receiving and SDA grant monies due to Capital Projects Fund.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2019:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund	Special Revenue Fund		
Vendors	\$ 1,497,490	\$ 12,859		\$ 1,510,349
Due to State of New Jersey			\$ 348,976	348,976
	<u>\$ 1,497,490</u>	<u>\$ 12,859</u>	<u>\$ 348,976</u>	<u>\$ 1,859,325</u>

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant 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, 2019, there were no encumbrances in the governmental funds. All governmental funds are considered to be major funds.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	0.0270947244%	0.0287578055%	0.0289267370%	0.0320458958%	0.0319626397%
District's Proportionate Share of the Net Pension Liability	\$ 5,072,873	\$ 6,455,551	\$ 8,567,270	\$ 7,459,772	\$ 6,293,284
District's Covered Employee Payroll	\$ 1,863,030	\$ 1,907,591	\$ 2,208,730	\$ 2,171,186	\$ 2,431,573
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	272.29%	338.41%	387.88%	343.58%	258.82%
Plan Fiduciary Net Position as a % of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 217,181	\$ 247,240	\$ 256,981	\$ 304,088	\$ 346,264
Contributions in relation to the Contractually Required Contribution	<u>(217,181)</u>	<u>(247,240)</u>	<u>(256,981)</u>	<u>(304,088)</u>	<u>(346,264)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 1,802,647	\$ 1,863,030	\$ 1,907,591	\$ 2,208,730	\$ 2,171,186
Contributions as a percentage of Covered Employee Payroll	12.05%	13.27%	13.47%	13.77%	15.95%

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 STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's Proportion of the Net Pension Liability attributable to the District	0.1234828164%	0.1298212142%	0.1287734377%	0.1310509932%	0.1284517015%
State's Proportionate share of the Net Pension Liability attributable to the District	\$ 65,997,546	\$ 82,052,551	\$ 101,301,385	\$ 88,359,305	\$ 81,718,213
District's Covered Employee Payroll	\$ 13,096,690	\$ 12,932,849	\$ 13,319,779	\$ 13,290,759	\$ 13,107,406
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of District's Covered Employee Payroll	503.93%	634.45%	760.53%	664.82%	623.45%
Plan Fiduciary Net Position as a % of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%

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 STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 3,551,288	\$ 5,010,047	\$ 7,611,390	\$ 6,121,085	\$ 4,763,886
Contributions in relation to the Contractually Required Contribution	<u>(701,861)</u>	<u>(1,031,010)</u>	<u>(1,422,524)</u>	<u>(1,891,641)</u>	<u>(2,516,550)</u>
Contribution Deficiency/(Excess)	<u>\$ 2,849,427</u>	<u>\$ 3,979,037</u>	<u>\$ 6,188,866</u>	<u>\$ 4,229,444</u>	<u>\$ 2,247,336</u>
District's Covered Employee Payroll	\$ 12,932,849	\$ 13,319,779	\$ 13,290,759	\$ 13,107,406	\$ 12,604,390
Contributions as a percentage of Covered Employee Payroll	27.46%	37.61%	57.27%	46.70%	37.80%

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 CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2017</u>	<u>2018</u>
Service Cost	\$ 2,708,228	\$ 2,233,415
Interest	1,667,478	1,933,950
Changes in Assumptions	(7,212,667)	(5,264,547)
Differences between Expected and Actual Experience		(4,216,592)
Member Contributions	44,670	42,397
Gross Benefit Payments	<u>(1,213,105)</u>	<u>(1,226,719)</u>
Net Change in Total OPEB Liability	(4,005,396)	(6,498,096)
Total OPEB Liability - Beginning	<u>56,379,897</u>	<u>52,374,501</u>
Total OPEB Liability - Ending	<u>\$ 52,374,501</u>	<u>\$ 45,876,405</u>
District's Covered Employee Payroll *	\$ 14,840,440	\$ 15,528,509
Total OPEB Liability as a Percentage of Covered Employee Payroll	353%	295%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 26,390,486		\$ 26,390,486	\$ 26,390,486	
Other Local Government Units - Restricted	62,000		62,000	66,150	\$ 4,150
Tuition from Individuals	200,000		200,000	308,693	108,693
Tuition from Other LEA's	1,907,350		1,907,350	1,982,034	74,684
Transportation Fees from Individuals	70,000		70,000	45,450	(24,550)
Interest Earned on Capital Reserve	1,800		1,800	1,800	
Miscellaneous	49,825		49,825	125,927	76,102
Total - Local Sources	28,681,461		28,681,461	28,920,540	239,079
State Sources:					
Categorical Special Education Aid	657,704		657,704	657,704	
Categorical Security Aid	20,872		20,872	20,872	
Categorical Transportation Aid	230,578		230,578	230,578	
Extraordinary Aid	100,000		100,000	241,353	141,353
Extraordinary Aid - Additional Prior Year				526	526
Additional Nonpublic Transportation Aid				23,648	23,648
On-Behalf TPAF Contributions (Non-budgeted):					
Pension					
Post-Retirement Medical Benefits				2,516,550	2,516,550
Non-Contributory Insurance				1,165,398	1,165,398
Long-Term Disability Insurance				52,678	52,678
Reimbursed TPAF Social Security Contributions (Non-budgeted)				2,406	2,406
Total State Sources	1,009,154		1,009,154	5,818,273	4,809,119
TOTAL REVENUES	29,690,615		29,690,615	34,738,813	5,048,198

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 192,500	\$	\$ 192,500	\$ 158,332	\$ 34,168
Kindergarten - Salaries of Teachers	512,470		512,470	509,744	2,726
Grades 1-5 - Salaries of Teachers	4,105,600	\$ (35,000)	4,070,600	3,790,858	279,742
Grades 6-8 - Salaries of Teachers	3,712,305	22,000	3,734,305	3,411,746	322,559
Regular Programs - Home Instruction:					
Salaries of Teachers	22,000	27,718	49,718	49,142	576
Other Salaries for Instruction	74,558	(14,718)	59,840	59,840	
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	107,253	(500)	106,753	100,460	6,293
General Supplies	638,835	(81,529)	557,306	483,821	73,485
Textbooks	144,600	(26,669)	117,931	108,137	9,794
Total Regular Programs - Instruction	9,510,121	(108,698)	9,401,423	8,672,080	729,343
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	367,000	13,969	380,969	380,956	13
Other Salaries for Instruction	240,000	(80,431)	159,569	134,502	25,067
General Supplies	20,000	(485)	19,515	19,515	
Total Learning and/or Language Disabilities	627,000	(66,947)	560,053	534,973	25,080
Resource Room/Resource Center:					
Salaries of Teachers	1,747,000	(127,500)	1,619,500	1,569,621	49,879
General Supplies	750		750	750	
Total Resource Room/Resource Center	1,747,750	(127,500)	1,620,250	1,570,371	49,879

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Autism:					
Salaries of Teachers	\$ 292,000	\$ 57,684	\$ 349,684	\$ 349,684	
Other Salaries for Instruction	826,060	14,648	840,708	840,708	
General Supplies	18,000	(7,200)	10,800	10,388	\$ 412
Total Autism	<u>1,136,060</u>	<u>65,132</u>	<u>1,201,192</u>	<u>1,200,780</u>	<u>412</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	250,000	58,339	308,339	308,339	
Other Salaries for Instruction	27,950	28,448	56,398	56,398	
General Supplies	1,500	(996)	504	504	
Total Preschool Disabilities - Part-Time	<u>279,450</u>	<u>85,791</u>	<u>365,241</u>	<u>365,241</u>	
Total Special Education Instruction	<u>3,790,260</u>	<u>(43,524)</u>	<u>3,746,736</u>	<u>3,671,365</u>	<u>75,371</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	580,000		580,000	573,727	6,273
General Supplies	1,500		1,500	1,500	
Total Basic Skills/Remedial - Instruction	<u>581,500</u>		<u>581,500</u>	<u>575,227</u>	<u>6,273</u>
Bilingual Education - Instruction:					
Salaries of Teachers	62,000		62,000	56,119	5,881
General Supplies	500		500	500	
Total Bilingual Education - Instruction	<u>62,500</u>		<u>62,500</u>	<u>56,619</u>	<u>5,881</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 66,668	\$ 3,292	\$ 69,960	\$ 50,303	\$ 19,657
Supplies and Materials	1,300	2,398	3,698	3,698	
Other Objects	500	(500)			
Total School-Sponsored Cocurricular Activities - Instruction	68,468	5,190	73,658	54,001	19,657
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	29,355		29,355	17,605	11,750
Purchased Services (300-500 series)	14,420	(1,870)	12,550	6,342	6,208
Total School-Sponsored Cocurricular Athletics - Instruction	43,775	(1,870)	41,905	23,947	17,958
Total Instruction	14,056,624	(148,902)	13,907,722	13,053,239	854,483
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	21,200	8,290	29,490	29,490	
Tuition to CSSD & Regional Day Schools	60,650	(6,029)	54,621	51,948	2,673
Tuition to Private Schools for the Disabled - Within State	494,000	59,292	553,292	552,402	890
Tuition - Other	11,000	800	11,800	11,580	220
Total Undistributed Expenditures - Instruction	586,850	62,353	649,203	645,420	3,783
Health Services:					
Salaries	257,300	32,649	289,949	289,009	940
Supplies and Materials	13,000	924	13,924	13,924	
Total Health Services	270,300	33,573	303,873	302,933	940

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT and Related Services:					
Salaries	\$ 896,560	\$ 4,331	\$ 900,891	\$ 893,500	\$ 7,391
Purchased Professional - Educational Services	25,000	(15,900)	9,100	7,665	1,435
Supplies and Materials	2,500		2,500	2,433	67
Total Speech, OT, PT and Related Services	924,060	(11,569)	912,491	903,598	8,893
Extraordinary Services:					
Salaries	163,000	11,669	174,669	174,669	
Purchased Professional - Educational Services	40,000		40,000	38,970	1,030
Total Extraordinary Services	203,000	11,669	214,669	213,639	1,030
Guidance:					
Salaries of Other Professional Staff	347,597	8,590	356,187	356,187	
Other Purchased Professional and Technical Services	24,000	6,545	30,545	30,545	
Supplies and Materials	2,000	(1,568)	432	432	
Total Guidance	373,597	13,567	387,164	387,164	
Child Study Teams:					
Salaries of Other Professional Staff	588,196	(112,064)	476,132	420,524	55,608
Salaries of Secretarial and Clerical Assistants	105,421	3,000	108,421	102,936	5,485
Purchased Professional - Educational Services	14,000	(14,000)			
Other Purchased Professional and Technical Services	24,000		24,000	10,318	13,682
Supplies and Materials	16,500	(1,500)	15,000	14,594	406
Other Objects	3,100	(2,120)	980	980	
Total Child Study Teams	751,217	(126,684)	624,533	549,352	75,181

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 68,386		\$ 68,386	\$ 60,978	\$ 7,408
Total Improvement of Instructional Services	<u>68,386</u>		<u>68,386</u>	<u>60,978</u>	<u>7,408</u>
Educational Media Services/School Library:					
Salaries	613,700	\$ (57,259)	556,441	453,777	102,664
Purchased Professional and Technical Services	12,000	1,602	13,602	13,600	2
Other Purchased Services (400-500)	25,300		25,300	23,900	1,400
Supplies and Materials	23,071	365	23,436	23,426	10
Other Objects	1,350		1,350	1,350	
Total Educational Media Services/School Library	<u>675,421</u>	<u>(55,292)</u>	<u>620,129</u>	<u>516,053</u>	<u>104,076</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	127,865	1,600	129,465	108,382	21,083
Supplies and Materials	2,000		2,000	2,000	
Total Instructional Staff Training Services	<u>129,865</u>	<u>1,600</u>	<u>131,465</u>	<u>110,382</u>	<u>21,083</u>
Support Services - General Administration:					
Salaries	209,815	4,861	214,676	214,676	
Legal Services	34,200	59,495	93,695	93,695	
Audit Fees	20,000	25,190	45,190	45,190	
Other Purchased Professional Services	2,000	(847)	1,153	1,153	
Communications/Telephone	7,000	(417)	6,583	6,583	
Miscellaneous Purchased Services (400-500 series)	800	(50)	750	750	
General Supplies	7,436	1,322	8,758	8,276	482
Miscellaneous Expenditures	5,664	2,336	8,000	8,000	
Total Support Services - General Administration	<u>286,915</u>	<u>91,890</u>	<u>378,805</u>	<u>378,323</u>	<u>482</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 719,970	\$ 25,375	\$ 745,345	\$ 745,344	\$ 1
Salaries of Other Professional Staff	617		617	334	283
Salaries of Secretarial and Clerical Assistants	213,456	75,768	289,224	289,224	
Supplies and Materials	16,950	(1,044)	15,906	15,904	2
Other Objects	13,727	(3,692)	10,035	10,035	
Total Support Services - School Administration	964,720	96,407	1,061,127	1,060,841	286
Support Services - Central Services:					
Salaries	237,179	40,190	277,369	277,369	
Miscellaneous Purchased Services (400-500 series)	15,250	(12,680)	2,570	2,570	
Supplies and Materials	3,000	135	3,135	3,135	
Total Support Services - Central Services	255,429	27,645	283,074	283,074	
Support Services - Administration Information Technology:					
Salaries	139,050	(772)	138,278	138,278	
Supplies and Materials	2,000	(2,000)			
Total Support Services - Administration Information Technology	141,050	(2,772)	138,278	138,278	
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	146,646	298,111	444,757	438,972	5,785
General Supplies	10,245	9,929	20,174	20,173	1
Total Required Maintenance for School Facilities	156,891	308,040	464,931	459,145	5,786

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 270,362	\$ 37,998	\$ 308,360	\$ 308,268	\$ 92
Purchased Professional and Technical Services	21,000	16,181	37,181	37,149	32
Cleaning, Repair and Maintenance Services	1,310,850	(29,641)	1,281,209	1,278,262	2,947
Other Purchased Property Services	40,000	3,123	43,123	43,123	
Insurance	144,449	(13,816)	130,633	130,633	
General Supplies	6,400	1,238	7,638	7,638	
Energy (Natural Gas)	140,000	(15,000)	125,000	111,502	13,498
Energy (Electricity)	400,000	(56,025)	343,975	330,936	13,039
Total Custodial Services	2,333,061	(55,942)	2,277,119	2,247,511	29,608
Security:					
Purchased Professional and Technical Services	13,000	39,699	52,699	51,481	1,218
Total Security	13,000	39,699	52,699	51,481	1,218
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	37,295		37,295	37,295	
Management Fee - ESC and CTSA Transportation Programs	5,300		5,300	5,300	
Contracted Services:					
Aid in Lieu of Payments - Nonpublic School	88,000	(150)	87,850	72,000	15,850
Between Home and School - Vendors	350,000	69,923	419,923	415,214	4,709
Other than Between Home and School - Vendors	31,000	(7,056)	23,944	23,370	574
Special Education Students - Vendors	412,500	57,283	469,783	469,775	8
Total Student Transportation Services	924,095	120,000	1,044,095	1,022,954	21,141

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 325,000	\$ 95,000	\$ 420,000	\$ 376,917	\$ 43,083
Other Retirement Contributions - PERS	300,000	50,538	350,538	346,264	4,274
Other Retirement Contributions - DCRP		4,262	4,262	3,482	780
Workmen's Compensation	230,000		230,000	230,000	
Health Benefits	6,054,820	(643,455)	5,411,365	5,225,173	186,192
Tuition Reimbursement	45,000	(5,300)	39,700	29,618	10,082
Other Employee Benefits	16,480	61,110	77,590	77,590	
Total Unallocated Benefits	6,971,300	(437,845)	6,533,455	6,289,044	244,411
On-Behalf TPAF Contributions (Non-budgeted):					
Pension				2,516,550	(2,516,550)
Post-Retirement Medical Benefits				1,165,398	(1,165,398)
Non-Contributory Insurance				52,678	(52,678)
Long-Term Disability Insurance				2,406	(2,406)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				906,560	(906,560)
Total On-Behalf Contributions				4,643,592	(4,643,592)
Total Personal Services - Employee Benefits	6,971,300	(437,845)	6,533,455	10,932,636	(4,399,181)
Total Undistributed Expenses	16,029,157	116,339	16,145,496	20,263,762	(4,118,266)
TOTAL CURRENT EXPENSE	30,085,781	(32,563)	30,053,218	33,317,001	(3,263,783)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 40,000	\$	40,000	\$ 33,741	\$ 6,259
Required Maintenance for School Facilities		98,247	98,247	98,247	
Care and Upkeep of Grounds	34000	90,918	124,918	124,918	
Total Equipment	74,000	189,165	263,165	256,906	6,259
Facilities Acquisition and Construction Services:					
Assessment for Debt Services- SDA Funding	29,034		29,034	29,034	
Total Facilities Acquisition and Construction Services	29,034		29,034	29,034	
TOTAL CAPITAL OUTLAY	103,034	189,165	292,199	285,940	6,259
TOTAL EXPENDITURES	30,188,815	156,602	30,345,417	33,602,941	(3,257,524)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(498,200)	(156,602)	(654,802)	1,135,872	1,790,674
Other Financing Sources/(Uses):					
Transfer Out - Enterprise Fund		(4,945)	(4,945)	(4,945)	
Transfer In - Capital Projects Fund				204,217	204,217
Total Other Financing Uses		(4,945)	(4,945)	199,272	204,217

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ (498,200)	\$ (161,547)	\$ (659,747)	\$ 1,335,144	\$ 1,994,891
Fund Balance, July 1	\$ 4,349,771		\$ 4,349,771	\$ 4,349,771	
Fund Balance, June 30	<u>\$ 3,851,571</u>	<u>\$ (161,547)</u>	<u>\$ 3,690,024</u>	<u>\$ 5,684,915</u>	<u>\$ 1,994,891</u>

Recapitulation:

Restricted:

Excess Surplus

Excess Surplus - Designated for Subsequent Year's Expenditures

Emergency Reserve

Capital Reserve

Unassigned

	\$ 500,000
	500,000
	100,000
	3,840,727
	744,188
	<u>5,684,915</u>

Reconciliation to Governmental Funds Statements (GAAP):

State Aid Payments not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

	(87,062)
	<u>\$ 5,597,853</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 110,462	\$ 13,057	\$ 123,519	\$ 106,054	\$ (17,465)
Federal Sources	356,320	35,063	391,383	391,383	
Total Revenues	466,782	48,120	514,902	497,437	(17,465)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	16,972	(4,633)	12,339	12,339	
Tuition	223,917	20,456	244,373	244,373	
General Supplies	59,000	20,718	79,718	79,718	
Textbooks	8,588	(2,447)	6,141	6,141	
Total Instruction	308,477	34,094	342,571	342,571	
Support Services:					
Personal Services - Employee Benefits		3,825	3,825	3,825	
Purchased Professional and Technical Services	20,000	(19,192)	808	808	
Purchased Professional - Educational Services	138,305	29,393	167,698	150,233	17,465
Total Support Services	158,305	14,026	172,331	154,866	17,465
Total Expenditures	\$ 466,782	\$ 48,120	\$ 514,902	\$ 497,437	\$ 17,465
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from Budgetary Comparison Schedule	\$ 34,738,813	\$ 497,437
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	74,217	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(87,062)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 34,725,968</u>	<u>\$ 497,437</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 33,602,941</u>	<u>\$ 497,437</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 33,602,941</u>	<u>\$ 497,437</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, 2019 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, 2019

		Elementary and Secondary Education Act			
		Title I, Part A	Title II, Part A	Title IV	IDEA Part B, Basic Regular Preschool
REVENUE:					
State Sources					
Federal Sources	\$ 79,718	\$ 19,209	\$ 10,000	\$ 265,484	\$ 16,972
Total Revenue	79,718	19,209	10,000	265,484	16,972
EXPENDITURES:					
Instruction:					
Salaries of Teachers					12,339
Tuition					244,373
General Supplies	79,718				
Total Instruction	79,718			244,373	12,339
Support Services:					
Personal Services - Employee Benefits					3,825
Purchased Professional and Technical Services					808
Purchased Professional - Educational Services		19,209	10,000	21,111	
Total Support Services		19,209	10,000	21,111	4,633
Total Expenditures	\$ 79,718	\$ 19,209	\$ 10,000	\$ 265,484	\$ 16,972

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Chapter 192 - Nonpublic Auxiliary Aid				
	Security Aid	Nonpublic Nursing Aid	Technology Initiative	Compensatory Education	Transportation
REVENUE:					
State Sources	\$ 17,250	\$ 11,155	\$ 4,140	\$ 24,098	\$ 15,810
Federal Sources					
Total Revenue	17,250	11,155	4,140	24,098	15,810
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Tuition					
General Supplies					
Textbooks					
Total Instruction					
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services					
Purchased Professional - Educational Services					
Total Support Services	17,250	11,155	4,140	24,098	15,810
Total Expenditures	\$ 17,250	\$ 11,155	\$ 4,140	\$ 24,098	\$ 15,810

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonpublic Textbook Aid	Chapter 193 - Nonpublic Handicapped Aid			Totals
		Examination & Classification	Supplementary Instruction	Corrective Speech	
REVENUE:					
State Sources	\$ 6,141	\$ 8,333	\$ 9,283	\$ 9,844	\$ 106,054
Federal Sources					391,383
Total Revenue	6,141	8,333	9,283	9,844	497,437
EXPENDITURES:					
Instruction:					
Salaries of Teachers					12,339
Tuition					244,373
General Supplies					79,718
Textbooks	6,141				6,141
Total Instruction	6,141				342,571
Support Services:					
Personal Services - Employee Benefits					3,825
Purchased Professional and Technical Services					808
Purchased Professional - Educational Services		8,333	9,283	9,844	150,233
Total Support Services		8,333	9,283	9,844	154,866
Total Expenditures	\$ 6,141	\$ 8,333	\$ 9,283	\$ 9,844	\$ 497,437

CAPITAL PROJECTS FUND

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, 2019

Other Financing Uses:	
Transfer Out:	
General Fund - Unexpended Balance of Projects	\$ 204,217
Total Other Financing Uses	<u>204,217</u>
Deficit of Revenue Under Expenditures and Other Financing Uses	(204,217)
Fund Balance - Beginning of Year	<u>\$ 204,217</u>
Fund Balance - End of Year	<u><u>\$ -0-</u></u>

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, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 271,813		\$ 271,813	\$ 271,813
Budget Appropriations	532,440		532,440	532,440
Total Revenue and Other Financing Sources	804,253		804,253	804,253
Expenditures and Other Financing Uses:				
Legal Services	1,130		1,130	1,130
Architectural/Engineering Services	86,952		86,952	86,952
Purchased Professional/Technical Services	2,250		2,250	2,250
Construction Services	574,159		574,159	574,159
Transfer to General Fund			139,762	139,762
Total Expenditures and Other Financing Uses	664,491		804,253	804,253
Excess (Deficit) of Revenue and Other Financing Sources over (under) Expenditures	<u>\$ 139,762</u>	<u>\$ -0-</u>	<u>\$ -0-</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			
SDA Grant Cancelled	\$ (83,147)			
Revised Authorized Cost	\$ 804,253			
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
HIGH MOUNTAIN ROAD SCHOOL - ADA COMPLIANT DOOR LOCKS
AND HARDWARE ON ALL EXTERIOR DOORS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 10,062		\$ 10,062	\$ 10,062
Budget Appropriations	19,500		19,500	19,500
Total Revenue and Other Financing Sources	29,562		29,562	29,562
Expenditures and Other Financing Uses:				
Legal Services	41		41	41
Architectural/Engineering Services	4,529		4,529	4,529
Construction Services	19,782		19,782	19,782
Transfer to General Fund			5,210	5,210
Total Expenditures and Other Financing Uses	24,352		29,562	29,562
Excess (Deficit) of Revenue and Other Financing Sources over (under) Expenditures	\$ 5,210	\$ -0-	\$ -0-	\$ -0-
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			
SDA Grant Cancelled	\$ (2,938)			
Revised Authorized Cost	\$ 29,562			
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, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 120,891		\$ 120,891	\$ 120,891
Budget Appropriations	244,800		244,800	244,800
	<u>365,691</u>		<u>365,691</u>	<u>365,691</u>
Total Revenue and Other Financing Sources				
Expenditures and Other Financing Uses:				
Legal Services	520		520	520
Architectural/Engineering Services	43,819		43,819	43,819
Purchased Professional/Technical Services	8,250		8,250	8,250
Construction Services	253,857		253,857	253,857
Transfer to General Fund			59,245	59,245
	<u>306,446</u>		<u>365,691</u>	<u>365,691</u>
Total Expenditures and Financing Uses				
Excess (Deficit) of Revenue and Other Financing Sources over (under) Expenditures	<u>\$ 59,245</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	1580-030-09-1003/0ZBY			
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			
SDA Grant Cancelled	\$ (42,309)			
Revised Authorized Cost	\$ 365,691			
Percentage Completion	100.00%			
Original Target Completion Date	09/15/10			

PROPRIETARY FUNDS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

NOT APPLICABLE

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, 2019

Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 3,540
	<hr/>
Total Operating Revenue	3,540
	<hr/>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	9,819
	<hr/>
Total Operating Expenses	9,819
	<hr/>
Operating Loss	(6,279)
Change in Net Position Before Transfer	(6,279)
Transfers In - General Fund Board Contribution	4,945
	<hr/>
Change in Net Position	(1,334)
Net Position - Beginning of Year	1,334
	<hr/>
Net Position - End of Year	\$ -0-
	<hr/> <hr/>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities	
Receipts from Customers	\$ 3,540
Payments to Suppliers	<u>(9,819)</u>
Net Cash Used for Operating Activities	<u>(6,279)</u>
Cash Flows from Noncapital Financing Activities:	
Interfund - General Fund	1,334
Transfer In - General Fund Board Contribution	<u>4,945</u>
Net Cash Provided by Noncapital Financing Activities	<u>6,279</u>
Net Increase in Cash and Cash Equivalents	-0-
Cash and Cash Equivalents, July 1	<u>-0-</u>
Cash and Cash Equivalents, June 30	<u>\$ -0-</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	<u>\$ (6,279)</u>
Net Cash Used for Operating Activities	<u>\$ (6,279)</u>

FIDUCIARY FUNDS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2019

	Student Activities	Payroll Agency	Laptop Replacement Agency	Total Agency	Unemployment Compensation Trust	Flexible Spending Trust
ASSETS:						
Cash and Cash Equivalents	\$ 34,039	\$ 110,723	\$ 131,313	\$ 276,075	\$ 350,147	\$ 103,921
Total Assets	34,039	110,723	131,313	276,075	350,147	103,921
LIABILITIES:						
Interfund Payable - General Fund		4,896		4,896		73,334
Due to Student Groups	34,039			34,039		
Payroll Deductions and Withholdings		105,827		105,827		
Laptop Replacement Costs			131,313	131,313		
Total Liabilities	34,039	110,723	131,313	276,075		73,334
NET POSITION:						
Held in Trust for:						
Unemployment Compensation Claims					350,147	
Flexible Spending Claims						30,587
Total Net Position	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 350,147	\$ 30,587

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
Additions:		
Contributions:		
Plan Contributions	\$ 18,692	\$ 73,652
Total Contributions	<u>18,692</u>	<u>73,652</u>
 Total Additions	 <u>18,692</u>	 <u>73,652</u>
 Deductions		
Unemployment Compensation Claims	66,213	
Flexible Spending Claims		61,227
Total Deductions	<u>66,213</u>	<u>61,227</u>
Change in Net Position	(47,521)	12,425
Net Position - Beginning of the Year	<u>397,668</u>	<u>18,162</u>
Net Position - End of the Year	<u>\$ 350,147</u>	<u>\$ 30,587</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 39,331	\$ 74,421	\$ 79,713	\$ 34,039
Total Assets	<u>\$ 39,331</u>	<u>\$ 74,421</u>	<u>\$ 79,713</u>	<u>\$ 34,039</u>
LIABILITIES:				
Due to Student Groups	\$ 39,331	\$ 74,421	\$ 79,713	\$ 34,039
Total Liabilities	<u>\$ 39,331</u>	<u>\$ 74,421</u>	<u>\$ 79,713</u>	<u>\$ 34,039</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Elementary School:				
Colonial Road School	\$ 2,331	\$ 8,736	\$ 7,764	\$ 3,303
High Mountain Road School	2,023	6,037	6,123	1,937
Woodside Avenue School	3,911	8,563	7,344	5,130
Middle Schools:				
Franklin Avenue Middle School	17,559	45,396	50,921	12,034
Snapple - Peer Leadership	<u>13,507</u>	<u>5,689</u>	<u>7,561</u>	<u>11,635</u>
 Total All Schools	 <u>\$ 39,331</u>	 <u>\$ 74,421</u>	 <u>\$ 79,713</u>	 <u>\$ 34,039</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 4,896	\$ 18,362,958	\$ 18,257,131	\$ 110,723
Total Assets	<u>\$ 4,896</u>	<u>\$ 18,362,958</u>	<u>\$ 18,257,131</u>	<u>\$ 110,723</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund	\$ 4,896			\$ 4,896
Payroll Deductions and Withholdings		<u>\$ 18,362,958</u>	<u>\$ 18,257,131</u>	<u>105,827</u>
Total Liabilities	<u>\$ 4,896</u>	<u>\$ 18,362,958</u>	<u>\$ 18,257,131</u>	<u>\$ 110,723</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
LAPTOP REPLACEMENT AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 101,211	\$ 30,102	\$ 131,313
Total Assets	<u>\$ 101,211</u>	<u>\$ 30,102</u>	<u>\$ 131,313</u>
<u>LIABILITIES:</u>			
Laptop Replacement Costs	\$ 101,211	\$ 30,102	\$ 131,313
Total Liabilities	<u>\$ 101,211</u>	<u>\$ 30,102</u>	<u>\$ 131,313</u>

LONG-TERM DEBT

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
LONG TERM DEBT
STATEMENT OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2018	Retired or Matured	Balance June 30, 2019
			Date	Amount				
Refunding School Bonds	09/30/10	\$ 6,390,000	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%	\$ 3,150,000	\$ 635,000	\$ 2,515,000
					\$ 3,150,000	\$ 635,000	\$ 2,515,000	

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2018</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2019</u>
Laptop Computers	2.077%	\$ 365,795	\$ 92,370	\$ 92,370	
Laptop Computers	3.612%	356,206	<u>262,360</u>	<u>93,846</u>	<u>\$ 168,514</u>
			<u>\$ 354,730</u>	<u>\$ 186,216</u>	<u>\$ 168,514</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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	\$ 754,600		\$ 754,600	\$ 754,600	
Total Revenues	<u>754,600</u>		<u>754,600</u>	<u>754,600</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	119,600		119,600	119,600	
Redemption of Principal	<u>635,000</u>		<u>635,000</u>	<u>635,000</u>	
Total Regular Debt Service	<u>754,600</u>		<u>754,600</u>	<u>754,600</u>	
Total Expenditures	<u>754,600</u>		<u>754,600</u>	<u>754,600</u>	
Excess of Revenues Over Expenditures	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, July 1	<u>-0-</u>		<u>-0-</u>	<u>-0-</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

	<u>Exhibit</u>
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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net Investment in										
Capital Assets										
Restricted	\$ 17,688,410	\$ 20,208,412	\$ 20,376,854	\$ 18,164,821	\$ 18,042,322	\$ 18,210,674	\$ 17,671,173	\$ 17,750,489	\$ 17,509,535	\$ 17,417,512
Unrestricted (Deficit)	1,795,817	1,600,063	2,023,639	2,109,714	2,519,204	3,138,863	3,352,028	3,580,390	3,705,761	4,940,727
Total Governmental Activities Net Position	(143,854)	(532,122)	(303,939)	(468,422)	(5,538,776)	(5,660,067)	(5,744,529)	(6,536,760)	(6,598,510)	(6,804,518)
Total Governmental Activities Net Position	\$ 19,340,373	\$ 21,276,353	\$ 22,096,554	\$ 19,806,113	\$ 15,022,750	\$ 15,689,470	\$ 15,278,672	\$ 14,794,119	\$ 14,616,786	\$ 15,553,721
Business-Type Activities:										
Unrestricted	\$ 27,077	\$ 26,847	\$ 9,829	\$ 17,786	\$ 5,341	\$ 7,152	\$ 1,483	\$ 734	\$ 1,334	\$ -0-
Total Business-Type Activities Net Position	\$ 27,077	\$ 26,847	\$ 9,829	\$ 17,786	\$ 5,341	\$ 7,152	\$ 1,483	\$ 734	\$ 1,334	\$ -0-
District-Wide:										
Net Investment in										
Capital Assets	\$ 17,688,410	\$ 20,208,412	\$ 20,376,854	\$ 18,164,821	\$ 18,042,322	\$ 18,210,674	\$ 17,671,173	\$ 17,750,489	\$ 17,509,535	\$ 17,417,512
Restricted	1,795,817	1,600,063	2,023,639	2,109,714	2,519,204	3,138,863	3,352,028	3,580,390	3,705,761	4,940,727
Unrestricted (Deficit)	(116,777)	(505,275)	(294,110)	(450,636)	(5,533,435)	(5,652,915)	(5,743,046)	(6,536,026)	(6,597,176)	(6,804,518)
Total District-Wide Net Position	\$ 19,367,450	\$ 21,303,200	\$ 22,106,383	\$ 19,823,899	\$ 15,028,091	\$ 15,696,622	\$ 15,280,155	\$ 14,794,853	\$ 14,618,120	\$ 15,553,721

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$12,045,778	\$12,352,045	\$12,421,382	\$12,900,206	\$12,852,499	\$14,455,143	\$16,320,528	\$17,670,259	\$18,989,979	\$16,668,286
Special Education	4,730,524	4,595,110	4,752,660	4,633,915	4,944,229	5,470,305	6,280,209	7,001,062	7,382,611	6,910,092
Other Special Instruction	445,005	602,667	573,125	632,933	599,078	1,029,789	1,176,165	1,279,602	1,588,672	1,282,379
School-Sponsored Instruction	142,543	108,527	125,369	145,964	126,247	207,167	201,257	197,636	216,466	148,087
Support Services:										
Tuition	87,232	198,186	357,294	764,909	926,665	779,729	527,733	786,696	721,217	889,793
Student & Instruction Related Services	3,236,637	3,747,085	3,963,614	4,154,137	4,062,891	4,124,758	4,523,346	4,788,068	4,841,577	4,497,594
General Administrative Services	692,663	538,848	573,298	572,586	630,900	524,643	548,147	539,252	548,517	502,010
School Administrative Services	1,178,475	1,406,480	1,380,949	1,615,493	1,408,197	1,649,779	1,800,803	2,030,641	2,170,418	1,967,457
Central Services/Admin. Technology	568,874	585,198	591,005	692,228	622,293	627,228	623,656	658,966	631,313	610,140
Plant Operations and Maintenance	2,928,186	2,765,484	3,419,560	3,840,866	3,707,881	3,707,558	3,790,330	3,632,523	3,635,415	4,002,222
Pupil Transportation	846,818	796,237	831,477	759,926	824,787	823,310	799,309	808,209	864,249	1,039,839
Capital Outlay	187,935	33,102								
Interest on Long-Term Debt	431,480	271,680	253,804	229,254	200,821	181,158	166,898	150,103	121,179	96,588
Unallocated Depreciation					18,483	12,028	9,036	6,315	5,801	6,105
Total Governmental Activities Expenses	27,522,150	28,000,649	29,243,537	30,942,417	30,924,971	33,592,595	36,767,417	39,549,332	41,717,414	38,620,592
Business-Type Activities:										
Milk Enterprise Fund	18,374	27,807	47,367	14,646	14,612	14,071	16,545	10,171	10,266	9,819
Total Business-Type Activities Expenses	18,374	27,807	47,367	14,646	14,612	14,071	16,545	10,171	10,266	9,819
Total District Expenses	27,540,524	28,028,456	29,290,904	30,957,063	30,939,583	33,606,666	36,783,962	39,559,503	41,727,680	38,630,411

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Special Education	\$ 1,757,801	\$ 1,529,041	\$ 1,794,954	\$ 1,693,662	\$ 1,926,933	\$ 1,750,765	\$ 2,016,141	\$ 1,744,354	\$ 2,126,054	\$ 2,290,727
Pupil Transportation	3,461,607	2,689,538	3,358,334	4,124,351	3,698,400	6,939,275	8,441,077	11,194,439	12,122,809	9,861,901
Operating Grants and Contributions					212,843				402,766	
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	5,219,408	4,308,744	5,237,598	5,893,163	5,910,876	8,767,339	10,525,228	13,002,965	14,712,693	12,198,078
Business-Type Activities:										
Charges for Services:										
Milk Enterprise Fund	10,886	15,037	17,271	13,952	9,244	8,799	3,908	3,410	3,981	3,540
Operating Grants and Contributions	11,997	12,540	13,019	8,593	6,883	7,083	6,968	6,012	6,885	
Total Business-Type Activities Revenues	22,883	27,577	30,290	22,545	16,127	15,882	10,876	9,422	10,866	3,540
Total District Program Revenues	5,242,291	4,336,321	5,267,888	5,915,708	5,927,003	8,783,221	10,536,104	13,012,387	14,723,559	12,201,618
Net (Expense)/Revenue										
Governmental Activities	(22,302,742)	(23,691,905)	(24,005,939)	(25,049,254)	(25,014,095)	(24,825,256)	(26,242,189)	(26,546,367)	(27,004,721)	(26,422,514)
Business-Type Activities	4,509	(230)	(17,077)	7,899	1,515	1,811	(5,669)	(749)	600	(6,279)
Total District Net (Expense)/Revenue	(22,298,233)	(23,692,135)	(24,023,016)	(25,041,355)	(25,012,580)	(24,823,445)	(26,247,858)	(26,547,116)	(27,004,121)	(26,428,793)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(UNAUDITED)

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$21,844,912	\$23,129,335	\$23,489,921	\$23,660,306	\$24,133,512	\$24,212,205	\$24,696,449	\$25,149,448	\$25,652,437	\$26,390,486
Taxes Levied for Debt Service	2,178,485	2,233,021	1,082,007	976,361	1,043,949	965,256	836,650	807,300	780,000	754,600
Federal and State Aid not Restricted	152,765	15,569		18,210	38,860	54,386	54,985	68,554	69,739	25,431
Interest and Miscellaneous Income Transfers	125,624	249,960	254,212	199,225	204,998	260,129	243,307	216,512	145,212	193,877
Transfers					14,000					(4,945)
Total Governmental Activities	24,301,786	25,627,885	24,826,140	24,854,102	25,435,319	25,491,976	25,831,391	26,241,814	26,647,388	27,359,449
Business-Type Activities:										
Investment Earnings			59	58	40					4,945
Transfers					(14,000)					
Total Business-Type Activities			59	58	(13,960)					4,945
Total District General Revenues and Other Changes in Net Position	24,301,786	25,627,885	24,826,199	24,854,160	25,421,359	25,491,976	25,831,391	26,241,814	26,647,388	27,364,394
Change in Net Position:										
Governmental Activities	1,999,044	1,935,980	820,201	(195,152)	421,224	666,720	(410,798)	(304,553)	(357,333)	936,935
Business-Type Activities	4,509	(230)	(17,018)	7,957	(12,445)	1,811	(5,669)	(749)	600	(1,334)
Total District Change in Net Position	\$ 2,003,553	\$ 1,935,750	\$ 803,183	\$ (187,195)	\$ 408,779	\$ 668,531	\$ (416,467)	\$ (305,302)	\$ (356,733)	\$ 935,601

Source: Borough of Franklin Lakes School District Financial Reports.

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

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 2,078,307									
Unreserved	501,093									
Restricted	\$ 1,461,600	\$ 1,884,175	\$ 2,050,683	\$ 2,463,235	\$ 3,138,863	\$ 3,352,028	\$ 3,580,390	\$ 3,705,761	\$ 4,940,727	
Assigned	516,370	408,454	258,421	339,719	286,974	329,508	253,177	569,793	657,126	
Unassigned	671,908	784,311	786,704	786,237	706,262	544,977	569,187	569,793	657,126	
Total General Fund	\$ 2,579,400	\$ 2,649,878	\$ 3,076,940	\$ 3,095,808	\$ 3,589,191	\$ 4,132,099	\$ 4,226,513	\$ 4,402,754	\$ 4,275,554	\$ 5,597,853
Other Governmental Funds:										
Unreserved (Deficit)	\$ (282,490)	\$ 138,463	\$ 139,464	\$ 59,031	\$ 55,969				\$ 204,217	\$ -0-
Restricted										
Committed										
Unassigned (Deficit)	(1,050,453)	(891,453)	(732,453)	(358,549)	(198,549)	(198,549)	(198,549)	(198,549)	(198,549)	(198,549)
Total Other Governmental Funds	\$ (282,490)	\$ (911,990)	\$ (751,989)	\$ (673,422)	\$ (302,580)	\$ (198,549)	\$ (198,549)	\$ (198,549)	\$ 204,217	\$ -0-
Total Governmental Funds:										
Reserved	\$ 2,078,307									
Unreserved	218,603									
Restricted	\$ 1,600,063	\$ 2,023,639	\$ 2,109,714	\$ 2,519,204	\$ 3,138,863	\$ 3,352,028	\$ 3,580,390	\$ 3,705,761	\$ 4,940,727	
Committed								204,217		
Assigned	516,370	408,454	258,421	339,719	286,974	329,508	253,177	569,793	657,126	
Unassigned (Deficit)	(378,545)	(107,142)	(54,251)	427,688	507,713	346,428	370,638	569,793	657,126	
Total Governmental Funds	\$ 2,296,910	\$ 1,737,888	\$ 2,324,951	\$ 2,422,386	\$ 3,286,611	\$ 3,933,550	\$ 4,027,964	\$ 4,204,205	\$ 4,479,771	\$ 5,597,853

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Tax Levy	\$24,023,397	\$25,362,356	\$24,571,928	\$24,636,667	\$25,177,461	\$25,177,461	\$25,533,099	\$25,956,748	\$26,432,437	\$27,145,086
Other Governmental										
Units - Restricted		123,410	118,648	125,866	128,383	118,129	143,806	122,902	64,853	66,150
Tuition Charges	1,757,801	1,529,041	1,794,954	1,693,662	1,926,933	1,750,765	2,016,141	1,744,354	2,126,054	2,290,727
Interest Earnings	1,800	1,800	1,800	9,927	11,647	10,205	13,213	15,044	15,032	15,032
Transportation Fees										
from Individuals	101,905	90,165	84,310	75,150	72,700	77,299	68,010	64,172	61,064	45,450
Miscellaneous	185,964	157,852	325,865	255,533	223,968	291,795	86,288	78,566	65,327	112,695
State Sources	2,875,932	2,206,241	2,935,225	3,772,987	3,634,851	3,814,603	4,186,233	4,686,656	5,576,091	5,911,482
Federal Sources	574,395	625,504	390,008	336,473	315,252	329,631	330,792	387,471	390,814	391,383
Total Revenues	29,521,194	30,096,369	30,222,738	30,906,265	31,491,195	31,569,888	32,377,582	33,055,913	34,731,672	35,978,005
Expenditures:										
Instruction:										
Regular Instruction	8,511,119	9,246,089	9,185,130	9,000,413	8,814,159	8,764,795	9,095,364	8,942,625	8,901,711	8,672,080
Special Education										
Instruction	3,466,504	3,445,443	3,478,316	3,300,491	3,490,328	3,396,428	3,602,531	3,668,974	3,769,787	3,769,563
Other Special Instruction	305,762	434,570	423,521	431,141	409,606	590,989	624,635	606,012	717,743	631,846
Other Instruction	97,007	81,449	93,249	102,730	89,736	123,119	111,792	101,605	104,866	77,948
Support Services:										
Tuition	87,232	198,186	357,294	764,909	926,665	779,729	527,733	786,696	721,217	889,793
Student & Instruction										
Related Services	2,567,125	2,785,867	3,150,929	3,309,210	3,188,642	3,220,053	3,383,766	3,376,756	3,427,916	3,198,965
General Administration	587,332	472,224	477,462	476,912	522,784	406,327	401,994	383,195	390,437	378,323
School Administration	921,275	1,020,002	1,013,628	1,149,221	1,000,746	1,036,945	1,053,527	1,077,685	1,111,871	1,060,841
Central Services/Admin.										
Technology	454,632	485,766	471,742	518,507	498,821	499,380	465,808	460,585	431,776	421,352
Operations/Maintenance	2,231,063	2,260,161	2,591,421	2,672,406	2,761,007	2,768,734	2,591,475	2,662,724	2,576,431	2,758,137
Pupil Transportation	843,918	793,564	828,372	756,292	820,818	818,637	791,761	795,221	851,977	1,022,954
Unallocated Benefits	6,110,227	6,030,939	6,318,468	7,102,936	6,912,571	7,342,692	8,363,369	9,015,836	10,343,872	10,932,636
Capital Outlay	326,212	1,248,549	165,137	166,868	623,557	153,896	798,558	194,458	682,708	285,940

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenditures:										
Debt Service:										
Principal	\$ 1,715,000	\$ 1,824,740	\$ 809,000	\$ 809,000	\$ 819,000	\$ 815,000	\$ 650,000	\$ 640,000	\$ 635,000	\$ 635,000
Interest/Other Charges	463,485	327,842	272,006	247,794	225,950	206,225	186,650	167,300	145,000	119,600
Total Expenditures	28,687,893	30,655,391	29,635,675	30,808,830	31,104,390	30,922,949	32,648,963	32,879,672	34,812,312	34,854,978
Excess (Deficiency) of Revenues Over (Under) Expenditures	833,301	(559,022)	587,063	97,435	386,805	646,939	(271,381)	176,241	(80,640)	1,123,027
Other Financing Sources (Uses)										
Capital Leases					463,420		365,795		356,206	
Serial Bonds Issued		6,390,000								
Serial Bonds Defeased		(6,499,000)								
Bond Issuance Costs		(110,432)								
Bond Premium		718,748								
Deferred Amount on Refunding		(499,316)								
Transfers In	372	1,121		15	14,015	55,730	10	12		
Transfers Out	(372)	(1,121)		(15)	(15)	(55,730)	(10)	(12)		(4,945)
Total Other Financing Sources (Uses)	-0-	-0-	-0-	-0-	477,420	-0-	365,795	-0-	356,206	(4,945)
Net Change in Fund Balances	\$ 833,301	\$ (559,022)	\$ 587,063	\$ 97,435	\$ 864,225	\$ 646,939	\$ 94,414	\$ 176,241	\$ 275,566	\$ 1,118,082
Debt Service as a Percentage of Noncapital Expenditures	8.3 %	7.9 %	3.8 %	3.6 %	3.5 %	3.4 %	2.6 %	2.5 %	2.3 %	2.2 %

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>
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
2016	13,203	2,016,141	68,010	230,094	2,327,448
2017	15,032	1,744,354	64,172	201,465	2,025,023
2018	23,148	2,126,054	61,064	122,064	2,332,330
2019	62,903	2,290,727	45,450	130,974	2,530,054

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 December 31,	Farm		Residential	Farm			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)
	Regular	Qualified		Commercial	Industrial	Apartment									
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	\$0.480	\$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	0.499	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	0.620	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	0.602	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	0.610	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	0.613	4,267,554,280	
2015	51,052,600	3,593,943,600	3,470,900		18,800	403,874,900	31,751,400	38,139,400	4,122,251,600	- 0 -	4,122,251,600	199,925,300	0.617	4,358,772,529	
2016	56,235,500	3,609,749,700	3,470,900		18,800	381,718,500	30,724,200	38,139,400	4,120,057,000	- 0 -	4,120,057,000	203,901,300	0.625	4,482,738,039	
2017	40,151,200	3,648,064,000	3,470,900		18,800	397,446,900	30,424,200	56,562,000	4,176,138,000	- 0 -	4,176,138,000	203,692,200	0.627	4,454,241,736	
2018	82,541,900	3,673,967,200	3,470,900		18,800	368,932,500	30,424,200	56,562,000	4,215,917,500	- 0 -	4,215,917,500	205,335,400	0.627	4,481,279,626	

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/reassessment was effective.

Source: Borough of Franklin Lakes Tax Assessor.

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	
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	0.610	0.269	0.434	0.244	1.557
2014	0.588	0.025	0.613	0.272	0.444	0.243	1.572
2015	0.593	0.024	0.617	0.277	0.451	0.254	1.599
2016	0.605	0.020	0.625	0.281	0.467	0.268	1.641
2017	0.607	0.020	0.627	0.282	0.460	0.267	1.636
2018	0.608	0.019	0.627	0.282	0.462	0.260	1.631

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/reassessment was effective.

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

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

	2018			2009		
	Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable	Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable
Becton Dickinson & Company		\$ 156,547,900	3.80 %	Becton Dickinson & Company	\$ 158,611,700	3.24 %
Medco Health Solutions		85,000,000	2.06 %	Medco Health Solutions	117,057,800	2.39 %
Urban Farms Acquisition		21,496,300	0.52 %	1st Real Estate Investment Trust	20,492,700	0.42 %
University Heights LLC		20,000,000	0.49 %	Franklin Lakes Building Associates LLC	18,139,400	0.37 %
1st Real Estate Investment Trust		19,784,900	0.48 %	Franklin Farms Associates LLC	16,470,200	0.34 %
East Coast Horizon		18,139,400	0.44 %	Galenkamp Brothers	12,510,600	0.24 %
FL Storage LLC		9,000,000	0.22 %	Krieger SPE LLC	8,215,400	0.17 %
Franklin Lakes Realty LLC		7,480,000	0.18 %	Individual Taxpayer #1	8,166,800	0.17 %
LD Management LLC		6,964,100	0.17 %	Individual Taxpayer #2	7,645,500	0.16 %
Individual Taxpayer #1		6,923,600	0.17 %	Kara at Franklin Lakes LLC	7,480,000	0.15 %
Total		\$ 351,336,200	8.53 %	Total	\$ 374,790,100	7.66 %

NOTE 1: Revaluation/reassessment of real property was effective in 2011.

NOTE 2: Individual taxpayers in 2018 and 2009 may be different individuals.

Source: Borough of Franklin Lakes Tax Assessor.

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</u> ^a		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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 -
2016	25,533,099	25,533,099	100.00 %	- 0 -
2017	25,956,748	25,956,748	100.00 %	- 0 -
2018	26,432,437	26,432,437	100.00 %	- 0 -
2019	27,145,086	27,145,086	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)

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2010	\$ 9,464,000	\$ 258,588	\$ 9,722,588	1.39 %	\$ 917.48
2011	7,690,000	175,266	7,865,266	1.07 %	736.86
2012	7,040,000	89,102	7,129,102	0.93 %	666.27
2013	6,390,000		6,390,000	0.84 %	595.25
2014	5,730,000	343,670	6,073,670	0.77 %	564.05
2015	5,075,000	231,653	5,306,653	0.64 %	493.41
2016	4,425,000	388,622	4,813,622	0.58 %	448.53
2017	3,785,000	182,859	3,967,859	0.44 %	358.30
2018	3,150,000	354,730	3,504,730	0.39 %	315.86
2019	2,515,000	168,514	2,683,514	0.30 %	241.85

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		
2010	\$ 9,464,000	\$ - 0 -	\$ 9,464,000	0.19 %	\$ 893.08
2011	7,690,000	- 0 -	7,690,000	0.16 %	720.44
2012	7,040,000	- 0 -	7,040,000	0.17 %	657.94
2013	6,390,000	- 0 -	6,390,000	0.16 %	595.25
2014	5,730,000	- 0 -	5,730,000	0.14 %	532.13
2015	5,075,000	- 0 -	5,075,000	0.12 %	471.87
2016	4,425,000	- 0 -	4,425,000	0.11 %	412.32
2017	3,785,000	- 0 -	3,785,000	0.09 %	341.79
2018	3,150,000	- 0 -	3,150,000	0.08 %	283.89
2019	2,515,000	- 0 -	2,515,000	0.06 %	226.66

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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Borough of Franklin Lakes	\$ 11,603,058	100.00 %	\$ 11,603,058
Ramapo-Indian Hills Regional High School	17,230,000	38.56 %	6,644,407
Bergen County General Obligation Debt	876,045,885	2.60 %	<u>22,820,366</u>
Subtotal, Overlapping Debt			41,067,832
Franklin Lakes Board of Education Direct Debt			<u>2,683,514</u>
Total Direct and Overlapping Debt			<u><u>\$ 43,751,346</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				
	2010	2011	2012	2013	2014
Debt Limit	\$ 141,661,097	\$ 140,829,991	\$ 137,481,129	\$ 133,924,677	\$ 130,460,856
Total Net Debt Applicable to Limit	9,464,000	7,690,000	7,040,000	6,390,000	5,730,000
Legal Debt Margin	<u>\$ 132,197,097</u>	<u>\$ 133,139,991</u>	<u>\$ 130,441,129</u>	<u>\$ 127,534,677</u>	<u>\$ 124,730,856</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.68 %	5.46 %	5.12 %	4.77 %	4.39 %

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 129,191,012	\$ 130,630,488	\$ 132,119,809	\$ 133,040,073	\$ 132,545,979
Total Net Debt Applicable to Limit	5,075,000	4,425,000	3,785,000	3,150,000	2,515,000
Legal Debt Margin	<u>\$ 124,116,012</u>	<u>\$ 126,205,488</u>	<u>\$ 128,334,809</u>	<u>\$ 129,890,073</u>	<u>\$ 130,030,979</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.93 %	3.39 %	2.86 %	2.37 %	1.90 %

Legal Debt Margin Calculation for Fiscal Year 2019

Year Ended December 31,	Equalized Valuation Basis
2016	\$ 4,389,577,030
2017	4,434,208,962
2018	4,430,811,876
	<u>\$13,254,597,868</u>
Average Equalized Valuation of Taxable Property	<u>\$ 4,418,199,289</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 132,545,979
Net Bonded School Debt at June 30, 2019	<u>2,515,000</u>
Legal Debt Margin	<u>\$ 130,030,979</u>

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

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
Department of Treasury, Division of Taxation.

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
2010	10,597	\$ 65,992	\$ 699,317,224	5.00 %
2011	10,674	68,865	735,065,010	4.90 %
2012	10,700	71,789	768,142,300	5.00 %
2013	10,735	71,100	763,258,500	6.50 %
2014	10,768	73,637	792,923,216	4.10 %
2015	10,755	76,821	826,209,855	3.90 %
2016	10,732	77,901	836,033,532	3.30 %
2017	11,074	81,203	899,242,022	3.30 %
2018	11,096 **	81,203 *	901,028,488 **	3.00 %
2019	11,096 **	81,203 *	901,028,488 **	N/A

N/A - Information is not available.

* - Latest Bergen County per capita personal income available (2017) was used for calculation purposes.

** - Latest Borough population available (2018) and Bergen County per capita personal income available (2017) 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)

2019		2010	
Employer	Employees	Employer	Employees
	Percentage of Total Employment		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
Total	N/A	Total	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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction:										
Regular	125	126	129	129	130	130	129	130	130	128
Support Services:										
Student & Instruction Related Services	39	41	41	41	40	40	40	41	41	41
General Administrative Services	4	4	4	4	4	4	4	4	4	4
School Administrative Services	12	13	13	13	13	13	13	13	13	13
Central Services	2	2	2	2	2	2	2	2	2	2
Total	182	186	189	189	189	189	188	190	190	188

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				
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 %
2016	1,187	31,013,755	26,128	8.56 %	136	1:11	1:12	1,184	1,143	-3.82 %	96.54 %
2017	1,147	31,877,914	27,792	6.37 %	136	1:11	1:12	1,153	1,113	-2.62 %	96.53 %
2018	1,135	33,349,604	29,383	5.72 %	136	1:11	1:12	1,129	1,081	-2.08 %	95.75 %
2019	1,141	33,814,438	29,636	0.86 %	133	1:11	1:12	1,139	1,092	0.89 %	95.87 %

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>District Building</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	353	340	320	287	277	267	280	251	260	252
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	267	259	263	249	249	227	225	213	200	218
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	334	330	315	286	286	278	235	247	254	258
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	510	504	512	489	473	464	447	436	421	413

Number of Schools at June 30, 2019:

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.

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*
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
2016	63,774	111,494	323,826	151,046	650,140
2017	107,066	129,774	138,239	266,024	641,103
2018	33,144	46,750	89,233	80,927	250,054
2019	63,830	93,825	138,411	163,079	459,145

* 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, 2019
(UNAUDITED)

	Coverage	Deductible
American Alternative Insurance Corp.:		
General Liability:		
General Aggregate	\$ 3,000,000	
Each Occurrence	1,000,000	
Production/Completed Operations	3,000,000	
Personal Injury	1,000,000	
Fire Damage	1,000,000	
Medical Expense	10,000	
Employee Benefits Liability	1,000,000	NONE
Commercial Property Coverage:		
Property Building & Contents Replacement		
Cost Values		\$ 69,695,169
Business Income & Extra Expense	3,250,000	72Hr Waiting Period
Earthquake and Volcanic Eruption	5,000,000	100,000
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	250,000	5,000
Electronic Data Processing Equipment	3,000,000	5,000
Boiler and Machinery:		
Blanket Property Damage Per Breakdown	150,000,000	5,000
Crime:		
Employee Dishonesty with Faithful Performance	250,000	5,000
Forgery & Alteration	250,000	5,000
Theft - Inside - Money and Securities	250,000	5,000
Theft - Outside - Money and Securities	250,000	5,000
Computer Fraud	250,000	5,000
Money Orders	250,000	5,000
Fraudulent Impersonation	250,000	5,000
Commercial Automobile:		
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	3,000,000	
Employment Practices Liability	1,000,000	25,000
Cyber Liability & Privacy Crisis Management Liability:		
Cyber Liability Occurrence & Aggregate Limit	1,000,000	25,000
Privacy Crisis Management Expense	100,000	

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
(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	17,500,000	

Source: Borough of Franklin Lakes School District Records.

SINGLE AUDIT SECTION



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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, 2019, 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 22, 2019.

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

NISIVOCCIA, LLP

Mount Arlington, New Jersey
November 22, 2019

Kathryn L. Mantell

Kathryn L. Mantell

Licensed Public School Accountant #884

Certified Public Accountant



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Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance

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 *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, 2019. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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; the audit requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2019.

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 the Uniform Guidance and NJOMB 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 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 the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Nisivoccia, LLP

NISIVOCCIA, LLP

Mount Arlington, New Jersey
November 22, 2019

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, 2019

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2019		Amount Provided to Subrecipients
								(Accounts Receivable)	Unearned Revenue	
U.S. Department of Agriculture -										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Special Milk Program	10.556	N/A	7/1/17 6/30/18	\$ 6,885		\$ 492				
Total Child Nutrition Cluster						492				
Total Enterprise Fund						492				
Total U.S. Department of Agriculture										
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-1580-19	7/1/18 6/30/19	265,484	\$ 2,673	262,811	\$ (265,484)			
I.D.E.A. Part B, Basic	84.027	IDEA-1580-18	7/1/17 6/30/18	268,009	2,673		(2,673)			
I.D.E.A. Part B, Preschool	84.173	IDEA-1580-19	7/1/18 6/30/19	16,972		16,972	(16,972)			
Total Special Education Cluster					2,673	279,783	(282,456)			
Elementary and Secondary Education Act:										
Title I, Part A	84.010A	ESEA-1580-19	7/1/18 6/30/19	79,718			(79,718)	\$ (79,718)		
Title II, Part A	84.367A	ESEA-1580-19	7/1/18 6/30/19	19,209			(19,209)	(19,209)		
Title IV	84.365A	ESEA-1580-19	7/1/18 6/30/19	10,000			(10,000)	(10,000)		
Total Special Revenue Fund					2,673	279,783	(391,383)	(108,927)		
Total U.S. Department of Education					2,673	279,783	(391,383)	(108,927)		
TOTAL FEDERAL AWARDS					\$ 2,181	\$ 280,275	\$ (391,383)	\$ (108,927)	\$ -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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Prior Year Balances Canceled	Balance June 30, 2019		MEMO Cumulative Total Expenditures	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Due to Grantor		Budgetary (Accounts Receivable)
State Department of Education:														
General Fund:														
Special Education Categorical Aid	19-495-034-5120-089	7/1/18	6/30/19	\$ 657,704	\$	\$ 594,722	\$ (657,704)				\$ (62,982)	\$ 657,704	\$ 657,704	
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	657,704	(61,841)	61,841	(20,872)				(1,999)	657,704	20,872	
Security Aid	19-495-034-5120-084	7/1/18	6/30/19	20,872	(1,962)	18,873	(230,578)				(22,081)	20,872	20,872	
Security Aid	18-495-034-5120-084	7/1/17	6/30/18	20,872	(1,962)	1,962							230,578	
Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	230,578	(5,818)	208,497							61,872	
Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	61,872	(1,320)	5,818							14,036	
Adjustment Aid	18-495-034-5120-085	7/1/17	6/30/18	14,036	(1,129)	1,320							12,010	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	12,010	(1,129)	1,129							12,010	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17	6/30/18	12,010	(1,018)	1,129							10,830	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17	6/30/18	10,830	(27,508)	1,018	(23,648)			\$ (23,648)		10,830	23,648	
Nonpublic School Transportation Costs	19-495-034-5120-014	7/1/18	6/30/19	23,648	(27,508)	27,508					(241,353)	27,508	27,508	
Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/17	6/30/18	27,508	(135,266)						(241,353)	241,353	241,353	
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18	6/30/19	241,353		135,792							135,792	
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17	6/30/18	135,792										
On-Behalf TPAF Contributions:														
Post-Retirement Medical	19-495-034-5094-001	7/1/18	6/30/19	1,165,398		1,165,398	(1,165,398)					1,165,398	1,165,398	
Pension	19-495-034-5094-002	7/1/18	6/30/19	2,516,550		2,516,550	(2,516,550)					2,516,550	2,516,550	
Non-Contributory Insurance	19-495-034-5094-004	7/1/18	6/30/19	52,678		52,678	(52,678)					52,678	52,678	
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18	6/30/19	2,406		2,406	(2,406)					2,406	2,406	
Reimbursed TPAF Social Security Aid	19-495-034-5094-003	7/1/18	6/30/19	906,560		859,766	(906,560)				(46,794)	906,560	906,560	
Reimbursed TPAF Social Security Aid	19-495-034-5094-003	7/1/18	6/30/19	940,066		47,045						47,045	940,066	
Total General Fund State Aid					(284,036)	5,703,452	(5,818,273)				(311,795)		7,710,447	
Special Revenue Fund:														
NU Nonpublic Aid:														
Nursing Services (Chapter 226)	19-100-034-5120-070	7/1/18	6/30/19	11,155		11,155	(11,155)					11,155	11,155	
Textbook Aid (Chapter 194)	19-100-034-5120-064	7/1/18	6/30/19	6,141		6,141	(6,141)					6,141	6,141	
Security Aid	19-100-034-5120-509	7/1/18	6/30/19	17,250		17,250	(17,250)					17,250	17,250	
Technology Initiative	19-100-034-5120-373	7/1/18	6/30/19	4,140		4,140	(4,140)					4,140	4,140	
Auxiliary Services (Chapter 192):														
Transportation	19-100-034-5120-068	7/1/18	6/30/19	15,810		15,810	(15,810)					15,810	15,810	
Transportation	18-100-034-5120-068	7/1/17	6/30/18	15,575				(1,957)				1,957	13,618	
Compensatory Education	19-100-034-5120-067	7/1/18	6/30/19	28,765		28,765	(24,098)				\$ 4,667	24,098	24,098	
Compensatory Education	18-100-034-5120-067	7/1/17	6/30/18	20,374		211						211	20,163	
Handicapped Services (Chapter 193):														
Supplementary Instruction	19-100-034-5120-066	7/1/18	6/30/19	10,309		10,309	(9,283)					1,026	9,283	
Supplementary Instruction	18-100-034-5120-066	7/1/17	6/30/18	11,101		7,540		(7,540)				7,540	3,561	
Examination and Classification	19-100-034-5120-066	7/1/18	6/30/19	16,200		16,200	(8,333)					7,867	8,333	
Examination and Classification	18-100-034-5120-066	7/1/17	6/30/18	13,833		2,746		(2,746)				3,905	11,087	
Corrective Speech	19-100-034-5120-066	7/1/18	6/30/19	13,749		13,749	(9,844)					9,844	9,844	
Corrective Speech	18-100-034-5120-066	7/1/17	6/30/18	13,392		3,088		(3,088)				3,088	10,304	
Total Special Revenue Fund						15,542	(106,054)				17,465		164,787	

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance June 30, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Prior Year Balances Canceled	Balance June 30, 2019		MEMO	
				Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
Total State Department of Education				\$ (284,036)	\$ 15,542	\$ 5,826,971	\$ (5,924,327)	\$ (15,542)		\$ (311,795)	\$ 17,465	\$ (398,857)	\$ 7,875,234
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		10,062							10,062
Woodside Avenue Elementary	SP-1580-030-09-1003	12/30/09	06/30/11	163,200		120,891							120,891
Franklin Avenue Middle	SP-1580-015-09-1001	12/30/09	06/30/11	354,960		271,813							271,813
Total Capital Projects Fund				(402,766)		402,766							402,766
Total Schools Development Authority				(402,766)		402,766							402,766
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION				\$ (686,802)	\$ 15,542	\$ 6,229,737	\$ (5,924,327)	\$ (15,542)	\$ -0-	\$ (311,795)	\$ 17,465	\$ (398,857)	\$ 8,278,000
Less - State Awards Not Subject to Single Audit Major Program Determination: On-Behalf TPAF Pension System Contributions:													
Post-Retirement Medical	19-495-034-5094-001	7/1/18	6/30/19	1,165,398			1,165,398						
Pension	19-495-034-5094-002	7/1/18	6/30/19	2,516,550			2,516,550						
Non-Contributory Insurance	19-495-034-5094-004	7/1/18	6/30/19	52,678			52,678						
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18	6/30/19	2,406			2,406						
Subtotal On-Behalf TPAF Pension System Contributions							3,737,032						
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION							\$ (2,187,295)						

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, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state awards 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, 2019. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 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 of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District'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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(12,845) 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.

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

	Federal	State	Total
General Fund		\$ 5,805,428	\$ 5,805,428
Special Revenue Fund	\$ 391,383	106,054	497,437
Total Financial Assistance	\$ 391,383	\$ 5,911,482	\$ 6,302,865

NOTE 5. 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 6. 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, 2019.

NOTE 7. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANT

The District was awarded grants in the amount of \$531,160 from the Schools Development Authority (SDA) in 2009 under the Educational Facilities Construction and Financing Act. Grant expenditures of \$402,766 were drawn down and submitted for reimbursement and recognized as revenue and receivable on the GAAP basis and the \$128,394 unexpended balance of the grants was canceled in the prior fiscal year.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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*.
- The auditor's report on compliance for the major state programs 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 Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2019 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Circular.
- The District's state programs tested as major programs for the current fiscal year were the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 657,704	\$ 657,704
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	20,872	20,872

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(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 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2018.