

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

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
Financial Report**

of the

Borough of Franklin Lakes School District

Franklin Lakes, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
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**INTRODUCTORY SECTION
(UNAUDITED)**

FRANKLIN LAKES PUBLIC SCHOOLS

490 Pulis Avenue, Franklin Lakes, New Jersey 07417

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www.franklinlakes.k12.nj.us

Gregorio Maceri
Superintendent of Schools

Trenae Lambkin
*Board Secretary and
Business Administrator*

December 20, 2022

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 annual comprehensive financial report of the Borough of Franklin Lakes School District (the "District") for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's 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 2021-2022 fiscal year with an average daily enrollment of 1,173 students, which is an increase of 2 students from the previous fiscal year's average daily enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: In 2022 Franklin Lakes net assessed valuations increased from \$4,365,160,800 to \$4,440,997,000 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.

3) MAJOR INITIATIVES: At June 30, 2022 year end, the Capital Reserve was replenished with the interest earnings allocated, and Board approved deposits to the Capital Reserve.

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, 2022.

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,



Gregorio Maceri
Superintendent of Schools

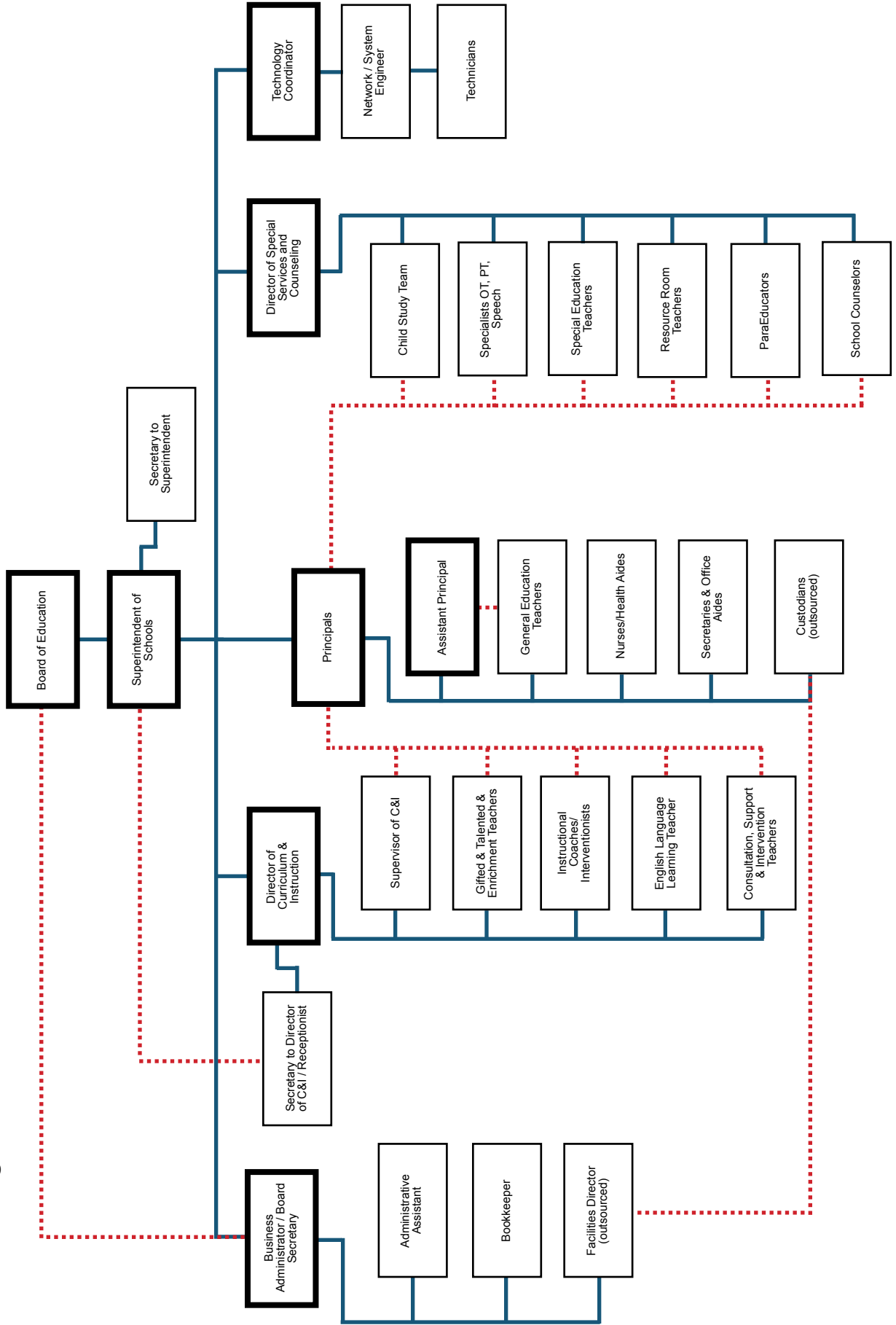


Trena Lambkin
Business Administrator/Board Secretary

FRANKLIN LAKES BOARD OF EDUCATION

Franklin Lakes, New Jersey

Exhibit: Organizational Chart



**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Elisa Billis, President	2022
Peter Koulikourdis, Vice President	2023
Yemi Benedict-Vatel	2022
Kathryn D'Agostino	2024
Ari Donio	2024
Taso Katopodis	2022
Scott Loia	2024
Ryan Richman	2023
Joseph Rosano	2022

Other Officials

Title

Mr. Gregorio Maceri	Superintendent of Schools
Trenae Lambkin	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

Bond Counsel

Rogut McCarthy, LLC
37 Alden Street
Cranford, New Jersey 07016

Financial Advisor

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, NJ 08505

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 Audit of the Financial Statements

Qualified Opinion

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 Franklin Lakes Borough School District (the “District”) in the County of Bergen, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, 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.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the “Office”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to Qualified Opinion

The District’s note disclosure on postemployment benefits other than pensions (OPEB) (Note 11) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan (“SHBP”) has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the “Division”), as of the date of this report. The District is in a “special funding situation” in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District’s net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the District implemented GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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-retirement 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios (Exhibit L-5) do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information 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 4

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 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.

Mount Arlington, New Jersey
December 20, 2022

Nisivoccia, LLP
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, 2022**

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, 2022. 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.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

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

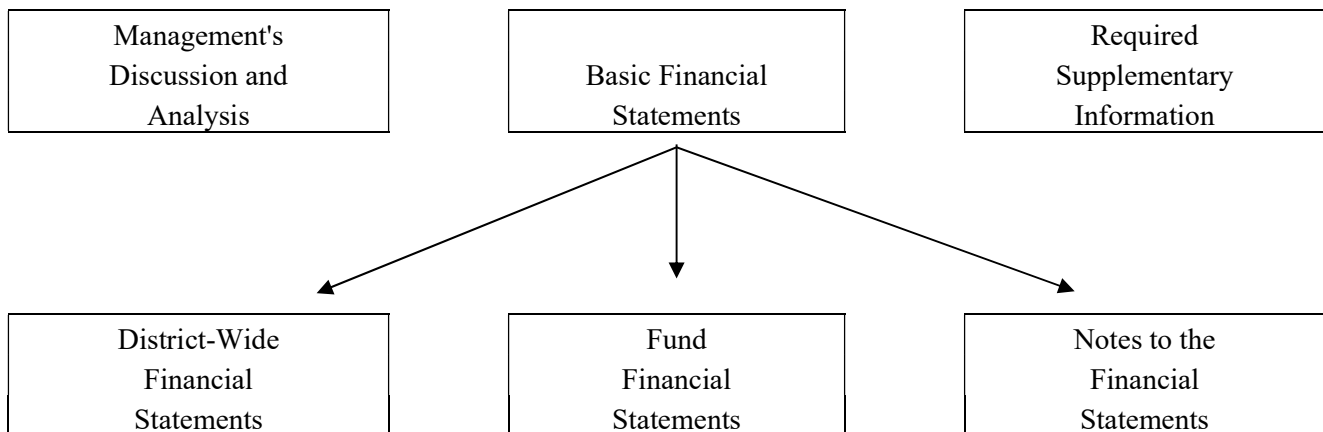


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that not Proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food service
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
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
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, lease assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 two 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, 2022**

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 \$20,391,833 on June 30, 2022, \$1,705,570 or 9.13% more than it was the year before (See Figure A-3). Net Investment in Capital Assets decreased \$269,566, Restricted Net Position increased \$949,155, and Unrestricted Net Position (Deficit) increased (reduction of deficit) \$1,025,981.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2021/2022
	(Restated)				(Restated)		
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Current and Other Assets	\$ 10,781,338	\$ 9,486,786			\$ 10,781,338	\$ 9,486,786	
Capital Assets, Net	17,818,104	18,677,917			17,818,104	18,677,917	
Lease Assets, Net	116,091	232,182			116,091	232,182	
Total Assets	28,715,533	28,396,885			28,715,533	28,396,885	1.12%
Deferred Outflows of Resources	1,625,215	1,676,664			1,625,215	1,676,664	-3.07%
Other Liabilities	1,272,894	1,145,914			1,272,894	1,145,914	
Long-Term Liabilities	5,534,284	7,367,786			5,534,284	7,367,786	
Total Liabilities	6,807,178	8,513,700			6,807,178	8,513,700	-20.04%
Deferred Inflows of Resources	3,141,737	2,873,586			3,141,737	2,873,586	9.33%
Net Position:							
Net Investment in Capital Assets	17,230,227	17,499,793			17,230,227	17,499,793	
Restricted	8,080,691	7,131,536			8,080,691	7,131,536	
Unrestricted (Deficit)	(4,919,085)	(5,945,066)			(4,919,085)	(5,945,066)	
Total Net Position	\$ 20,391,833	\$ 18,686,263	\$ - 0 -	\$ - 0 -	\$ 20,391,833	\$ 18,686,263	9.13%

Net Investment in Capital Assets decreased by \$269,566 primarily due to \$1,068,013 of depreciation and \$116,091 of amortization expense, offset by \$208,200 in capital asset additions and reductions in bonds and leases payable in the amount of \$644,748.

Restricted Net Position increased \$949,155 primarily due to net increases in the Capital Reserve and Unemployment Compensation and the 2022 capital referendum project.

Unrestricted Net Position increased \$1,025,981 primarily due to reductions in long-term liabilities, unexpended budget appropriations and changes in deferred inflows and outflows related to pensions.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2021/2022
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,849,498	\$ 2,123,312	\$ 3,624		\$ 1,853,122	\$ 2,123,312	
Grants/Contributions:							
Operating	9,135,461	12,166,567			9,135,461	12,166,567	
Capital	25,067				25,067		
General Revenue:							
Property Taxes	29,981,684	28,835,703			29,981,684	28,835,703	
Federal/State Aid							
Not Restricted	20,863	20,870			20,863	20,870	
Other	51,923	148,154			51,923	148,154	
Total Revenue	<u>41,064,496</u>	<u>43,294,606</u>	<u>3,624</u>		<u>41,068,120</u>	<u>43,294,606</u>	-5.14%
Expenses:							
Instruction	25,746,132	27,535,542			25,746,132	27,535,542	
Pupil and Instruction							
Services	5,585,914	5,885,021			5,585,914	5,885,021	
Administrative and							
Business	3,074,065	3,319,858			3,074,065	3,319,858	
Maintenance and							
Operations	3,876,257	3,922,067			3,876,257	3,922,067	
Transportation	1,026,138	933,892			1,026,138	933,892	
Other	17,155	48,840	36,889	\$ 16,743	54,044	65,583	
Total Expenses	<u>39,325,661</u>	<u>41,645,220</u>	<u>36,889</u>	<u>16,743</u>	<u>39,362,550</u>	<u>41,661,963</u>	-5.52%
Transfers	(33,265)	(16,743)	33,265	16,743			
Increase in Net Position	<u>\$ 1,705,570</u>	<u>\$ 1,632,643</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1,705,570</u>	<u>\$ 1,632,643</u>	4.47%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased in this past year. However, maintaining existing programs with increasing 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, 2022**

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**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021/2022</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2020/2021</u>
Instruction	\$ 25,746,132	\$ 27,535,542	\$ 15,961,345	\$ 14,595,786
Pupil and Instruction Services	5,585,914	5,885,021	4,665,539	4,806,153
Administrative and Business	3,074,065	3,319,858	3,074,065	3,319,858
Maintenance and Operations	3,876,257	3,922,067	3,851,190	3,922,067
Transportation	1,026,138	933,892	746,341	662,637
Other	17,155	48,840	17,155	48,840
	<u>\$ 39,325,661</u>	<u>\$ 41,645,220</u>	<u>\$ 28,315,635</u>	<u>\$ 27,355,341</u>

Business-Type Activities

The District contributed to its Food Service program to cover operating costs to provide milk to students so the net position from the District’s business-type activity did not change from the previous year. (Refer to Figure A-4).

Financial Analysis of the District’s Funds

The District’s financial position increased \$1,208,427 due to careful monitoring and savings achieved with respect to expenditures and increases in certain 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.

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2021/2022 budget was difficult due to rising costs which had to be contained within the maximum 2% CAP increase mandated by the State in the tax levy. This resulted in the need for numerous line-item transfers during the year.
- Allowable appropriation of fund balance for capital expenditures.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Capital Assets

At year end, the District had \$17,818,104 of capital assets – a \$859,813, or 4.60%, decrease from last year – as shown in Figure A-6. (More detailed information about the District's capital assets is presented in Note 7 to the Basic Financial Statements).

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

	Governmental Activities		Total School District		Percentage Change 2021/2022
	2021/2022	2020/2021	2021/2022	2020/2021	
Land	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	
Construction in Progress	183,133		183,133		
Buildings and Building Improvements	15,102,998	15,952,118	15,102,998	15,952,118	
Machinery and Equipment	722,584	916,410	722,584	916,410	
Total Capital Assets (Net of Depreciation)	<u>\$ 17,818,104</u>	<u>\$ 18,677,917</u>	<u>\$ 17,818,104</u>	<u>\$ 18,677,917</u>	-4.60%

During the fiscal year, the District had \$208,200 of capital additions offset by annual depreciation of \$1,068,013.

Long-term Liabilities

At year end, the District had \$5,534,284 of long-term liabilities – a decrease of \$1,833,502, or 24.89% from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 9 to the Basic Financial Statements).

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

	Total School District		Percentage Change 2021/2022
	2021/2022	2020/2021 (Restated)	
General Obligation Bonds (Financed with Property Taxes)	\$ 625,000	\$ 1,255,000	
Unamortized Bond Issuance Premiums	55,289	110,578	
Net Pension Liability	4,234,860	5,279,543	
Other Long Term Liabilities	619,135	722,665	
	<u>\$ 5,534,284</u>	<u>\$ 7,367,786</u>	-24.89%

The decrease in long-term liabilities was primarily due to general obligation bond maturities, lease payments and a decrease in the Net Pension Liability.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

The driving factors considered by the District's Administration during the process of developing the fiscal year 2021-22 budget were the increasing student population, increasing costs in transportation, custodial (operational) maintenance, and learning loss. A November 2020 Demographic study suggests increased enrollment for all District schools. The District is experiencing that trend especially with families continuing to move into the 275 residential units in the area zoned for High Mountain Road School. The District also will have increased demands to properly budget for additional support programs/positions that are currently being supported by ESSER funds.

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, 2022

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 3,525,648	\$ 3,525,648
Receivable from Federal Government	521,488	521,488
Receivable from State Government	770,378	770,378
Restricted Assets:		
Cash and Cash Equivalents	5,963,824	5,963,824
Capital Assets:		
Land	1,809,389	1,809,389
Construction-in-Progress	183,133	183,133
Depreciable Buildings and Building Improvements and Machinery and Equipment	15,825,582	15,825,582
Lease Assets, Net	116,091	116,091
Total Assets	28,715,533	28,715,533
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount on Refunding	38,408	38,408
Deferred Outflows Related to Pensions	1,586,807	1,586,807
Total Deferred Outflows of Resources	1,625,215	1,625,215
LIABILITIES		
Accounts Payable	1,021,032	1,021,032
Payable to Federal Government	12,448	12,448
Payable to State Government	51,409	51,409
Accrued Interest Payable	10,417	10,417
Unearned Revenue	177,588	177,588
Noncurrent Liabilities:		
Due Within One Year	797,665	797,665
Due Beyond One Year	4,736,619	4,736,619
Total Liabilities	6,807,178	6,807,178
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions	3,141,737	3,141,737
Total Deferred Inflows of Resources	3,141,737	3,141,737
NET POSITION		
Net Investment in Capital Assets	17,230,227	17,230,227
Restricted for:		
Capital Projects	6,016,183	6,016,183
Excess Surplus	1,300,000	1,300,000
Emergency	312,233	312,233
Unemployment Compensation	422,057	422,057
Student Activities	30,218	30,218
Unrestricted (Deficit)	(4,919,085)	(4,919,085)
Total Net Position	\$ 20,391,833	\$ 20,391,833

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

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	Capital Grants and Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 17,098,678	\$ 224,020	\$ 4,201,380		\$ (12,673,278)		\$ (12,673,278)
Special Education	7,099,369	1,590,248	3,364,333		(2,144,788)		(2,144,788)
Other Special Instruction	1,442,316		380,051		(1,062,265)		(1,062,265)
School-Sponsored Instruction	105,769		24,755		(81,014)		(81,014)
Support Services:							
Tuition	714,994		317,291		(397,703)		(397,703)
Student & Instruction Related Services	4,870,920	13,885	589,199		(4,267,836)		(4,267,836)
General Administrative Services	637,344				(637,344)		(637,344)
School Administrative Services	1,906,862				(1,906,862)		(1,906,862)
Central Services	299,420				(299,420)		(299,420)
Administrative Information Technology	230,439				(230,439)		(230,439)
Plant Operations and Maintenance	3,876,257			\$ 25,067	(3,851,190)		(3,851,190)
Pupil Transportation	1,026,138	21,345	258,452		(746,341)		(746,341)
Interest and Other Charges	15,388				(15,388)		(15,388)
Unallocated Depreciation	1,767				(1,767)		(1,767)
Total Governmental Activities	39,325,661	1,849,498	9,135,461	25,067	(28,315,635)		(28,315,635)

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 36,889	\$ 3,624				\$ (33,265)	\$ (33,265)
Total Business-Type Activities	36,889	3,624				(33,265)	(33,265)
Total Primary Government	\$ 39,362,550	\$ 1,853,122	\$ 9,135,461	\$ 25,067	\$ (28,315,635)	(33,265)	(28,348,900)
General Revenue and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					29,314,084		29,314,084
Taxes Levied for Debt Service					667,600		667,600
Federal and State Aid not Restricted					20,863		20,863
Miscellaneous Income					51,923		51,923
Transfers					(33,265)	33,265	
Total General Revenue and Transfers					30,021,205	33,265	30,054,470
Change in Net Position					1,705,570		1,705,570
Net Position - Beginning (Restated)					18,686,263	- 0 -	18,686,263
Net Position - Ending					\$ 20,391,833	\$ - 0 -	\$ 20,391,833

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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 3,455,784		\$ 69,864	\$ 3,525,648
Receivables From Federal Government		\$ 521,488		521,488
Receivables from State Government	770,378			770,378
Interfund Receivable	412,321		747,003	1,159,324
Restricted Cash and Cash Equivalents	5,933,606	30,218		5,963,824
Total Assets	<u>\$ 10,572,089</u>	<u>\$ 551,706</u>	<u>\$ 816,867</u>	<u>\$ 11,940,662</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Interfund Payable	\$ 747,003	\$ 412,321		\$ 1,159,324
Accounts Payable	550,881			550,881
Payable to Federal Government		12,448		12,448
Payable to State Government		51,409		51,409
Unearned Revenue	132,278	45,310		177,588
Total Liabilities	<u>1,430,162</u>	<u>521,488</u>		<u>1,951,650</u>
Fund Balances:				
Restricted:				
Excess Surplus	500,000			500,000
Excess Surplus - Designated for Subsequent Year's Expenditures	800,000			800,000
Emergency Reserve	312,233			312,233
Capital Reserve Account	5,199,316			5,199,316
Capital Projects			\$ 816,867	816,867
Unemployment Compensation	422,057			422,057
Student Activities		30,218		30,218
Committed				
Capital Projects Fund				
Assigned:				
Encumbrances				
Designated for Subsequent Year's Expenditures				
Unassigned	<u>1,908,321</u>			<u>1,908,321</u>
Total Fund Balances	<u>9,141,927</u>	<u>30,218</u>	<u>816,867</u>	<u>9,989,012</u>
Total Liabilities and Fund Balances	<u>\$ 10,572,089</u>	<u>\$ 551,706</u>	<u>\$ 816,867</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.	17,818,104
Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.	38,408
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:	
Deferred Outflows - Pensions	1,116,656
Deferred Inflows - Pensions	(3,141,737)
Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due.	(10,417)
Long-Term Liabilities, Including Bonds Payable, Financed Purchases Payable, the PERS Net Pension Liability and Compensated Absences, are not due and payable in the current period and therefore, are not reported as liabilities in the Funds. Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.	(5,534,284)
Leased Assets used in Governmental Activities are not financial resources and are not reported in the Funds.	<u>116,091</u>
Net Position of Governmental Activities	<u>\$ 20,391,833</u>

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

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 29,314,084			\$ 667,600	\$ 29,981,684
Tuition from Individuals	224,020				224,020
Tuition from Other LEAs	1,590,248				1,590,248
Transportation Fees	21,345				21,345
Interest Earned on Capital Reserve	1,800				1,800
Restricted Miscellaneous Revenue		\$ 116,998			116,998
Unrestricted Miscellaneous Revenue	50,123				50,123
Total - Local Sources	31,201,620	116,998		667,600	31,986,218
State Sources	7,426,814	86,874			7,513,688
Federal Sources		850,094			850,094
Total Revenues	38,628,434	1,053,966	\$ - 0 -	667,600	40,350,000
EXPENDITURES:					
Current:					
Regular Instruction	10,257,596				10,257,596
Special Education Instruction	4,243,767	484,165			4,727,932
Other Special Instruction	835,979				835,979
School-Sponsored/Other Instruction	66,240				66,240
Support Services and Undistributed Costs:					
Tuition	397,703	317,291			714,994
Student and Other Instruction Related Services	3,859,795	219,998			4,079,793
General Administration Services	513,434				513,434
School Administration Services	1,224,806				1,224,806
Central Services	250,593				250,593
Administrative Information Technology	195,050				195,050
Plant Operations and Maintenance	2,870,173				2,870,173

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Student Transportation	\$ 1,016,568				\$ 1,016,568
Unallocated Benefits	11,450,316				11,450,316
Capital Outlay	29,034	\$ 25,067	\$ 183,133		237,234
Debt Service:					
Interest and Other Charges				\$ 37,600	37,600
Principal				630,000	630,000
Total Expenditures	37,211,054	1,046,521	183,133	667,600	39,108,308
Excess/(Deficit) of Revenue Over/(Under) Expenditures	1,417,380	7,445	(183,133)	- 0 -	1,241,692
OTHER FINANCING SOURCES/(USES):					
Transfers In			1,000,000		1,000,000
Transfers Out	(1,033,265)				(1,033,265)
Total Other Financing Sources/(Uses)	(1,033,265)	- 0 -	1,000,000	- 0 -	(33,265)
Net Change in Fund Balances	384,115	7,445	816,867	- 0 -	1,208,427
Fund Balance - July 1	8,757,812	22,773			8,780,585
Fund Balance - June 30	\$ 9,141,927	\$ 30,218	\$ 816,867	\$ - 0 -	\$ 9,989,012

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

FRANKLIN LAKES BOROUGH 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, 2022

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 1,208,427

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 exceeded capital outlays in the current period.

Depreciation Expense	\$ (1,068,013)
Capital Outlays	208,200
	(859,813)

Capital outlays related to lease assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

Amortization expense	(116,091)
Lease asset additions	- 0 -
	(116,091)

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	1,044,683
Change in Deferred Outflows	(64,543)
Change in Deferred Inflows	(268,151)
	(11,217)

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 (+).

Repayment of serial bonds and 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	630,000
Lease Principal	114,747
	744,747

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)	10,648
	\$ 1,705,570

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

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

NOT APPLICABLE

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Enterprise Funds</u>
	<u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 3,624
Total Operating Revenue	3,624
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	36,889
Total Operating Expenses	36,889
Operating Loss	(33,265)
Change in Net Position Before Transfer	(33,265)
Transfer In - General Fund Board Contribution	33,265
Change in Net Position	- 0 -
Net Position - Beginning of Year	- 0 -
Net Position - End of Year	\$ - 0 -

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

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,624
Payments to Suppliers	(36,889)
Net Cash Used for Operating Activities	(33,265)
Cash Flows from Noncapital Financing Activities:	
Transfer In - General Fund Board Contribution	33,265
Net Cash Provided by Noncapital Financing Activities	33,265
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	\$ (33,265)
Net Cash Used for Operating Activities	\$ (33,265)

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, 2022

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 District in its entirety. 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, 2022
(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. Separate statements for each fund category – *governmental and proprietary* - 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, 2022
(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 and lease 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 (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the District's cafeteria operations. The food 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.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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, 2022 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 except for student activities. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 38,645,308	\$ 1,053,966
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	97,605	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(114,479)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 38,628,434</u>	<u>\$ 1,053,966</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 37,211,054</u>	<u>\$ 1,046,521</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 37,211,054</u>	<u>\$ 1,046,521</u>

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, 2022
(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, 2022
(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, 2022.

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. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

M. 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.

N. 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, 2022.

O. 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.

P. Leases Payable:

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. Unearned Revenue:

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

R. Fund Balance Appropriated:

General Fund: Of the \$9,141,927 General Fund fund balance at June 30, 2022 \$5,199,316 is restricted in the capital reserve account; \$312,233 is restricted in the emergency reserve account; \$422,057 is restricted for unemployment compensation; \$800,000 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, 2023; \$500,000 is 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, 2024; and \$1,908,321 is unassigned which is \$114,479 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, 2023.

Special Revenue Fund: The \$30,218 Special Revenue Fund fund balance at June 30, 2022 is restricted for student activities.

Capital Projects Fund: The \$816,867 Capital Projects Fund fund balance at June 30, 2022 is restricted for capital projects.

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, 2022 as outlined above.

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.

S. Deficit Net Position:

The District had a \$4,919,085 deficit in unrestricted net position in governmental activities as of June 30, 2022 primarily due to the non-recognition of the June state aid payments as explained in Note 1R above, the accrual of compensated absences payable, accrued interest payable, unassigned and assigned General Fund fund balance, 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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

T. 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, 2022 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, 2022 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, and lease assets, net of accumulated amortization, 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.

U. 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, an emergency reserve, unemployment compensation, student activities and the Capital Projects Fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2022.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

U. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

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, 2022.

V. 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.

W. Operating Revenue and Expenses:

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

X. 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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Y. 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 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 in the Investments section of this footnote.

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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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, 2022
(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, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents					Total
	Restricted				Unrestricted	
	Capital Reserve	Emergency Reserve	Unemployment Compensation	Student Activities		
Checking Accounts	\$5,199,316	\$ 312,233	\$ 422,057	\$ 30,218	\$3,525,648	\$9,489,472

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2022 was \$9,489,472 and the bank balance was \$10,726,319.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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, 2021 to June 30, 2022 fiscal year is as follows:

Balance June 30, 2021	\$ 4,833,037
Interest Earnings	1,800
Deposit per Board Resolution (June 2022)	1,364,479
Withdrawal for Local Share of Voter Approved Bond Referendum Project	<u>(1,000,000)</u>
 Balance June 30, 2022	 <u>\$ 5,199,316</u>

The June 30, 2022 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, 2021 to June 30, 2022 fiscal year is as follows:

Balance June 30,2021	<u>\$ 312,233</u>
Balance June 30, 2022	<u>\$ 312,233</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District made no transfers to capital outlay accounts.

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,809,389			\$ 1,809,389
Construction in Progress		\$ 183,133		183,133
Total Capital Assets Not Being Depreciated	<u>1,809,389</u>	<u>183,133</u>		<u>1,992,522</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	36,928,479	25,067		36,953,546
Machinery and Equipment	<u>2,039,402</u>			<u>2,039,402</u>
Total Capital Assets Being Depreciated	<u>38,967,881</u>	<u>25,067</u>		<u>38,992,948</u>
Governmental Activities Capital Assets	<u>40,777,270</u>	<u>208,200</u>		<u>40,985,470</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(20,976,361)	(874,187)		(21,850,548)
Machinery and Equipment	<u>(1,122,992)</u>	<u>(193,826)</u>		<u>(1,316,818)</u>
	<u>(22,099,353)</u>	<u>(1,068,013)</u>		<u>(23,167,366)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 18,677,917</u>	<u>\$ (859,813)</u>	<u>\$ - 0 -</u>	<u>\$ 17,818,104</u>

Capital acquisitions totaled \$208,200 of current fiscal year capitalized expenditures in the Governmental Activities. As of June 30, 2022, the District had one active construction project for \$21,916,025 with a balance of \$21,732,892 and no outstanding construction encumbrances.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 116,833
Student and Instruction Related Services	10,756
General Administration	43,403
School Administration	1,791
Central Services	1,175
Plant Operations and Maintenance	892,288
Unallocated	<u>1,767</u>
Total Depreciation	<u>\$ 1,068,013</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2022 were as follows:

	(Restated)			
	Balance		Adjustments/	Balance
	6/30/2021	Increases	Decreases	6/30/2022
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 464,366			\$ 464,366
Total Lease Assets Being Amortized	<u>464,366</u>			<u>464,366</u>
Governmental Activities Lease Assets	<u>464,366</u>			<u>464,366</u>
Less Accumulated Amortization for:				
Machinery and Equipment	(232,184)	\$(116,091)		(348,275)
	<u>(232,184)</u>	<u>(116,091)</u>		<u>(348,275)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 232,182</u>	<u>\$(116,091)</u>	<u>\$ -0-</u>	<u>\$ 116,091</u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	<u>\$ 116,091</u>
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NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance		Balance		Amount
	6/30/2021	Accrued	Retired	6/30/2022	Paid Within
					One Year
Serial Bonds Payable	\$ 1,255,000		\$ 630,000	\$ 625,000	\$ 625,000
Unamortized Bond Issuance Premium	110,578		55,289	55,289	55,289
Net Pension Liability	5,279,543		1,044,683	4,234,860	
Leases Payable	232,123		114,747	117,376	117,376
Compensated Absences Payable	490,542	\$ 26,678	15,461	501,759	
	<u>\$ 7,367,786</u>	<u>\$ 26,678</u>	<u>\$ 1,860,180</u>	<u>\$ 5,534,284</u>	<u>\$ 797,665</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

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, 2022 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding School Bonds	08/01/22	4.00%	<u>\$ 625,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$ 625,000</u>	<u>\$ 12,500</u>	<u>\$ 637,500</u>
	<u>\$ 625,000</u>	<u>\$ 12,500</u>	<u>\$ 637,500</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2022, the Board had \$20,916,025 of bonds authorized but not issued associated with the District's January 25, 2022 voter approved bond referendum project.

C. Compensated Absences:

The liability for compensated absences of the Governmental Fund types is recorded in the current and long-term liabilities. No portion of compensated absences is currently payable; therefore, the long-term portion of compensated absences is \$501,759. The General Fund will be used to liquidate Compensated Absences Payable.

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

D. Leases Payable:

The District had leases payable outstanding as of June 30, 2022 as follows:

<u>Leases Payable</u>				
<u>Purpose</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Laptop Computers	Annual	06/20/23	2.29%	\$ 117,376
				<u>\$ 117,376</u>

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 117,376	\$ 2,688
	<u>\$ 117,376</u>	<u>\$ 2,688</u>

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, 2022 is \$55,289 and there is no long-term portion.

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. No portion of the Net Pension Liability is currently payable; therefore, the long-term portion of the Net Pension Liability is \$4,234,860 at June 30, 2022. See Note 10 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, 2022
(Continued)

NOTE 10. 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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-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. 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, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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 \$418,648 for 2022.

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, 2022, the District reported a liability of \$4,234,860 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.0357%, which was an increase of 0.0034% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized pension benefit of \$293,341. At June 30, 2022, 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, 2022
(Continued)

NOTE 10. 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	2017	5.48		\$ 178,966
	2018	5.63		335,524
	2019	5.21		295,990
	2020	5.16		697,158
	2021	5.13	\$ 22,055	
			<u>22,055</u>	<u>1,507,638</u>
Changes in Proportion	2017	5.48	59,568	
	2018	5.63		5,438
	2019	5.21	376,070	
	2020	5.16		482,771
	2021	5.13	592,174	
			<u>1,027,812</u>	<u>488,209</u>
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2018	5.00		33,080
	2019	5.00		(10,674)
	2020	5.00		(240,557)
	2021	5.00		1,333,724
				<u>1,115,573</u>
Difference Between Expected and Actual				
Experience	2017	5.48	5,322	
	2018	5.63		12,777
	2019	5.21	22,626	
	2020	5.16	38,841	
	2021	5.13		17,540
			<u>66,789</u>	<u>30,317</u>
District Contribution Subsequent to the				
Measurement Date	2021	1.00	470,151	
			<u>\$ 1,586,807</u>	<u>\$ 3,141,737</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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 benefit as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (999,243)
2023	(713,457)
2024	(486,456)
2025	(365,670)
2026	142
	\$ (2,564,684)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. 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, 2021) 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2022
(Continued)

NOTE 10. 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, 2021 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, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 5,767,020	\$ 4,234,860	\$ 2,934,605

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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-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. 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, 2022
(Continued)

NOTE 10. 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:

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 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. For fiscal year 2021, the State's pension contribution was more than the actuarial determined amount.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$3,576,967 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,282,134.

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, 2022, the State's proportionate share of the net pension liability attributable to the District was \$54,488,301. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.1133%, which was a decrease of 0.0107% from its proportion measured as of June 30, 2020.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Attributable to the District		54,488,301
Total	\$	54,488,301

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$1,282,134 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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)

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50		1,464,605
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
				<u>2,854,036,178</u>
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</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, 2022
(Continued)

NOTE 10. 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
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. 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, 2021) 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 2.21% as of June 30, 2021 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 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, 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, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 2021 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, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the Distric	\$ 64,468,761	\$ 54,488,301	\$ 46,105,342

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.

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 \$1,111 pension expense for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$1,588 for the year ended June 30, 2022.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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 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, 2022
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Employees Covered by Benefit Terms

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-oheb.shtml>.

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	216,804
Total	366,108

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

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 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter		1.55 - 4.45% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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 Pub-2010 Healthy “Teachers” (TPAF/ABP), and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State’s Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 42,231,117
Changes for Year:	
Service Cost	2,087,561
Interest	1,531,136
Changes in Assumptions	12,484,709
Differences between Expected and Actual Experience	11,166,618
Member Contributions	36,065
Gross Benefit Payments	(1,189,871)
Net Changes	26,116,218
Balance at June 30, 2020	\$ 68,347,335

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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, 2020, 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, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 82,396,240	\$ 68,347,335	\$ 57,362,444

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, 2020, 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 55,172,274	\$ 68,347,335	\$ 84,035,905

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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, 2022 the District recognized OPEB expense of \$3,856,844 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, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 4,147,891
	2018	9.51		3,650,927
	2019	9.29	\$ 492,106	
	2020	9.24	11,133,551	
			<u>11,625,657</u>	<u>7,798,818</u>
Differences between Expected and Actual Experience	2018	9.51		3,451,262
	2019	9.29		5,792,117
	2020	9.24	10,376,906	
			<u>10,376,906</u>	<u>9,243,379</u>
Changes in Proportion	N/A	N/A	1,623,009	222,398
			<u>\$ 23,625,572</u>	<u>\$ 17,264,595</u>

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

Fiscal Year Ending June 30,	Total
2021	\$ 43,785
2022	43,785
2023	43,785
2024	43,785
2025	43,785
Thereafter	<u>4,741,441</u>
	<u>\$ 4,960,366</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 12. 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 Annual Comprehensive 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 the District’s contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two 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>
2021-2022	\$ - 0 -	\$ - 0 -	\$ 117,843	\$ 59,279	\$ 422,057
2020-2021	- 0 -	- 0 -	23,732	22,622	363,493
2019-2020	- 0 -	- 0 -	28,513	16,277	362,383

NOTE 13. 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 14. DEFERRED COMPENSATION

The Board of Education 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 |

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 15. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

	Interfund Receivable	Interfund Payable
General Fund	\$ 412,321	\$ 747,003
Special Revenue Fund		412,321
Capital Projects Fund	747,003	
	\$ 1,159,324	\$ 1,159,324

The interfund receivable in the General Fund is comprised of interfund loans to the Special Revenue Fund for cash flow purposes awaiting receipts of grants, and the balance due to the Capital Projects Fund for the local share of the District's bond referendum project, net of interest earnings due from the Capital Projects Fund.

During the fiscal year, the General Fund transferred \$1,000,000 from the capital reserve account to the Capital Projects Fund for the local share of the District's January 25, 2022 voter approved bond referendum project and \$33,265 to the Food Service Enterprise Fund for the Board Contribution.

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2022:

	Governmental Funds	Total Governmental Funds	District Contribution Subsequent to the Measurement Date	Total Governmental Activities
Vendors	\$ 537,440	\$ 537,440		\$ 537,440
Payroll Deductions and Withholdings	13,441	13,441		13,441
Due to State of New Jersey			\$ 470,151	470,151
	\$ 550,881	\$ 550,881	\$ 470,151	\$ 1,021,032

NOTE 17. SUBSEQUENT EVENTS

On October 20, 2022, the District issued \$20,916,000 in School Bonds dated November 15, 2022, in connection with the January 25, 2022, voter approved bond referendum project. The School Bonds have an interest rate between 3.00% and 4.00% and payments of principal and interest commence August 1, 2023. Principal payments continue annually on August 1 and interest payments continue each February 1 and August 1 until the final maturity date of August 1, 2042.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. 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, 2022, there were no encumbrances in the governmental funds.

NOTE 19. TAX CALENDAR

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

NOTE 20. PRIOR YEAR ADJUSTMENT

The District implemented GASB 87 *Leases* in the fiscal year and made a prior year adjustment in the district-wide financial statements to reclassify a financed purchase agreement as a lease and to record an intangible right-to-use asset and lease liability as of June 30, 2021:

	Balance at June 30, 2021 as Previously Reported	Retroactive Adjustments	Balance at June 30, 2021 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Lease Assets, Net	\$ - 0 -	\$ 232,182	\$ 232,182
Total Assets	28,164,703	232,182	28,396,885
Net Position:			
Net Investment in Capital Assets	17,267,611	232,182	17,499,793
Total Net Position	18,454,081	232,182	18,686,263

REQUIRED SUPPLEMENTARY INFORMATION

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

	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%

	Fiscal Year Ending June 30,		
	2020	2021	2022
District's Proportion of the Net Pension Liability	0.0358766372%	0.0323751672%	0.0357477756%
District's Proportionate Share of the Net Pension Liability	\$ 6,464,426	\$ 5,279,543	\$ 4,234,860
District's Covered Employee Payroll	\$ 2,197,235	\$ 2,430,124	\$ 2,686,875
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	294.21%	217.25%	157.61%
Plan Fiduciary Net Position as a % of the Total Pension Liability	56.27%	58.32%	70.33%

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 EIGHT FISCAL YEARS

	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	(217,181)	(247,240)	(256,981)	(304,088)	(346,264)
Contribution Deficiency/(Excess)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
District's Covered Employee Payroll	\$ 1,907,591	\$ 2,208,730	\$ 2,171,186	\$ 2,431,573	\$ 2,197,235
Contributions as a percentage of Covered Payroll	11.39%	11.19%	11.84%	12.51%	15.76%

	Fiscal Year Ending June 30,		
	2020	2021	2022
Contractually Required Contribution	\$ 351,741	\$ 354,169	\$ 418,648
Contributions in relation to the Contractually Required Contribution	(351,741)	(354,169)	(418,648)
Contribution Deficiency/(Excess)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
District's Covered Employee Payroll	\$ 2,430,124	\$ 2,686,875	\$ 2,702,459
Contributions as a percentage of Covered Payroll	14.47%	13.18%	15.49%

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

	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%
	Fiscal Year Ending June 30,				
	2020	2021	2022		
State's Proportion of the Net Pension Liability attributable to the District	0.1279542263%	0.1240291249%	0.1133397553%		
State's Proportionate share of the Net Pension Liability attributable to the District	\$ 78,526,716	\$ 81,671,686	\$ 54,488,301		
District's Covered Employee Payroll	\$ 12,604,390	\$ 13,304,015	\$ 14,120,009		
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of District's Covered Employee Payroll	623.01%	613.89%	385.89%		
Plan Fiduciary Net Position as a % of the Total Pension Liability	26.95%	24.60%	35.52%		

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 EIGHT FISCAL YEARS

	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%
Contractually Required Contribution	\$ 4,631,716	\$ 5,078,693	\$ 1,282,134		
Contributions in relation to the Contractually Required Contribution	<u>(2,720,433)</u>	<u>(3,294,649)</u>	<u>(3,576,967)</u>		
Contribution Deficiency/(Excess)	<u>\$ 1,911,283</u>	<u>\$ 1,784,044</u>	<u>\$ (2,294,833)</u>		
District's Covered Employee Payroll	\$ 13,304,015	\$ 14,120,009	\$ 14,641,735		
Contributions as a percentage of Covered Employee Payroll	34.81%	35.97%	8.76%		

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

FRANKLIN LAKES BOROUGH 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 FOUR FISCAL YEARS

	Fiscal Year Ending June 30,			
	2017	2018	2019	2020
Service Cost	\$ 2,708,228	\$ 2,233,415	\$ 1,956,502	\$ 2,087,561
Interest	1,667,478	1,933,950	1,827,023	1,531,136
Changes in Assumptions	(7,212,667)	(5,264,547)	629,669	12,484,709
Differences between Expected and Actual Experience		(4,216,592)	(6,800,541)	11,166,618
Member Contributions	44,670	42,397	38,428	36,065
Gross Benefit Payments	(1,213,105)	(1,226,719)	(1,296,369)	(1,189,871)
Net Change in Total OPEB Liability	(4,005,396)	(6,498,096)	(3,645,288)	26,116,218
Total OPEB Liability - Beginning	56,379,897	52,374,501	45,876,405	42,231,117
Total OPEB Liability - Ending	<u>\$ 52,374,501</u>	<u>\$ 45,876,405</u>	<u>\$ 42,231,117</u>	<u>\$ 68,347,335</u>
District's Covered Employee Payroll *	\$ 15,528,509	\$ 15,461,945	\$ 15,538,979	\$ 14,801,625
Total OPEB Liability as a Percentage of Covered Employee Payroll	337%	297%	272%	462%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019 and 2020 are based on the payroll on the June 30, 2016, 2017, 2018 and 2019 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, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 29,314,084		\$ 29,314,084	\$ 29,314,084	
Tuition from Individuals	210,000		210,000	224,020	\$ 14,020
Tuition from Other LEA's	1,907,350		1,907,350	1,590,248	(317,102)
Transportation Fees from Individuals	70,000		70,000	21,345	(48,655)
Interest Earned on Capital Reserve	1,800		1,800	1,800	
Unrestricted Miscellaneous Revenue	49,825		49,825	50,123	298
Total - Local Sources	31,553,059		31,553,059	31,201,620	(351,439)
State Sources:					
Categorical Transportation Aid	230,578		230,578	230,578	
Categorical Special Education Aid	922,382		922,382	922,382	
Categorical Security Aid	20,872		20,872	20,872	
Extraordinary Aid				688,522	688,522
Additional Nonpublic Transportation Aid				27,970	27,970
On-Behalf TPAF Contributions (Non-budgeted):					
Pension				3,576,967	3,576,967
Post-Retirement Medical Benefits				847,515	847,515
Non-Contributory Insurance				50,466	50,466
Long-Term Disability Insurance				1,038	1,038
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,077,378	1,077,378
Total State Sources	1,173,832		1,173,832	7,443,688	6,269,856
TOTAL REVENUES	32,726,891		32,726,891	38,645,308	5,918,417

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 211,475	\$ (82,500)	\$ 128,975	\$ 128,583	\$ 392
Kindergarten - Salaries of Teachers	580,000	(9,500)	570,500	570,373	127
Grades 1-5 - Salaries of Teachers	4,436,906	(199,380)	4,237,526	4,354,005	(116,479)
Grades 6-8 - Salaries of Teachers	3,894,081	262,080	4,156,161	4,107,536	48,625
Regular Programs - Home Instruction:					
Salaries of Teachers	50,500		50,500	47,900	2,600
Other Salaries for Instruction	75,522	(71,897)	3,625		3,625
Other Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	113,000		113,000	103,243	9,757
General Supplies	813,467	149,336	962,803	912,193	50,610
Textbooks	145,554	(110,101)	35,453	33,763	1,690
Total Regular Programs - Instruction	10,320,505	(61,962)	10,258,543	10,257,596	947
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	325,000	64,500	389,500	389,467	33
Other Salaries for Instruction	395,725		395,725	331,213	64,512
General Supplies	20,000		20,000	19,337	663
Total Learning and/or Language Disabilities	740,725	64,500	805,225	740,017	65,208
Resource Room/Resource Center:					
Salaries of Teachers	1,897,621	(192,618)	1,705,003	1,703,670	1,333
General Supplies	5,000	487	5,487	5,487	
Total Resource Room/Resource Center	1,902,621	(192,131)	1,710,490	1,709,157	1,333

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Autism:					
Salaries of Teachers	\$ 410,000	\$ 77,333	\$ 487,333	\$ 462,310	\$ 25,023
Other Salaries for Instruction	990,000	(72,913)	917,087	917,085	2
General Supplies	20,000		20,000	20,000	
Total Autism	1,420,000	4,420	1,424,420	1,399,395	25,025
Preschool Disabilities - Part-Time:					
Salaries of Teachers	319,197		319,197	263,224	55,973
Other Salaries for Instruction	144,620		144,620	130,559	14,061
General Supplies	1,500		1,500	1,415	85
Total Preschool Disabilities - Part-Time	465,317		465,317	395,198	70,119
Total Special Education Instruction	4,528,663	(123,211)	4,405,452	4,243,767	161,685
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	720,000	(6,889)	713,111	711,622	1,489
General Supplies	3,000		3,000	3,000	
Total Basic Skills/Remedial - Instruction	723,000	(6,889)	716,111	714,622	1,489
Bilingual Education - Instruction:					
Salaries of Teachers	128,092		128,092	121,357	6,735
Total Bilingual Education - Instruction	128,092		128,092	121,357	6,735

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 72,709	\$ (2,000)	\$ 70,709	\$ 41,454	\$ 29,255
Supplies and Materials	1,500	2,000	3,500	2,897	603
Other Objects	400		400		400
Total School-Sponsored Cocurricular Activities - Instruction	74,609		74,609	44,351	30,258
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	32,250		32,250	12,803	19,447
Purchased Services (300-500 series)	12,000	2,064	14,064	9,086	4,978
Total School-Sponsored Cocurricular Athletics - Instruction	44,250	2,064	46,314	21,889	24,425
Total Instruction	15,819,119	(189,998)	15,629,121	15,403,582	225,539
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	20,000	12,500	32,500	12,500	20,000
Tuition to CSSD & Regional Day Schools		85,000	85,000	17,283	67,717
Tuition to Private Schools for the Disabled - Within State	622,500	(112,500)	510,000	367,920	142,080
Tuition - Other	13,000		13,000		13,000
Total Undistributed Expenditures - Instruction	655,500	(15,000)	640,500	397,703	242,797
Health Services:					
Salaries	373,000	17,625	390,625	353,711	36,914
Purchased Professional and Technical Services	8,650	(8,650)		73,998	1,002
Supplies and Materials	75,000		75,000		
Total Health Services	456,650	8,975	465,625	427,709	37,916

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT and Related Services:					
Salaries	\$ 1,100,200	\$ (110,000)	\$ 990,200	\$ 965,559	\$ 24,641
Purchased Professional - Educational Services	142,000	(131,815)	10,185	93,031	(82,846)
Supplies and Materials	2,500		2,500	2,417	83
Total Speech, OT, PT and Related Services	1,244,700	(241,815)	1,002,885	1,061,007	(58,122)
Extraordinary Services:					
Salaries	230,000	131,815	361,815	357,081	4,734
Purchased Professional - Educational Services	40,000		40,000	35,082	4,918
Total Extraordinary Services	270,000	131,815	401,815	392,163	9,652
Guidance:					
Salaries of Other Professional Staff	436,654		436,654	373,614	63,040
Other Purchased Professional and Technical Services	56,000		56,000	54,966	1,034
Supplies and Materials	1,500		1,500	1,000	500
Total Guidance	494,154		494,154	429,580	64,574
Child Study Teams:					
Salaries of Other Professional Staff	760,761	1,882	762,643	680,636	82,007
Salaries of Secretarial and Clerical Assistants	125,000		125,000	111,502	13,498
Purchased Professional - Educational Services	11,500		11,500		11,500
Other Purchased Professional and Technical Services	33,000	(5,800)	27,200	15,025	12,175
Supplies and Materials	15,000	5,298	20,298	13,959	6,339
Other Objects	3,500	(298)	3,202	3,178	24
Total Child Study Teams	948,761	1,082	949,843	824,300	125,543

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 99,812	\$ (350)	\$ 99,462	\$ 71,970	\$ 27,492
Total Improvement of Instructional Services	99,812	(350)	99,462	71,970	27,492
Educational Media Services/School Library:					
Salaries	652,906	(129,661)	523,245	403,498	119,747
Purchased Professional and Technical Services	13,000	1,000	14,000	13,884	116
Other Purchased Services (400-500 series)	38,500	39,432	77,932	77,334	598
Supplies and Materials	22,530	(7,000)	15,530	13,841	1,689
Other Objects	1,500		1,500	1,500	
Total Educational Media Services/School Library	728,436	(96,229)	632,207	510,057	122,150
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	105,225	(105,225)			
Salaries of Other Professional Staff	43,075	127,472	170,547	141,791	28,756
Supplies and Materials	2,000		2,000	1,218	782
Total Instructional Staff Training Services	150,300	22,247	172,547	143,009	29,538
Support Services - General Administration:					
Salaries	242,683	108,790	351,473	350,762	711
Legal Services	40,000	16,000	56,000	55,999	1
Audit Fees	30,000	27,937	57,937	57,937	
Other Purchased Professional Services	3,500	6,500	10,000	10,000	
Communications/Telephone	3,000	4,000	7,000	6,675	325
Miscellaneous Purchased Services (400-500 series)	800	15,000	15,800	15,800	
General Supplies	5,945	1,155	7,100	6,917	183
Miscellaneous Expenditures	10,700		10,700	9,344	1,356
Total Support Services - General Administration	336,628	179,382	516,010	513,434	2,576

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 773,301	\$ 51,654	\$ 824,955	\$ 823,313	\$ 1,642
Salaries of Other Professional Staff	680	6,210	6,890	6,210	680
Salaries of Secretarial and Clerical Assistants	251,000	116,800	367,800	367,772	28
Supplies and Materials	19,250	4,420	23,670	19,298	4,372
Other Objects	12,100		12,100	8,213	3,887
Total Support Services - School Administration	1,056,331	179,084	1,235,415	1,224,806	10,609
Support Services - Central Services:					
Salaries	233,774	9,779	243,553	242,501	1,052
Miscellaneous Purchased Services (400-500 series)	10,500	(8,000)	2,500	2,000	500
Supplies and Materials	3,000	3,671	6,671	6,092	579
Total Support Services - Central Services	247,274	5,450	252,724	250,593	2,131
Support Services - Administration Information Technology:					
Salaries	150,000	4,550	154,550	154,550	
Supplies and Materials	1,500	39,000	40,500	40,500	
Total Support Services - Administration Information Technology	151,500	43,550	195,050	195,050	
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	278,750	126,480	405,230	370,655	34,575
General Supplies	50,225	(15,600)	34,625	31,484	3,141
Total Required Maintenance for School Facilities	328,975	110,880	439,855	402,139	37,716

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries of Non-Instructional Aides	\$ 381,050	\$ (5,099)	\$ 375,951	\$ 375,950	\$ 1
Purchased Professional and Technical Services	28,356	4,858	33,214	27,144	6,070
Cleaning, Repair and Maintenance Services	1,480,413	(203,864)	1,276,549	1,268,483	8,066
Other Purchased Property Services	48,000	6,817	54,817	54,817	
Insurance	149,000	22,000	171,000	170,997	3
General Supplies	23,309	35,711	59,020	58,408	612
Energy (Natural Gas)	145,000	(39,950)	105,050	101,859	3,191
Energy (Electricity)	420,000	140,000	560,000	395,376	164,624
Total Custodial Services	2,675,128	(39,527)	2,635,601	2,453,034	182,567
Security:					
Purchased Professional and Technical Services	15,000		15,000	15,000	
Total Security	15,000		15,000	15,000	
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	42,353		42,353	42,260	93
Management Fee - ESC and CTSA Transportation Programs	5,610		5,610	3,500	2,110
Contracted Services:					
Aid in Lieu of Payments - Nonpublic School	86,700		86,700	77,082	9,618
Between Home and School - Vendors	489,600	11,000	500,600	495,257	5,343
Other than Between Home and School - Vendors	30,600		30,600	17,484	13,116
Special Education Students - Vendors	492,660	(103,455)	389,205	380,985	8,220
Total Student Transportation Services	1,147,523	(92,455)	1,055,068	1,016,568	38,500

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 310,000	\$ 99,700	\$ 409,700	\$ 406,714	\$ 2,986
Other Retirement Contributions - PERS	390,000	29,000	419,000	418,648	352
Other Retirement Contributions - Regular	5,500		5,500	1,111	4,389
Workmen's Compensation	236,000	(33,265)	202,735	586	202,149
Health Benefits	5,566,766	(99,000)	5,467,766	5,035,909	431,857
Tuition Reimbursement	50,000		50,000	33,984	16,016
Other Employee Benefits	25,000		25,000		25,000
Total Unallocated Benefits	6,583,266	(3,565)	6,579,701	5,896,952	682,749
On-Behalf TPAF Contributions (Non-budgeted):					
Pension				3,576,967	(3,576,967)
Post-Retirement Medical Benefits				847,515	(847,515)
Non-Contributory Insurance				50,466	(50,466)
Long-Term Disability Insurance				1,038	(1,038)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,077,378	(1,077,378)
Total On-Behalf Contributions				5,553,364	(5,553,364)
Total Personal Services - Employee Benefits	6,583,266	(3,565)	6,579,701	11,450,316	(4,870,615)
Total Undistributed Expenses	17,589,938	193,524	17,783,462	21,778,438	(3,994,976)
TOTAL CURRENT EXPENSE	33,409,057	3,526	33,412,583	37,182,020	(3,769,437)

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 42,000		\$ 42,000		\$ 42,000
Required Maintenance for School Facilities	25,000		25,000		25,000
Total Equipment	67,000		67,000		67,000
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	96,034		96,034	29,034	67,000
TOTAL EXPENDITURES	33,505,091	\$ 3,526	33,508,617	37,211,054	(3,702,437)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(778,200)	(3,526)	(781,726)	1,434,254	2,215,980
Other Financing Sources/(Uses):					
Transfer Out - Enterprise Fund	(20,000)	(13,265)	(33,265)	(33,265)	
Capital Reserve - Transfer to Capital Projects Fund		(1,000,000)	(1,000,000)	(1,000,000)	
Total Other Financing Sources/(Uses)	(20,000)	(1,013,265)	(1,033,265)	(1,033,265)	

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues and Other Financing Sources	\$ (798,200)	\$ (1,016,791)	\$ (1,814,991)	\$ 400,989	\$ 2,215,980
Over/(Under) Expenditures and Other Financing Uses	8,855,417		8,855,417	8,855,417	
Fund Balance, July 1	\$ 8,057,217	\$ (1,016,791)	\$ 7,040,426	\$ 9,256,406	\$ 2,215,980
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus				\$ 500,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				800,000	
Emergency Reserve				312,233	
Capital Reserve				5,199,316	
Unemployment Compensation				422,057	
Unassigned				2,022,800	
				<u>9,256,406</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
State Aid Payments not Recognized on GAAP Basis				(114,479)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 9,141,927</u>	

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 126,998	\$ 126,998	\$ 116,998	\$ (10,000)
State Sources	\$ 25,067	113,216	138,283	86,874	(51,409)
Federal Sources	708,588	892,993	1,601,581	850,094	(751,487)
Total Revenues	733,655	1,133,207	1,866,862	1,053,966	(812,896)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	306,321	30,129	336,450	210,685	125,765
Purchased Professional - Education Services		65,000	65,000	65,000	
Tuition	287,019	30,272	317,291	317,291	
General Supplies	79,000	733,168	812,168	203,439	608,729
Textbooks		6,062	6,062	5,041	1,021
Other Objects		500	500	500	
Total Instruction	672,340	865,131	1,537,471	801,456	736,015
Support Services:					
Personal Services - Employee Benefits		6,871	6,871	6,871	
Purchased Professional and Technical Services	36,248	(11,293)	24,955	12,985	11,970
Purchased Professional - Educational Services		117,904	117,904	67,516	50,388
Other Purchased Services		26,096	26,096	21,573	4,523
Supplies and Materials		10,000	10,000		10,000
Other Objects		1,500	1,500	1,500	
Student Activities		116,998	116,998	109,553	7,445
Total Support Services	36,248	268,076	304,324	219,998	84,326
Facilities Acquisition:					
Buildings	25,067		25,067	25,067	
Total Facilities Acquisition	25,067		25,067	25,067	
Total Expenditures	733,655	1,133,207	1,866,862	1,046,521	820,341
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 7,445	\$ 7,445

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from Budgetary Comparison Schedule	\$ 38,645,308	\$ 1,053,966
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	97,605	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(114,479)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 38,628,434</u>	<u>\$ 1,053,966</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 37,211,054</u>	<u>\$ 1,046,521</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 37,211,054</u>	<u>\$ 1,046,521</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, 2022 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 except for student activities. 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

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act					
	Student Activities	Title I, Part A	Title II, Part A	Title IV	IDEA Part B, Basic	Preschool
REVENUE:						
Local Sources	\$ 116,998					
State Sources		\$ 43,390	\$ 17,795	\$ 10,000	\$ 279,784	\$ 17,487
Federal Sources		43,390	17,795	10,000	279,784	17,487
Total Revenue						
EXPENDITURES:						
Instruction:						
Salaries of Teachers		38,913				12,060
Purchased Professional - Educational Services					266,799	
Tuition				9,199		
General Supplies						
Textbooks						
Total Instruction		38,913		9,199	266,799	12,060
Support Services:						
Personal Services - Employee Benefits					12,985	5,427
Purchased Professional and Technical Services						
Purchased Professional - Educational Services						
Other Purchased Services		2,977	17,795	801		
Other Objects		1,500				
Student Activities	109,553					
Total Support Services	109,553	4,477	17,795	801	12,985	5,427
Facilities Acquisition:						
Buildings						
Total Facilities Acquisition						
Total Expenditures	\$ 109,553	\$ 43,390	\$ 17,795	\$ 10,000	\$ 279,784	\$ 17,487

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	COVID-19 ARP					COVID-19 CARES Emergency Relief
	IDEA Part B, Basic ARP	Preschool ARP	ESSER III	Accelerated Learning Coaching and Educator Support	Evidence-Based Summer Learning and Enrichment Activities	
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 50,492	\$ 4,652	\$ 70,174	\$ 52,730	\$ 11,629	\$ 59,550
Total Revenue	50,492	4,652	70,174	52,730	11,629	59,550
EXPENDITURES:						
Instruction:						
Salaries of Teachers			3,208			
Purchased Professional - Educational Services						
Tuition	50,492		70,174	52,730	11,629	59,550
General Supplies						
Textbooks						
Total Instruction	50,492	3,208	70,174	52,730	11,629	59,550
Support Services:						
Personal Services - Employee Benefits		1,444				
Purchased Professional and Technical Services						
Purchased Professional - Educational Services						
Other Purchased Services						
Other Objects						
Student Activities						
Total Support Services		1,444				
Facilities Acquisition:						
Buildings						
Total Facilities Acquisition						
Total Expenditures	\$ 50,492	\$ 4,652	\$ 70,174	\$ 52,730	\$ 11,629	\$ 59,550

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	COVID-19 CRRSA				NJ Nonpublic		
	ESSER II	Learning Acceleration	Mental Health	Examination & Classification	Supplementary Instruction	Corrective Speech	
REVENUE:							
Local Sources							
State Sources	\$ 165,620	\$ 21,791	\$ 45,000	\$ 10,609	\$ 7,269	\$ 9,449	
Federal Sources							
Total Revenue	165,620	21,791	45,000	10,609	7,269	9,449	
EXPENDITURES:							
Instruction:							
Salaries of Teachers	140,963	15,541					
Purchased Professional - Educational Services	24,500		40,500				
Tuition							
General Supplies	157						
Textbooks							
Total Instruction	165,620	15,541	40,500				
Support Services:							
Personal Services - Employee Benefits							
Purchased Professional and Technical Services		6,250	4,500	10,609	7,269	9,449	
Purchased Professional - Educational Services							
Other Purchased Services							
Other Objects							
Student Activities							
Total Support Services		6,250	4,500	10,609	7,269	9,449	
Facilities Acquisition:							
Buildings							
Total Facilities Acquisition							
Total Expenditures	\$ 165,620	\$ 21,791	\$ 45,000	\$ 10,609	\$ 7,269	\$ 9,449	

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	NJ Nonpublic						
	Auxiliary Services (Chapter 192) Compensatory Education	Technology Initiative	Nursing Aid	Textbook Aid	SDA Emergent and Capital Maintenance Needs Grant	Totals	
REVENUE:							
Local Sources							\$ 116,998
State Sources	\$ 13,885	\$ 4,242	\$ 11,312	\$ 5,041	\$ 25,067		86,874
Federal Sources							850,094
Total Revenue	13,885	4,242	11,312	5,041	25,067		1,053,966
EXPENDITURES:							
Instruction:							
Salaries of Teachers							210,685
Purchased Professional - Educational Services							65,000
Tuition							317,291
General Supplies							203,439
Textbooks				5,041			5,041
Total Instruction				5,041			801,456
Support Services:							
Personal Services - Employee Benefits							6,871
Purchased Professional and Technical Services							12,985
Purchased Professional - Educational Services	13,885	4,242	11,312				67,516
Other Purchased Services							21,573
Other Objects							1,500
Student Activities							109,553
Total Support Services	13,885	4,242	11,312				219,998
Facilities Acquisition:							
Buildings					25,067		25,067
Total Facilities Acquisition					25,067		25,067
Total Expenditures	\$ 13,885	\$ 4,242	\$ 11,312	\$ 5,041	\$ 25,067		\$ 1,046,521

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	<u>\$ 1,000,000</u>
Total Revenue and Other Financing Sources	<u>1,000,000</u>
Expenditures:	
Purchased Professional and Technical Services	<u>183,133</u>
Total Expenditures	<u>183,133</u>
Excess of Revenue and Other Financing Sources Over Expenditures	816,867
Fund Balance - Beginning of Year	<u>- 0 -</u>
Fund Balance - End of Year	<u>\$ 816,867</u>
Recapitulation of Fund Balance:	
Restricted	<u>\$ 816,867</u>
Fund Balance per Governmental Funds Budgetary and GAAP	<u>\$ 816,867</u>

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ROOF AND MECHANICAL UPGRADES TO THE DISTRICT'S SCHOOL BUILDINGS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
Bond Proceeds				\$ 20,916,025
Transfer from Capital Reserve		\$ 1,000,000	\$ 1,000,000	1,000,000
Total Revenue and Other Financing Sources	\$ - 0 -	1,000,000	1,000,000	21,916,025
Expenditures:				
Purchased Professional and Technical Services		183,133	183,133	2,373,387
Construction Services				19,542,638
Total Expenditures		183,133	183,133	21,916,025
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 816,867	\$ 816,867	\$ - 0 -
Additional Project Information:				
Project Number(s)		1580-015-21-1000		
		1580-020-21-1000		
		1580-030-21-1000		
		1580-040-21-1000		
Grant Date(s)		N/A		
Bond Authorization Date		1/25/2022		
Bonds and Notes Authorized		\$ 20,916,025		
Bonds and Notes Issued		\$ - 0 -		
Original Authorized Cost		\$ 21,916,025		
Change Order Percentage		0%		
Percentage Completion		0.84%		
Original Target Completion Date		8/31/2024		

PROPRIETARY FUNDS

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2022

NOT APPLICABLE

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 3,624
	<hr/>
Total Operating Revenue	3,624
	<hr/>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	36,889
	<hr/>
Total Operating Expenses	36,889
	<hr/>
Operating Loss	(33,265)
Change in Net Position Before Transfer	(33,265)
Transfer In - General Fund Board Contribution	33,265
	<hr/>
Change in Net Position	- 0 -
Net Position - Beginning of Year	- 0 -
	<hr/>
Net Position - End of Year	\$ - 0 -
	<hr/> <hr/>

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,624
Payments to Suppliers	<u>(36,889)</u>
Net Cash Used for Operating Activities	<u>(33,265)</u>
Cash Flows from Noncapital Financing Activities:	
Transfer In - General Fund Board Contribution	<u>33,265</u>
Net Cash Provided by Noncapital Financing Activities	<u>33,265</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><u>\$ - 0 -</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	<u>\$ (33,265)</u>
Net Cash Used for Operating Activities	<u><u>\$ (33,265)</u></u>

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM DEBT

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
LONG TERM DEBT
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Retired or Matured	Balance July 1, 2021	Balance June 30, 2022
			Date	Amount				
Refunding School Bonds	09/30/10	\$ 6,390,000	8/1/2022	\$ 625,000	4.00%	\$ 630,000	\$ 1,255,000	\$ 625,000
							<u>\$ 1,255,000</u>	<u>\$ 625,000</u>

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOT APPLICABLE

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER LEASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>(Restated) Balance July 1, 2021</u>	<u>Issued</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2022</u>
Laptop Computers	2.290%	\$ 464,366	\$ 232,123		\$ 114,747	\$ 117,376
			<u>\$ 232,123</u>	<u>\$ - 0 -</u>	<u>\$ 114,747</u>	<u>\$ 117,376</u>

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<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	\$ 667,600		\$ 667,600	\$ 667,600	
Total Revenues	<u>667,600</u>		<u>667,600</u>	<u>667,600</u>	
EXPENDITURES:					
Regular Debt Service :					
Interest	37,600		37,600	37,600	
Redemption of Principal	<u>630,000</u>		<u>630,000</u>	<u>630,000</u>	
Total Regular Debt Service	<u>667,600</u>		<u>667,600</u>	<u>667,600</u>	
Total Expenditures	<u>667,600</u>		<u>667,600</u>	<u>667,600</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 Annual Comprehensive 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 Annual Comprehensive 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,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
									(Restated)	
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 18,164,821	\$ 18,042,322	\$ 18,210,674	\$ 17,671,173	\$ 17,750,489	\$ 17,509,535	\$ 17,417,512	\$ 17,551,192	\$ 17,499,793	\$ 17,230,227
Restricted	2,109,714	2,519,204	3,138,863	3,352,028	3,580,390	3,705,761	4,940,727	6,174,094	7,131,536	8,080,691
Unrestricted (Deficit)	(468,422)	(5,538,776)	(5,660,067)	(5,744,529)	(6,536,760)	(6,598,510)	(6,804,518)	(6,903,848)	(5,945,066)	(4,919,085)
Total Governmental										
Activities Net Position	\$ 19,806,113	\$ 15,022,750	\$ 15,689,470	\$ 15,278,672	\$ 14,794,119	\$ 14,616,786	\$ 15,553,721	\$ 16,821,438	\$ 18,686,263	\$ 20,391,833
Business-Type Activities:										
Unrestricted	\$ 17,786	\$ 5,341	\$ 7,152	\$ 1,483	\$ 734	\$ 1,334	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
Total Business-Type										
Activities Net Position	\$ 17,786	\$ 5,341	\$ 7,152	\$ 1,483	\$ 734	\$ 1,334	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District-Wide:										
Net Investment in										
Capital Assets	\$ 18,164,821	\$ 18,042,322	\$ 18,210,674	\$ 17,671,173	\$ 17,750,489	\$ 17,509,535	\$ 17,417,512	\$ 17,551,192	\$ 17,499,793	\$ 17,230,227
Restricted	2,109,714	2,519,204	3,138,863	3,352,028	3,580,390	3,705,761	4,940,727	6,174,094	7,131,536	8,080,691
Unrestricted (Deficit)	(450,636)	(5,533,435)	(5,652,915)	(5,743,046)	(6,536,026)	(6,597,176)	(6,804,518)	(6,903,848)	(5,945,066)	(4,919,085)
Total District-Wide Net Position	\$ 19,823,899	\$ 15,028,091	\$ 15,696,622	\$ 15,280,155	\$ 14,794,853	\$ 14,618,120	\$ 15,553,721	\$ 16,821,438	\$ 18,686,263	\$ 20,391,833

Source: Borough of Franklin Lakes School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$12,900,206	\$12,852,499	\$14,455,143	\$16,320,528	\$17,670,259	\$18,989,979	\$16,668,286	\$17,366,699	\$17,854,795	\$17,098,678
Special Education	4,633,915	4,944,229	5,470,305	6,280,209	7,001,062	7,382,611	6,910,092	7,475,298	7,952,005	7,099,369
Other Special Instruction	632,933	599,078	1,029,789	1,176,165	1,279,602	1,588,672	1,282,379	1,490,981	1,682,115	1,442,316
School-Sponsored Instruction	145,964	126,247	207,167	201,257	197,636	216,466	148,087	166,271	46,627	105,769
Support Services:										
Tuition	764,909	926,665	779,729	527,733	786,696	721,217	889,793	761,460	694,627	714,994
Student & Instruction Related Services	4,154,137	4,062,891	4,124,758	4,523,346	4,788,068	4,841,577	4,497,594	4,972,438	5,190,394	4,870,920
General Administrative Services	572,586	630,900	524,643	548,147	539,252	548,517	502,010	487,951	549,171	637,344
School Administrative Services	1,615,493	1,408,197	1,649,779	1,800,803	2,030,641	2,170,418	1,967,457	2,058,495	2,135,739	1,906,862
Central Services/Admin. Technology	692,228	622,293	627,228	623,656	658,966	631,313	610,140	644,616	634,948	529,859
Plant Operations and Maintenance	3,840,866	3,707,881	3,707,558	3,790,330	3,632,523	3,635,415	4,002,222	3,478,171	3,922,067	3,876,257
Pupil Transportation	759,926	824,787	823,310	799,309	808,209	864,249	1,039,839	960,282	933,892	1,026,138
Interest on Long-Term Debt	229,254	200,821	181,158	166,898	150,103	121,179	96,588	73,532	45,782	15,388
Unallocated Depreciation		18,483	12,028	9,036	6,315	5,801	6,105	15,688	3,058	1,767
Total Governmental Activities Expenses	30,942,417	30,924,971	33,592,595	36,767,417	39,549,332	41,717,414	38,620,592	39,951,882	41,645,220	39,325,661
Business-Type Activities:										
Food Service Enterprise Fund	14,646	14,612	14,071	16,545	10,171	10,266	9,819	6,981	16,743	36,889
Total Business-Type Activities Expenses	14,646	14,612	14,071	16,545	10,171	10,266	9,819	6,981	16,743	36,889
Total District Expenses	30,957,063	30,939,583	33,606,666	36,783,962	39,559,503	41,727,680	38,630,411	39,958,863	41,661,963	39,362,550

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(UNAUDITED)

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular	\$ 1,693,662	\$ 1,926,933	\$ 1,750,765	\$ 2,016,141	\$ 1,744,354	\$ 2,126,054	\$ 2,290,727	\$ 2,237,940	\$ 1,956,293	\$ 224,020
Special Education										
Student and Instruction Related Services										
Pupil Transportation	75,150	72,700	77,299	68,010	64,172	61,064	45,450	51,423	10,965	13,885
Operating Grants and Contributions	4,124,351	3,698,400	6,939,275	8,441,077	11,194,439	12,122,809	9,861,901	9,898,527	17,213	21,345
Capital Grants and Contributions		212,843				402,766			12,166,567	9,135,461
Total Governmental Activities Program Revenues	5,893,163	5,910,876	8,767,339	10,525,228	13,002,965	14,712,693	12,198,078	12,408,414	14,289,879	11,010,026
Business-Type Activities:										
Charges for Services:										
Food Service Enterprise Fund	13,952	9,244	8,799	3,908	3,410	3,981	3,540	3,013		3,624
Operating Grants and Contributions	8,593	6,883	7,083	6,968	6,012	6,885				
Total Business-Type Activities Revenues	22,545	16,127	15,882	10,876	9,422	10,866	3,540	3,013		3,624
Total District Program Revenues	5,915,708	5,927,003	8,783,221	10,536,104	13,012,387	14,723,559	12,201,618	12,411,427	14,289,879	11,013,650
Net (Expense)/Revenue:										
Governmental Activities	(25,049,254)	(25,014,095)	(24,825,256)	(26,242,189)	(26,546,367)	(27,004,721)	(26,422,514)	(27,543,468)	(27,355,341)	(28,315,635)
Business-Type Activities	7,899	1,515	1,811	(5,669)	(749)	600	(6,279)	(3,968)	(16,743)	(33,265)
Total District Net (Expense)/Revenue	(25,041,355)	(25,012,580)	(24,823,445)	(26,247,858)	(26,547,116)	(27,004,121)	(26,428,793)	(27,547,436)	(27,372,084)	(28,348,900)

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$23,660,306	\$24,133,512	\$24,212,205	\$24,696,449	\$25,149,448	\$25,652,437	\$26,390,486	\$27,253,536	\$28,141,328	\$29,314,084
Taxes Levied for Debt Service	976,361	1,043,949	965,256	836,650	807,300	780,000	754,600	722,725	694,375	667,600
Federal and State Aid not Restricted	18,210	38,860	54,386	54,985	68,554	69,739	25,431	20,846	20,870	20,863
Interest and Miscellaneous Income	199,225	204,998	260,129	243,307	216,512	145,212	193,877	428,124	148,154	51,923
Transfers		14,000					(4,945)	(3,968)	(16,743)	(33,265)
Total Governmental Activities	24,854,102	25,435,319	25,491,976	25,831,391	26,241,814	26,647,388	27,359,449	28,421,263	28,987,984	30,021,205
Business-Type Activities:										
Investment Earnings	58	40					4,945	3,968	16,743	33,265
Transfers		(14,000)								
Total Business-Type Activities	58	(13,960)					4,945	3,968	16,743	33,265
Total District General Revenues and Other Changes in Net Position	24,854,160	25,421,359	25,491,976	25,831,391	26,241,814	26,647,388	27,364,394	28,425,231	29,004,727	30,054,470
Change in Net Position:										
Governmental Activities	(195,152)	421,224	666,720	(410,798)	(304,553)	(357,333)	936,935	877,795	1,632,643	1,705,570
Business-Type Activities	7,957	(12,445)	1,811	(5,669)	(749)	600	(1,334)			
Total District Change in Net Position	\$ (187,195)	\$ 408,779	\$ 668,531	\$ (416,467)	\$ (305,302)	\$ (356,733)	\$ 935,601	\$ 877,795	\$ 1,632,643	\$ 1,705,570

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$ 2,050,683	\$ 2,463,235	\$ 3,138,863	\$ 3,352,028	\$ 3,580,390	\$ 3,705,761	\$ 4,940,727	\$ 6,146,555	\$ 7,108,763	\$ 7,233,606
Assigned	258,421	339,719	286,974	329,508	253,177			80,000	30	
Unassigned	786,704	786,237	706,262	544,977	569,187	569,793	657,126	702,976	1,649,019	1,908,321
Total General Fund	\$ 3,095,808	\$ 3,589,191	\$ 4,132,099	\$ 4,226,513	\$ 4,402,754	\$ 4,275,554	\$ 5,597,853	\$ 6,929,531	\$ 8,757,812	\$ 9,141,927
Other Governmental Funds:										
Restricted	\$ 59,031	\$ 55,969				\$ 204,217		\$ 27,539	\$ 22,773	\$ 847,085
Committed										
Unassigned (Deficit)	(732,453)	(358,549)	(198,549)	(198,549)	(198,549)					
Total Other Governmental Funds	\$ (673,422)	\$ (302,580)	\$ (198,549)	\$ (198,549)	\$ (198,549)	\$ 204,217	\$ - 0 -	\$ 27,539	\$ 22,773	\$ 847,085
Total Governmental Funds:										
Restricted	\$ 2,109,714	\$ 2,519,204	\$ 3,138,863	\$ 3,352,028	\$ 3,580,390	\$ 3,705,761	\$ 4,940,727	\$ 6,174,094	\$ 7,131,536	\$ 8,080,691
Committed						204,217			30	
Assigned	258,421	339,719	286,974	329,508	253,177			80,000		
Unassigned	54,251	427,688	507,713	346,428	370,638	569,793	657,126	702,976	1,649,019	1,908,321
Total Governmental Funds	\$ 2,422,386	\$ 3,286,611	\$ 3,933,550	\$ 4,027,964	\$ 4,204,205	\$ 4,479,771	\$ 5,597,853	\$ 6,957,070	\$ 8,780,585	\$ 9,989,012

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Tax Levy	\$ 24,636,667	\$ 25,177,461	\$ 25,177,461	\$ 25,533,099	\$ 25,956,748	\$ 26,432,437	\$ 27,145,086	\$ 27,976,261	\$ 28,835,703	\$ 29,981,684
Other Governmental Units - Restricted	125,866	128,383	118,129	143,806	122,902	64,853	66,150			
Tuition Charges	1,693,662	1,926,933	1,750,765	2,016,141	1,744,354	2,126,054	2,290,727	2,458,464	2,095,134	1,814,268
Interest Earnings	9,927	11,647	10,205	13,213	15,044	15,032	15,032	1,800	1,800	1,800
Transportation Fees from Individuals	75,150	72,700	77,299	68,010	64,172	61,064	45,450	51,423	17,213	21,345
Restricted Miscellaneous Revenue									10,965	116,998
Unrestricted Miscellaneous Revenue	255,533	223,968	291,795	86,288	78,566	65,327	112,695	426,324	146,354	50,123
State Sources	3,772,987	3,634,851	3,814,603	4,186,233	4,686,656	5,576,091	5,911,482	6,143,362	7,141,698	7,513,688
Federal Sources	336,473	315,252	329,631	330,792	387,471	390,814	391,383	389,519	456,987	850,094
Total Revenues	30,906,265	31,491,195	31,569,888	32,377,582	33,055,913	34,731,672	35,978,005	37,447,153	38,705,854	40,350,000
Expenditures:										
Instruction:										
Regular Instruction	9,000,413	8,814,159	8,764,795	9,095,364	8,942,625	8,901,711	8,672,080	9,100,732	8,989,698	10,257,596
Special Education Instruction	3,300,491	3,490,328	3,396,428	3,602,531	3,668,974	3,769,787	3,769,563	4,134,211	4,293,398	4,727,932
Other Special Instruction	431,141	409,606	590,989	624,635	606,012	717,743	631,846	735,803	796,923	835,979
Other Instruction	102,730	89,736	123,119	111,792	101,605	104,866	77,948	86,480	23,905	66,240
Support Services:										
Tuition	764,909	926,665	779,729	527,733	786,696	721,217	889,793	761,460	694,627	714,994
Student & Instruction Related Services	3,309,210	3,188,642	3,220,053	3,383,766	3,376,756	3,427,916	3,198,965	3,546,822	4,022,584	4,079,793
General Administration	476,912	522,784	406,327	401,994	383,195	390,437	378,323	364,589	407,488	513,434
School Administration	1,149,221	1,000,746	1,036,945	1,053,527	1,077,685	1,111,871	1,060,841	1,124,049	1,132,316	1,224,806
Central Services/Administration										
Information Technology	518,507	498,821	499,380	465,808	460,585	431,776	421,352	449,523	464,667	445,643
Operations/Maintenance	2,672,406	2,761,007	2,768,734	2,591,475	2,662,724	2,576,431	2,758,137	3,104,540	2,839,804	2,870,173
Pupil Transportation	756,292	820,818	818,637	791,761	795,221	851,977	1,022,954	942,172	919,042	1,016,568
Unallocated Benefits	7,102,936	6,912,571	7,342,692	8,363,369	9,015,836	10,343,872	10,932,636	11,217,418	11,517,735	11,450,316
Capital Outlay	166,868	623,557	153,896	798,558	194,458	682,708	285,940	647,732	69,034	237,234

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenditures:										
Debt Service:										
Principal	\$ 809,000	\$ 819,000	\$ 815,000	\$ 650,000	\$ 640,000	\$ 635,000	\$ 635,000	\$ 630,000	\$ 630,000	\$ 630,000
Interest/Other Charges	247,794	225,950	206,225	186,650	167,300	145,000	119,600	92,725	64,375	37,600
Total Expenditures	30,808,830	31,104,390	30,922,949	32,648,963	32,879,672	34,812,312	34,854,978	36,938,256	36,865,596	39,108,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	97,435	386,805	646,939	(271,381)	176,241	(80,640)	1,123,027	508,897	1,840,258	1,241,692
Other Financing Sources (Uses):										
Leases		463,420		365,795		356,206		464,366		1,000,000
Transfers In	15	14,015	55,730	10	12					
Transfers Out	(15)	(15)	(55,730)	(10)	(12)		(4,945)	(3,968)	(16,743)	(1,033,265)
Total Other Financing Sources (Uses)	- 0 -	477,420	- 0 -	365,795	- 0 -	356,206	(4,945)	460,398	(16,743)	(33,265)
Net Change in Fund Balances	\$ 97,435	\$ 864,225	\$ 646,939	\$ 94,414	\$ 176,241	\$ 275,566	\$ 1,118,082	\$ 969,295	\$ 1,823,515	\$ 1,208,427
Debt Service as a Percentage of Noncapital Expenditures	3.6 %	3.5 %	3.4 %	2.6 %	2.5 %	2.3 %	2.2 %	2.0 %	1.9 %	1.7 %

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>Cancellation of</u> <u>Prior Year's</u> <u>Accounts</u> <u>Payable</u>	<u>Other</u>	<u>Total</u>
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
2020	77,407	2,458,464	51,423	\$ 286,878	63,839	2,938,011
2021	15,318	2,095,134	17,213	119,286	13,550	2,260,501
2022	8,613	1,814,268	21,345	5,505	37,805	1,887,536

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,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2019	98,737,600	3,687,397,300	4,177,300	14,500	368,418,200	30,374,200	56,562,000	4,245,681,100	- 0 -	4,245,681,100	206,449,600	0.650	4,466,941,701
2020	87,722,600	3,752,064,600	2,069,100	13,400	368,820,100	30,374,200	56,562,000	4,297,626,000	- 0 -	4,297,626,000	208,472,300	0.661	4,403,249,770
2021	74,774,200	3,832,547,800	2,069,100	13,400	368,820,100	30,374,200	56,562,000	4,365,160,800	- 0 -	4,365,160,800	208,625,100	0.674	4,413,159,164

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	
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
2019	0.631	0.019	0.650	0.285	0.451	0.256	1.642
2020	0.643	0.018	0.661	0.291	0.443	0.253	1.648
2021	0.657	0.017	0.674	0.292	0.442	0.254	1.662

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)

	2021		2012	
	Taxable Assessed Value	% of Total District Net Valuation Taxable	Taxable Assessed Value	% of Total District Net Valuation Taxable
Becton Dickinson & Company	\$ 156,547,900	3.59 %	\$ 156,547,900	3.83 %
Medco Health Solutions	84,000,000	1.92 %	114,000,000	2.79 %
Urban Farms Acquisition LLC	21,496,300	0.49 %	19,784,900	0.48 %
University Heights LLC	20,000,000	0.46 %	19,715,000	0.48 %
1st Real Estate Investment Trust	19,784,900	0.45 %	18,139,400	0.44 %
Franklin Lakes Realty LLC	18,422,600	0.42 %	12,000,000	0.29 %
East Coast Horizon @ Franklin Lakes	18,139,400	0.42 %	9,000,000	0.22 %
Sunrise of Franklin Lakes	17,485,300	0.40 %	7,480,000	0.18 %
Franklin Lakes Towne Square LLC	9,346,600	0.21 %	7,103,300	0.17 %
FL Storage LLC	8,700,000	0.20 %	6,923,600	0.17 %
Total	\$ 373,923,000	8.57 %	\$ 370,694,100	9.05 %

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>	
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 -
2020	27,976,261	27,976,261	100.00 %	- 0 -
2021	28,835,703	28,835,703	100.00 %	- 0 -
2022	29,981,684	29,981,684	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	Leases			
2013	\$ 6,390,000		\$ 6,390,000	0.84 %	\$ 595.30
2014	5,730,000	\$ 343,670	6,073,670	0.76 %	564.10
2015	5,075,000	231,653	5,306,653	0.64 %	493.60
2016	4,425,000	388,622	4,813,622	0.57 %	448.74
2017	3,785,000	182,859	3,967,859	0.44 %	358.69
2018	3,150,000	354,730	3,504,730	0.37 %	317.11
2019	2,515,000	168,514	2,683,514	0.27 %	241.24
2020	1,885,000	425,769	2,310,769	0.22 %	206.21
2021	1,255,000	232,123	1,487,123	0.15 %	135.41
2022	625,000	117,376	742,376	0.07 %	67.60

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		
2013	\$ 6,390,000	\$ - 0 -	\$ 6,390,000	0.16 %	\$ 595.30
2014	5,730,000	- 0 -	5,730,000	0.14 %	532.18
2015	5,075,000	- 0 -	5,075,000	0.12 %	472.05
2016	4,425,000	- 0 -	4,425,000	0.11 %	412.51
2017	3,785,000	- 0 -	3,785,000	0.09 %	342.16
2018	3,150,000	- 0 -	3,150,000	0.08 %	285.02
2019	2,515,000	- 0 -	2,515,000	0.06 %	226.09
2020	1,885,000	- 0 -	1,885,000	0.04 %	168.21
2021	1,255,000	- 0 -	1,255,000	0.03 %	114.28
2022	625,000	- 0 -	625,000	0.01 %	56.91

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, 2021
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Borough of Franklin Lakes	\$ 9,743,567	100.00 %	\$ 9,743,567
Ramapo-Indian Hills Regional High School	13,850,000	37.30 %	5,166,073
Bergen County General Obligation Debt	839,785,818	2.62 %	<u>21,983,721</u>
Subtotal, Overlapping Debt			36,893,362
Franklin Lakes Board of Education Direct Debt			<u>625,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 37,518,362</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				
	2013	2014	2015	2016	2017
Debt Limit	\$ 133,924,677	\$ 130,460,856	\$ 129,191,012	\$ 130,630,488	\$ 132,119,809
Total Net Debt Applicable to Limit	<u>6,390,000</u>	<u>5,730,000</u>	<u>5,075,000</u>	<u>4,425,000</u>	<u>3,785,000</u>
Legal Debt Margin	<u>\$ 127,534,677</u>	<u>\$ 124,730,856</u>	<u>\$ 124,116,012</u>	<u>\$ 126,205,488</u>	<u>\$ 128,334,809</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.77 %	4.39 %	3.93 %	3.39 %	2.86 %

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Limit	\$ 133,040,073	\$ 132,545,979	\$ 132,975,401	\$ 132,334,727	\$ 132,759,704
Total Net Debt Applicable to Limit	<u>3,150,000</u>	<u>2,515,000</u>	<u>1,885,000</u>	<u>1,255,000</u>	<u>625,000</u>
Legal Debt Margin	<u>\$ 129,890,073</u>	<u>\$ 130,030,979</u>	<u>\$ 131,090,401</u>	<u>\$ 131,079,727</u>	<u>\$ 132,134,704</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.37 %	1.90 %	1.42 %	0.95 %	0.47 %

Legal Debt Margin Calculation for Fiscal Year 2022

Year Ended December 31,	Equalized Valuation Basis
2019	\$ 4,342,519,280
2020	4,337,093,551
2021	<u>4,596,357,587</u>
	<u>\$ 13,275,970,418</u>
Average Equalized Valuation of Taxable Property	<u>\$ 4,425,323,473</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 132,759,704
Net Bonded School Debt at June 30, 2022	<u>625,000</u>
Legal Debt Margin	<u>\$ 132,134,704</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
2013	10,734	\$ 71,286	\$ 765,183,924	6.50 %
2014	10,767	73,883	795,498,261	4.10 %
2015	10,751	77,323	831,299,573	3.90 %
2016	10,727	78,836	845,673,772	3.30 %
2017	11,062	81,024	896,287,488	3.30 %
2018	11,052	85,191	941,530,932	3.00 %
2019	11,124	88,241	981,592,884	2.40 %
2020	11,206	91,972	1,030,638,232	7.70 %
2021	10,982	91,972	1,010,036,504	4.80 %
2022	10,982 **	91,972 *	1,010,036,504 **	N/A

N/A - Information is not available.

* - Latest Bergen County per capita personal income available (2020) was used for calculation purposes.

** - Latest Borough population available (2021) and Bergen County per capita personal income available (2020) was used 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 - BERGEN COUNTY
CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

	2021		2012		
	Employer	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
	Hackensack University Medical Center	8,000	1.73%	8,000	1.80%
	Valley Health Systems, Inc.	4,660	1.01%	4,660	1.05%
	Bio-Reference Laboratories, Inc	2,900	0.63%	2,900	0.65%
	Express Scripts	2,800	0.60%	2,800	0.63%
	County of Bergen	2,390	0.52%	2,390	0.54%
	Quest Diagnostics	2,200	0.47%	2,200	0.50%
	KPMG LLP	2,100	0.45%	2,100	0.47%
	Englewood Hospital and Medical Center	2,002	0.43%	2,002	0.45%
	Englewood Hospital Home Health Care Services	1,985	0.43%	1,985	0.45%
	Unilever Best Foods	1,900	0.41%	1,812	0.41%
Total		<u>30,937</u>	<u>6.68%</u>	<u>30,849</u>	<u>6.95%</u>
Total County Employment		<u>463,475</u>		<u>444,000</u>	

Source: Bergen County "At a Glance" and Division of Economic Development and New Jersey Department of Labor and Workforce Development
 Office of Research and Information Local Area Unemployment Statistics

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction:										
Regular	129	130	130	129	130	130	128	127	129	130
Support Services:										
Student & Instruction Related Services	41	40	40	40	41	41	41	40	41	41
General Administrative Services	4	4	4	4	4	4	4	4	4	4
School Administrative Services	13	13	13	13	13	13	13	13	13	13
Central Services	2	2	2	2	2	2	2	2	2	2
Total	189	189	189	188	190	190	188	186	189	190

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				
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 %
2020	1,136	35,567,799	31,310	5.65 %	132	1:11	1:12	1,157	1,118	1.58 %	96.63 %
2021	1,168	36,102,187	30,909	-1.28 %	134	1:11	1:12	1,171	1,118	1.21 %	95.47 %
2022	1,176	38,203,474	32,486	5.10 %	136	1:11	1:12	1,173	1,120	0.17 %	95.48 %

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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	287	277	267	280	251	260	252	270	247	251
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	249	249	227	225	213	200	218	216	275	276
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	286	286	278	235	247	254	258	246	264	265
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	489	473	464	447	436	421	413	404	382	384

Number of Schools at June 30, 2022:

Elementary = 3

Middle School = 1

Note: Year of original construction is shown in parentheses (where applicable). 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*
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
2020	126,765	133,702	159,241	265,825	685,533
2021	100,786	79,711	90,249	133,163	403,909
2022	81,661	112,656	93,341	114,481	402,139

* 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, 2022
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Insurance Company of Pittsburg, Pa:		
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		\$ 76,505,510
Business Income	250,000	72Hr Waiting Period
Extra Expense	3,000,000	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	Included in Property Limit	5,000
Software	500,000	5,000
Boiler and Machinery:		
Blanket Property Damage Per Breakdown	76,505,510	5,000
Crime:		
Employee Dishonesty with Faithful Performance	500,000	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	ACV Basis	1,000
School Board Legal Liability Coverage:		
Each Loss	1,000,000	25,000
Aggregate	3,000,000	
Employment Practices Liability	Included	25,000
Injunctive Relief Expense Each action	100,000	25,000
Injunctive Relief Expense Aggregate	300,000	

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Insurance Company of Pittsburg, Pa:		
Cyber Liability & Privacy Crisis Management Liability:		
Cyber Liability Occurrence & Aggregate Limit	\$ 1,000,000	\$ 25,000
Privacy Crisis Management Expense	250,000	
Cyber Extortion Expense	20,000	
Privacy Crisis Management & Extortion expense agg	250,000	
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	19,500,000	

Source: Borough of Franklin Lakes School District Records.

SINGLE AUDIT SECTION



Mount Arlington, NJ
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Bridgewater, NJ

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BKR International

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 "Office"), 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 Franklin Lakes Borough School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Report on 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) as a basis for designing 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.

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

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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

Mount Arlington, New Jersey
December 20, 2022

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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



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Report on Compliance For Each Major Federal and State Program:
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Franklin Lakes Borough School District's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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

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

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
December 20, 2022

Nisivoccia, LLP
NISIVOCCIA, LLP

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, 2022

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2021		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2022		Amount Provided to Sub- recipients
			From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				Budgetary (Accounts Receivable)	Due to Grantor	
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-1580-22	07/01/21	09/30/22	\$ 287,783				\$ (279,784)	\$ (279,784)			
I.D.E.A. Part B, Basic	84.027	IDEA-1580-21	07/01/20	09/30/21	282,945		\$ 7,739	\$ 1,287				\$ 9,026	
I.D.E.A. Part B, Preschool	84.173	IDEA-1580-22	07/01/21	09/30/22	17,487				(17,487)	(17,487)			
COVID-19 ARP:													
I.D.E.A. Part B, Basic ARP	84.027X	IDEA-1580-22	07/01/21	09/30/22	54,463				(50,492)	(50,492)			
I.D.E.A. Part B, Preschool ARP	84.173X	IDEA-1580-22	07/01/21	09/30/22	4,652				(4,652)	(4,652)			
Total Special Education Cluster													
							7,739	1,287	(352,415)	(352,415)			9,026
Elementary and Secondary Education Act:													
Title I, Part A													
ESEA-1580-22	84.010A	ESEA-1580-22	07/01/21	09/30/22	63,666			36,645	(43,390)	(43,390)	(6,745)		
ESEA-1580-21	84.010A	ESEA-1580-21	07/01/20	09/30/21	75,072		(75,072)	75,072					
Total Title I, Part A													
ESEA-1580-22	84.367A	ESEA-1580-22	07/01/21	09/30/22	17,795			111,717	(43,390)	(43,390)	(6,745)		
ESEA-1580-21	84.367A	ESEA-1580-21	07/01/20	09/30/21	22,573		(19,209)	22,573	(17,795)	(17,795)	(17,795)		3,364
Total Title II, Part A													
ESEA-1580-22	84.365A	ESEA-1580-22	07/01/21	09/30/22	10,000		(19,209)	22,573	(17,795)	(17,795)	(17,795)		3,364
ESEA-1580-21	84.365A	ESEA-1580-21	07/01/20	09/30/21	10,000		58		(10,000)	(10,000)	(10,000)		58
Total Title IV													
							58		(10,000)	(10,000)	(10,000)		58
Total Title IV													
							(94,223)	134,290	(71,185)	(71,185)	(34,540)		3,422
Total Elementary and Secondary Education Act													
Education Stabilization Fund:													
COVID-19 ARP Consolidated:													
ESSER III													
Accelerated Learning Coaching and Educator Support	84.425U	S425U210027	03/13/20	09/30/24	553,029				(70,174)	(70,174)	(70,174)		
Evidence-Based Summer Learning and Enrichment Activities	84.425U	S425U210027	03/13/20	09/30/24	94,694				(52,730)	(52,730)	(52,730)		
COVID 19 - CRRSA:													
ESSER II	84.425D	S425D210027	03/13/20	09/30/23	246,071			200,330	(165,620)	(165,620)		\$ 34,710	
Learning Acceleration	84.425D	S425D210027	03/13/20	09/30/23	25,000		(3,209)	25,000	(21,791)	(21,791)			
Mental Health	84.425D	S425D210027	03/13/20	09/30/23	45,000			45,000	(45,000)	(45,000)			
COVID 19 - CARES Emergency Relief	84.425D	CARES158020	03/13/20	09/30/22	64,844		60,150		(59,550)	(59,550)		600	
Total Education Stabilization Fund													
							56,941	270,330	(426,494)	(426,494)	(134,533)		35,310
Total U.S. Department of Education													
							(29,543)	405,907	(850,094)	(850,094)	(521,488)		12,448
Total Special Revenue Fund													
							(29,543)	405,907	(850,094)	(850,094)	(521,488)		12,448
TOTAL FEDERAL AWARDS													
							\$ (29,543)	\$ - 0 -	\$ (850,094)	\$ (850,094)	\$ (521,488)	\$ 35,310	\$ 12,448
							\$ - 0 -	\$ - 0 -	\$ (850,094)	\$ (850,094)	\$ (521,488)	\$ 35,310	\$ - 0 -

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, 2022**

State Grantor/Program Title	Grant or State Project Number	Grant Period		Balance June 30, 2021			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2022		MEMO	
		From	To	Program or Award Amount	Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Special Education Categorical Aid	22-495-034-5120-089	07/01/21	06/30/22	\$ 922,382	\$ (73,187)	\$ 832,426	\$ (922,382)			\$ (89,956)	\$ 922,382		
Special Education Categorical Aid	21-495-034-5120-089	07/01/20	06/30/21	753,634		73,187					753,634		
Security Aid	22-495-034-5120-084	07/01/21	06/30/22	20,872	(2,027)	18,836	(20,872)			(2,036)	20,872		
Security Aid	21-495-034-5120-084	07/01/20	06/30/21	20,872		2,027					20,872		
Transportation Aid	22-495-034-5120-014	07/01/21	06/30/22	230,578	(22,391)	208,091	(230,578)			(22,487)	230,578		
Transportation Aid	21-495-034-5120-014	07/01/20	06/30/21	230,578		22,391					230,578		
Nonpublic School Transportation Costs	22-495-034-5120-014	07/01/21	06/30/22	27,970	(23,490)	23,490	(27,970)			(27,970)	27,970		
Nonpublic School Transportation Costs	21-495-034-5120-014	07/01/20	06/30/21	27,970		23,490					23,490		
Extraordinary Special Education Costs Aid	22-495-034-5120-044	07/01/21	06/30/22	688,522	(586,677)	586,677	(688,522)			(688,522)	688,522		
Extraordinary Special Education Costs Aid	21-495-034-5120-044	07/01/20	06/30/21	586,677							586,677		
On-Behalf TPAF Contributions:													
Post-Retirement Medical	22-495-034-5094-001	07/01/21	06/30/22	847,515		847,515	(847,515)				847,515		
Pension	22-495-034-5094-002	07/01/21	06/30/22	3,576,967		3,576,967	(3,576,967)				3,576,967		
Non-Contributory Insurance	22-495-034-5094-004	07/01/21	06/30/22	50,466		50,466	(50,466)				50,466		
Long-Term Disability Insurance	22-495-034-5094-004	07/01/21	06/30/22	1,038		1,038	(1,038)				1,038		
Reimbursed TPAF Social Security Aid	22-495-034-5094-003	07/01/21	06/30/22	1,077,378		1,023,492	(1,077,378)			(53,886)	1,077,378		
Reimbursed TPAF Social Security Aid	21-495-034-5094-003	07/01/20	06/30/21	1,020,159		100,620					1,020,159		
Total General Fund State Aid				(808,392)		7,367,223	(7,443,688)			(770,378)	(884,857)		10,079,098
Special Revenue Fund:													
NJ Nonpublic Aid:													
Nursing Services (Chapter 226)	22-100-034-5120-070	07/01/21	06/30/22	11,312		11,312	(11,312)				11,312		
Textbook Aid (Chapter 194)	22-100-034-5120-064	07/01/21	06/30/22	6,062		6,062	(5,041)			\$ 1,021	5,041		
Security Aid	22-100-034-5120-509	07/01/21	06/30/22	17,675		17,675				17,675			
Technology Initiative	22-100-034-5120-373	07/01/21	06/30/22	4,242		4,242	(4,242)				4,242		
Auxiliary Services (Chapter 192):													
Transportation	21-100-034-5120-068	07/01/20	06/30/21	11,274									
Compensatory Education	22-100-034-5120-067	07/01/21	06/30/22	22,395		22,395	(13,885)			8,510			
Compensatory Education	21-100-034-5120-067	07/01/20	06/30/21	18,289		2,961							
Handicapped Services (Chapter 193):													
Supplementary Instruction	22-100-034-5120-066	07/01/21	06/30/22	13,216		13,216	(7,269)			5,947			
Supplementary Instruction	21-100-034-5120-066	07/01/20	06/30/21	8,499		2,023							
Examination and Classification	22-100-034-5120-066	07/01/21	06/30/22	19,714		19,714	(10,609)			9,105			
Examination and Classification	21-100-034-5120-066	07/01/20	06/30/21	17,838		10,040							
Corrective Speech	22-100-034-5120-066	07/01/21	06/30/22	18,600		18,600	(9,449)			9,151			
Corrective Speech	21-100-034-5120-066	07/01/20	06/30/21	13,216		1,277							
Subtotal Special Revenue Fund				(808,392)		7,480,439	(7,505,495)			(770,378)	51,409		10,182,446
Total State Department of Education													

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2022		MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
New Jersey Schools Development Authority: Special Revenue Fund: Schools Development Authority - Emergent and Capital Maintenance Needs Grant	N/A	07/01/21	06/30/22	\$ 25,067			\$ 25,067	\$ (25,067)					\$ 25,067
Subtotal Special Revenue Fund							25,067	(25,067)					25,067
Total Schools Development Authority							25,067	(25,067)					25,067
Total Special Revenue Fund						\$ 27,575	138,283	(86,874)	\$ (27,575)	\$ 51,409			128,415
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION						\$ (808,392)	\$ 7,505,506	\$ (7,530,562)	\$ (27,575)	\$ 51,409	\$ (770,378)	\$ - 0 -	\$ 10,207,513

Less - State Awards Not Subject to Single Audit Major Program Determination:

On-Behalf TPAF Pension System Contributions:	Grant Period	Program or Award Amount	Budgetary Expenditures
Post-Retirement Medical	07/01/21 06/30/22	847,515	847,515
Pension	07/01/21 06/30/22	3,576,967	3,576,967
Non-Contributory Insurance	07/01/21 06/30/22	50,466	50,466
Long-Term Disability Insurance	07/01/21 06/30/22	1,038	1,038
Subtotal On-Behalf TPAF Pension System Contributions		4,475,986	4,475,986
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION		\$ (3,054,576)	\$ (3,054,576)

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, 2022

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, 2022. 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 covid 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 and Special Revenue 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(16,874) 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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

	Federal	State	Total
General Fund		\$ 7,426,814	\$ 7,426,814
Special Revenue Fund	\$ 850,094	86,874	936,968
Total Financial Assistance	\$ 850,094	\$ 7,513,688	\$ 8,363,782

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, 2022.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- 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 no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJ OMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on the major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance or New Jersey's OMB Circular 15-08.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Summary of Auditors' Results: (Cont'd)

- The District's federal and state programs tested as major programs for the current fiscal year were the following:

	<u>Assistance Listing/ State Grant Numbers</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Education Stabilization Fund:				
COVID-19 ARP Consolidated:				
ESSER III	84.425U	3/13/20-9/30/24	\$ 553,029	\$ 70,174
Accelerated Learning				
Coaching and Educator				
Support	84.425U	3/13/20-9/30/24	94,694	52,730
Evidence-Based Summer				
Learning and Enrichment				
Activities	84.425U	3/13/20-9/30/24	40,000	11,629
COVID 19 - CRRSA:				
ESSER II	84.425D	3/13/20-9/30/23	246,071	165,620
Learning Acceleration	84.425D	3/13/20-9/30/23	25,000	21,791
Mental Health	84.425D	3/13/20-9/30/23	45,000	45,000
COVID 19 - CARES				
Emergency Relief	84.425D	3/13/20-9/30/22	64,844	59,550
<u>State:</u>				
Special Education				
Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	922,382	922,382
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	20,872	20,872

- The threshold used for distinguishing between Type A and Type B 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 not to be a "low-risk" auditee for federal programs.
- The District was determined to be a "low-risk" auditee for state programs.

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.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any audit findings which are required to be reported as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any audit findings which are required to be reported as defined in New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2021.