

**SCHOOL DISTRICT OF  
MOUNTAIN LAKES  
COUNTY OF MORRIS, NEW JERSEY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

# **Annual Comprehensive Financial Report**

**of the**

**Mountain Lakes School District**

**Mountain Lakes, New Jersey**

**For the Fiscal Year Ended June 30, 2022**

**Prepared by**

**Mountain Lakes School District  
Board of Education**

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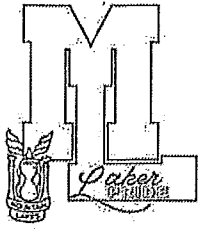
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## INTRODUCTORY SECTION



# Mountain Lakes School District

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www.mlschool.org

Date Issued: March 2023

March 15, 2023

Honorable President and  
Members of the Board of Education  
Mountain Lakes School District  
Morris County, New Jersey

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Mountain Lakes School District (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 (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, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the revised Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards", and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this section.

1. **REPORTING ENTITY SERVICES:** The Mountain Lakes School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 14. All funds and account groups of the District are included in this report. The Mountain Lakes Board of Education 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 12. These include regular programs, as well as the Lake Drive School for Deaf and Hard of Hearing Children. Lake Drive provides comprehensive educational services to deaf and hard of hearing children ranging in age from infants through high school. The following details the changes in the student enrollment of the District over the last five years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment*</u>	<u>Percent Change</u>
2015-2016	1,534	
2016-2017	1,595	+3.98%
2017-2018	1,532	-3.95%
2018-2019	1,574	+2.74%
2019-2020	1,549	-1.59%
2020-2021	1,478	-4.58%
2021-2022	1,413	-4.40%

\*Includes non-resident students, Boonton Township students and students at the Lake Drive School for Deaf and Hard of Hearing Children.

2. ECONOMIC CONDITION AND OUTLOOK: The Mountain Lakes Public Schools 2022-2023 budget contains all the necessary elements to provide our students with a quality education. The district continues to provide a great diversity of courses at all levels. Consequently, we continue to offer a large number of courses, particularly at the high school level. Every effort, however, has been made to hold staff levels as well as general budget expenditures. The Board of Education recognizes the difficult position of our state and local economy and is making every effort to act responsibly. Despite the pressure on schools to reduce services, our budget supports our educational programs at the same levels as the prior year. There are no courses cut from the curriculum, class sizes remain relatively consistent.

3. MAJOR INITIATIVES: Considering the difficult times the community faces, the Board worked closely with the Administration to develop a 2021-2022 Budget that reflects strong spending discipline as well as sources of efficiencies. The Mountain Lakes District completed an extensive review and revision process for curriculum across the district. Curriculum updates took place across major disciplines including Mathematics, Language Arts, Science, Social Studies and World Languages. The curriculum revisions were vetted through the QSAC process by the state. Curriculum updates will continue as per the 5-year cycle.

The 2021-2022 academic year saw post-COVID assessment of students' learning take center stage. Using data collected via Start Strong, LinkIt! benchmarks, and a multitude of other instruments, district staff dived deep into the numbers to determine the extent to which students were plagued by learning loss. The district took advantage of ESSER funds to create and implement in-house learning acceleration programs, as well as provide additional programming related to student and staff wellness and social/emotional health.

The majority of students at Mountain Lakes High School are college-bound following graduation. Therefore, a vital aspect of our focus at MLHS is to ensure our students will be successful at the college

level. Currently, we offer a variety of Advanced Placement courses at MLHS that allow our students to potentially earn college credit or advanced standing based upon performance on AP exams. The Mountain Lakes School District expanded opportunities to receive college credit or advanced standing for MLHS students outside of our AP programs through the introduction of dual enrollment at MLHS.

The Mountain Lakes School District provides an impressive array of in-service opportunities that allow staff members to stay current and to improve their instructional skills; a hallmark of a progressive and innovative school district. Specifically, professional learning opportunities have focused on the following areas:

- Differentiated Support: Staff will engage in Professional Learning Communities (PLCs) to meet their varied needs based on grade level, content and/or department.
- Technology: To explore, become knowledgeable, and implement learning experiences that use digital tools to access, manage, evaluate, and synthesize information in order to create and communicate knowledge, solve problems, and redesign learning. Introduce learning platforms that will help to assess and progress monitor students on a regular basis to ensure individualized instruction is provided to all students.

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. 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 year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2022.

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

7. DEBT ADMINISTRATION: At June 30, 2022, the District's outstanding debt total was \$20,840,000.

8. CASH MANAGEMENT: The investment policy of the District is guided in large parts by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

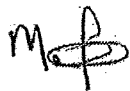
9. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

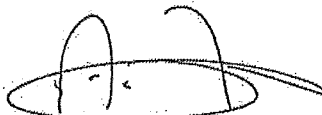
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Samuel Klein and Company was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the revised Single Audit Act Amendments of 1996 and the related Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," and state Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Mountain 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 our financial and accounting staff.

Respectfully submitted,

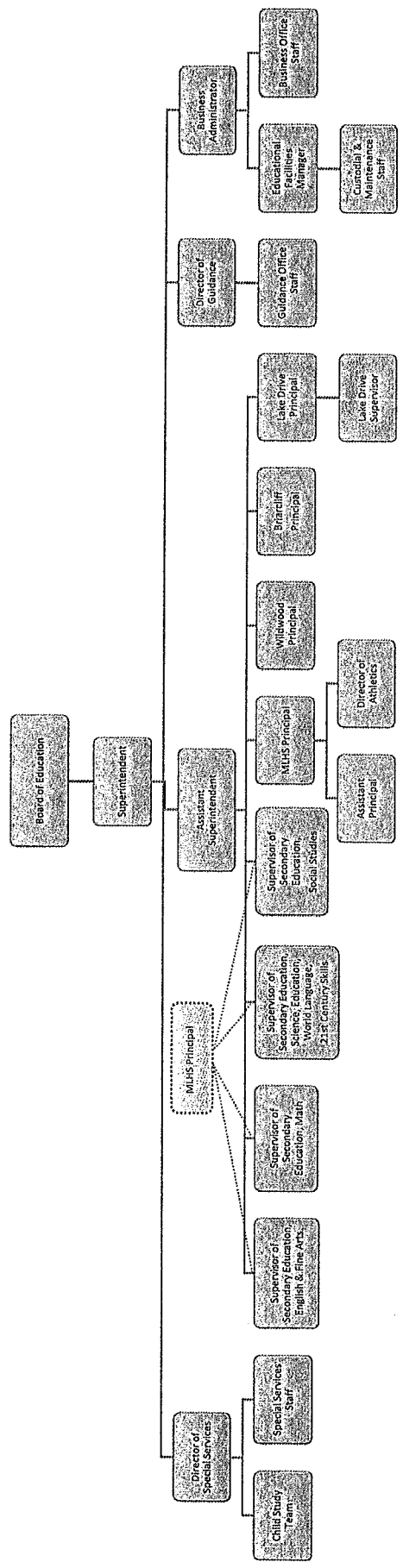


Michael J. Fetherman,  
Superintendent of Schools



Alex Ferreira,  
School Business Administrator / Board Secretary

# Mountain Lakes School District Organizational Chart



**MOUNTAIN LAKES BOARD OF EDUCATION**

**ROSTER OF OFFICIALS  
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. J. Barkauskas	2022
Dr. A. Don	2024
Dr. K. Driscoll	2023
Dr. J. Hirschfeld	2022
Ms. M. Leininger	2024
Mr. J. LeVar	2022
Ms. T. Lewis	2023
Mrs. J. Parker	2023
Ms. L. Silva McIntyre	2022
Mrs. E. Tucker	2024

**Other Officials**

Mr. Michael J. Fetherman, Superintendent of Schools

Mr. Alex Ferreira, School Business Administrator / Board Secretary

Mr. D. Timothy Roberts, Treasurer

**MOUNTAIN LAKES BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Architects**

FKA Architects  
306 Ramapo Valley Road  
Oakland, New Jersey 07436  
(201) 644-0505

**Audit Firm**

Samuel Klein and Company LLP  
Certified Public Accountants  
550 Broad Street, 11<sup>th</sup> Floor  
Newark, New Jersey 07102-4517  
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**Attorney**

Fogarty & Hara  
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Fair Lawn, New Jersey 07410  
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**Official Depository**

Lakeland Bank  
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Boonton, New Jersey 07005

**FINANCIAL SECTION**

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36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
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FAX (732) 780-1030

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members  
of the Board of Education  
Mountain Lakes School District  
County of Morris  
Mountain Lakes, New Jersey 07046

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mountain Lakes School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Mountain Lakes School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mountain Lakes School District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit 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*), and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. 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 Mountain Lakes School 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 audit opinions.

#### 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 Mountain Lakes School 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 Mountain Lakes School 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 Mountain Lakes School 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, the schedules of the District's proportionate share of the net pension liability, the schedules of the District's contributions, the budgetary comparison information, the schedule of changes in the District's total OPEB liability, related ratios and notes, and the notes to the required supplementary information 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, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mountain Lakes School District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also 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 combining and individual non-major fund financial statements, the schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial 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 form any 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 February 24, 2023, on our consideration of the Mountain Lakes School 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 Mountain Lakes School 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 Mountain Lakes School District's internal control over financial reporting and compliance.



SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI  
Licensed Public School Accountant #194

Newark, New Jersey  
February 24, 2023

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

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

The discussion and analysis of the Borough of Mountain Lakes Public School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and other financial statements to enhance their understanding of the District's financial performance.

**Using this Comprehensive Annual Financial Report (ACFR)**

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Borough of Mountain Lakes Public School District as a financial whole, an entire operating entity. The statements then proceed to provide a detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. Governmental fund statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the Borough of Mountain Lakes Public School District, the General Fund is by far the most significant.

**Reporting the District as a Whole**

**Statement of Net Assets and the Statement of Activities**

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially during Fiscal Year 2022". The Statement of Net Assets and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because they report on whether the District's financial position has improved or diminished.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two types of activities:

Governmental Activities - all of the District's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities - these services are provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Community School Enterprise Funds are reported as business activities.

**Reporting the District's Most Significant Funds**

**Fund Financial Statement**

Fund financial reports provide detailed information about the District's major funds. The District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**UNAUDITED (CONTINUED)**

**Governmental Funds**

The District's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities. The reporting of this fund did not change with the conversion to GASB 34.

**The District as a Whole**

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a comparative summary of the District's net assets for 2022 and 2021.

**Table 1 - Net Assets**

	2022	2021
<b>Assets</b>		
Current and Other Assets	\$ 9,938,547	\$ 10,357,666
Capital Assets	38,051,115	35,901,175
Total Assets	\$ 47,989,662	\$ 46,258,841
<b>Liabilities</b>		
Long-Term Liabilities	\$ 29,363,059	\$ 30,299,263
Other Liabilities	5,767,905	8,196,198
Total Liabilities	\$ 35,130,964	\$ 38,495,461
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	\$ 38,051,115	\$ 12,123,106
Restricted	5,090,904	6,534,500
Unrestricted	(30,283,320)	(10,894,227)
Total Net Position	\$ 12,858,698	\$ 7,763,379

The District's combined net assets were \$47,142,232 and \$46,258,841 on June 30, 2022 and June 30, 2021, respectively.

**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**UNAUDITED (CONTINUED)**

Table 2 shows the comparative changes in net assets from fiscal year 2022 and 2021.

**Table 2 - Comparative Changes in Net Assets**

	<u>2022</u>	<u>2021</u>	<u>Total % Change</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,422,219	\$ 517,118	175.03%
Operating Grants and Contributions	16,752,246	13,686,385	22.40%
General Revenues:			
Property Taxes	24,314,304	23,732,766	2.45%
Grants and Entitlements	1,451,099	1,336,906	8.54%
Tuition	13,048,516	13,854,015	-5.81%
Other	121,858	50,305	142.24%
Transfers	(25,774)		
Total Revenues	<u>57,084,468</u>	<u>53,177,495</u>	<u>7.35%</u>
Program Expenses:			
Instruction	32,112,396	31,603,013	1.61%
Support Services:			
Tuition/Pupils and Instructional Staff	9,219,753	9,142,115	0.85%
General Administration, School Administration, Business Operations and Maintenance of Facilities	8,771,432	7,118,319	23.22%
Pupil Transportation	966,426	520,585	85.64%
Special Schools	361,040	228,676	57.88%
Charter School	18,223	12,368	47.34%
Debt Service	605,660	818,117	-25.97%
Unallocated Depreciation	835,906	512,452	63.12%
Food Service and Community School	721,986	96,298	649.74%
Cancellation of Prior Year Accounts Receivable		307,054	
Transfers (net)		24,259	
Total Expenses	<u>53,612,823</u>	<u>50,383,256</u>	<u>6.41%</u>
Increase (Decrease) in Net Assets	3,471,646	2,794,239	
Beginning Net Assets	7,798,182	4,193,024	
Prior Period Adjustments	<u>1,588,544</u>	<u>810,919</u>	
Ending Net Assets	<u>\$ 12,858,371</u>	<u>\$ 7,798,182</u>	

**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**UNAUDITED (CONTINUED)**

**Government Activities**

Property taxes made up 41.9% of revenues for governmental activities for the fiscal year 2022. The District's total revenues were \$58,084,468 for the year ended June 30, 2022. Federal, state and local grants accounted for another 31.3%.

The total cost of all programs and services was \$63,612,823. Instruction comprises 59.9% of the District's expenses.

**Business-Type Activities**

Revenues for the District's business-type activities (food service program) were comprised of charges for services.

Food service revenues exceeded revenues by \$15,759. Charges for services represent \$737,745 of revenue. This represents the amount paid by patrons for daily food service and catering.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3 - Comparative Statement of Activities**

	Total Cost of Services			Net Cost of Services		
	2021-2022	2020-2021	% Change	2021-2022	2020-2021	% Change
Instruction	\$ 19,907,266	\$ 21,606,126	-7.86%	\$ 12,205,130	\$ 9,996,886	22.09%
Support Services:						
Tuition/Pupils and Instructional Staff	5,731,912	6,342,112	-9.62%	3,487,842	2,316,895	50.54%
General Administration, School Administration, Business Operation and Maintenance of Facilities	7,027,683	5,745,760	22.31%	1,743,749	1,372,558	27.04%
Pupil Transportation	966,426	520,585	85.64%			
Special Schools	361,040	228,676	57.88%			
Charter School	18,223	12,368				
Debt Service	605,660	818,117	-25.97%			
Unallocated Depreciation	835,906	512,452	63.12%			
Food Service				737,745	45	1624532.04%
Capital Outlay						
	<u>\$ 35,454,116</u>	<u>\$ 35,786,197</u>	<u>-0.93%</u>	<u>\$ 18,174,465</u>	<u>\$ 13,686,385</u>	<u>32.79%</u>

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership.

**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**UNAUDITED (CONTINUED)**

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching students, including curriculum and staff development.

General administration, school administration and business operation include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities' activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, to school co-curricular, athletic activities and co-curricular field trips as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

**The District's Funds**

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$50,300,569 and expenditures of \$51,641,399.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2022 and June 30, 2021, and the amount and percentage of increases and decreases in relation to prior year revenues.

**Comparative Summary of Revenues**

<b>Revenue</b>	<b><u>June 30, 2022</u></b>	<b><u>Percent of Total</u></b>	<b><u>June 30, 2021</u></b>	<b><u>(Decrease) from 2021</u></b>	<b><u>Increase (Decrease)</u></b>
Local Sources	\$ 37,484,678	74.52%	\$ 37,637,087	\$ (152,408)	-0.40%
State Sources	11,481,574	22.83%	9,322,362	2,159,212	23.16%
Federal Sources	504,157	1.00%	409,725	94,433	23.05%
Private Sources	<u>830,159</u>	<u>1.65%</u>	<u>794,290</u>	<u>35,869</u>	<u>4.52%</u>
	<u>\$ 50,300,569</u>	<u>100.00%</u>	<u>\$ 48,163,464</u>	<u>\$ 2,137,106</u>	<u>4.44%</u>



**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**UNAUDITED (CONTINUED)**

The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2022 and the amount and percentage of increases (decreases) in relation to prior year amounts.

**Comparative Summary of Expenditures**

<b>Expenditures</b>	<u>June 30, 2022</u>	<u>Percent of Total</u>	<u>June 30, 2021</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent of Increase (Decrease)</u>
Current Expenditures					
Instruction	\$ 18,216,198	35.27%	\$ 18,582,675	\$ (366,477)	-1.97%
Undistributed	28,264,735	54.73%	25,990,697	2,274,038	8.75%
Capital Outlay	2,830,458	5.48%	5,429,366	(2,598,908)	-47.87%
Special Schools	361,040	0.70%	228,676	132,363	57.88%
Charter School	18,223	0.04%	12,368	5,855	47.34%
Debt Service	<u>1,950,745</u>	<u>3.78%</u>	<u>1,791,482</u>	<u>159,263</u>	<u>8.89%</u>
	<u>\$ 51,641,399</u>	<u>100.00%</u>	<u>\$ 52,035,264</u>	<u>\$ (393,865)</u>	<u>-0.76%</u>

The overall increase in expenditures is attributed to the transition of students from remote learning back to in person learning as a result of the COVID-19 pandemic.

**General Fund Budgeting Highlights**

The District's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2022, the District amended its General Fund budget as needed. The District uses program based budgeting and the budgeting systems are designed to tightly control program budgets, but provide flexibility for program management. Transfers from one program to another must be approved by the Board of Education.

At the end of the fiscal year 2022, the District had \$59,104,608 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2022 balances compared to 2021.

**Table 4 - Capital Assets at June 30**

	<u>2022</u>	<u>2021</u>
Land/Sites	\$ 300,000	\$ 300,000
Construction in Progress	16,253,261	13,908,914
Site Improvements	678,427	678,427
Buildings and Improvements	37,537,334	37,039,357
Machinery and Equipment	<u>4,335,585</u>	<u>4,335,585</u>
Totals	<u>\$ 59,104,608</u>	<u>\$ 56,262,284</u>

Overall capital assets increased \$2,830,458 from fiscal year 2021 to fiscal year 2022. The increase in capital assets was due primarily to the improvements made in the District during 2022.

**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**UNAUDITED (CONTINUED)**

**For the Future**

The Borough of Mountain Lakes Public School District is financially sound and is able to meet all instructional programs and service requirements. The district continues to prioritize academic excellence and is preparing to introduce a new academic schedule for students at Mountain Lakes High School. In addition, the district will continue to implement the improvements to the school buildings consistent with the referendum passed in 2017. With the continued support of the Board of Education, the administration will propose recommendations and betterments to protect the community's long-term investment.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, you may contact Alex Ferreira., School Business Administrator/Board Secretary, Borough of Mountain Lakes Public Schools, 96 Powerville Road, Mountain Lakes, New Jersey 07046

**BASIC FINANCIAL STATEMENTS**

**A. DISTRICT-WIDE FINANCIAL STATEMENTS**

MOUNTAIN LAKES BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,330,471.49	\$ 103,019.72	\$ 3,433,491.21
Accounts Receivables, Net	1,273,014.15		1,273,014.15
Inventory		8,132.87	8,132.87
Restricted Assets:			
Cash and Cash Equivalents	1,630,880.86		1,630,880.86
Capital Reserve Account - Cash	1,458,256.86		1,458,256.86
Noncurrent Assets:			
Capital Assets, Net (Note X)	38,051,114.82		38,051,114.82
Right of Use Asset, Net - Financing Lease	1,398,493.77		1,398,493.77
Total Assets	<u>47,142,231.95</u>	<u>111,152.59</u>	<u>47,253,384.54</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount Related to Pension	736,277.00		736,277.00
Total Deferred Outflows of Resources	<u>736,277.00</u>		<u>736,277.00</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Other	278,525.63	34,523.44	313,049.07
Interfunds Payable	177,494.20		177,494.20
Payable to State Government	28,202.72		28,202.72
Accrued Liability for Interest Payable	187,384.25		187,384.25
Commitments and Contingencies	143,481.71		143,481.71
Deferred Revenue	529,524.01	25,741.13	555,265.14
Noncurrent Liabilities:			
Due Beyond One Year (Note X)	22,100,680.00		22,100,680.00
Net Pension Liability (Note X)	5,811,037.00		5,811,037.00
Lease Liability - Financing Lease	1,451,341.94		1,451,341.94
Total Liabilities	<u>30,707,671.46</u>	<u>60,264.57</u>	<u>30,767,936.03</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount Related to Pension	4,363,028.00		4,363,028.00
Total Deferred Inflows of Resources	<u>4,363,028.00</u>		<u>4,363,028.00</u>
<b>NET POSITION</b>			
Investment in Capital Assets, Net of Related Debt	38,051,114.82		38,051,114.82
Restricted for:			
Debt Service	2.94		2.94
Capital Reserve	2,615,065.76		2,615,065.76
Unemployment Compensation	372,388.34		372,388.34
Scholarships	85,551.34		85,551.34
Student Activities	357,957.22		357,957.22
Other Purposes	1,659,937.56		1,659,937.56
Unrestricted (Deficit)	<u>(30,334,208.49)</u>	<u>50,888.02</u>	<u>(30,283,320.47)</u>
Total Net Position	<u>\$ 12,807,809.49</u>	<u>\$ 50,888.02</u>	<u>\$ 12,858,697.51</u>

The accompanying notes to financial statements are an integral part of this statement.

MOUNTAIN LAKES BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Function/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular Instruction	\$ 19,242,027.70	\$	7,721,721.11	\$ (11,520,306.59)	\$	\$ (11,520,306.59)
Special Education Instruction	11,035,678.85		3,887,767.28	(7,147,911.57)		(7,147,911.57)
School Sponsored Activities	748,892.24		595,641.41	(153,250.83)		(153,250.83)
Other Instruction	1,085,797.38			(1,085,797.38)		(1,085,797.38)
<b>Support Services:</b>						
Tuition	820,018.22			(820,018.22)		(820,018.22)
Student and Instructional Related Services	8,399,735.04	684,473.88 *	2,803,367.63 *	(4,911,893.53)		(4,911,893.53)
General Administration	1,013,800.78		247,687.50	(766,113.28)		(766,113.28)
School Administrative Services	2,686,300.41		391,404.04	(2,294,896.37)		(2,294,896.37)
Central Services	706,724.95		272,646.20	(434,078.75)		(434,078.75)
Administration of Information Technology	232,345.93		83,404.66	(148,941.27)		(148,941.27)
Plant Operations and Maintenance	3,732,777.95		695,212.16	(3,037,565.79)		(3,037,565.79)
Care and Upkeep of Grounds	391,263.20		53,394.21	(337,868.99)		(337,868.99)
Security	8,218.50			(8,218.50)		(8,218.50)
Pupil Transportation	966,425.98			(966,425.98)		(966,425.98)
Special Schools	361,039.81			(361,039.81)		(361,039.81)
Charter School	18,223.00			(18,223.00)		(18,223.00)
Capital Outlay - Non-depreciable						
Interest on Long-Term Debt	605,660.31			(605,660.31)		(605,660.31)
Unallocated Depreciation	680,517.98			(680,517.98)		(680,517.98)
Unallocated Amortization Expense - Leases	155,388.20			(155,388.20)		(155,388.20)
<b>Total Governmental Activities</b>	<b>52,890,836.43</b>	<b>684,473.88</b>	<b>16,752,246.20</b>	<b>(35,454,116.35)</b>		<b>(35,454,116.35)</b>
<b>Business-Type Activities:</b>						
Food Services	721,986.07	737,745.41			15,759.34	15,759.34
<b>Total Business-Type Activities</b>	<b>721,986.07</b>	<b>737,745.41</b>			<b>15,759.34</b>	<b>15,759.34</b>
<b>Total Primary Government</b>	<b>\$ 53,612,822.50</b>	<b>\$ 1,422,219.29</b>	<b>\$ 16,752,246.20</b>	<b>\$ (35,454,116.35)</b>	<b>\$ 15,759.34</b>	<b>\$ (35,438,357.01)</b>

MOUNTAIN LAKES BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business- Type Activities	Total
			Net (Expense) Revenue and Change in Net Position
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, net	\$ 22,557,119.00		\$ 22,557,119.00
Property Taxes, Levied for Debt Service Principal	1,757,185.00		1,757,185.00
Federal and State Aid Restricted	193,471.00		193,471.00
Federal and State Aid Unrestricted	1,227,640.00		1,227,640.00
Local/Private Sources	29,987.54		29,987.54
Tuition Received	13,048,516.02		13,048,516.02
Miscellaneous Income	121,858.25		121,858.25
Transfers	(25,774.22)		(25,774.22)
Total General Revenues, Special Items, Extraordinary Items and Transfers	<u>38,910,002.59</u>		<u>38,910,002.59</u>
Change in Net Position	3,455,886.24	15,759.34	3,471,645.58
Net Position - Beginning	7,763,379.48	34,803.01	7,798,182.49
Prior Period Adjustments	1,588,543.77		1,588,543.77
Net Position, July 1 (Restated)	<u>9,351,923.25</u>	<u>34,803.01</u>	<u>9,386,726.26</u>
Net Position - Ending	<u>\$ 12,807,809.49</u>	<u>\$ 50,562.35</u>	<u>\$ 12,858,371.84</u>

The accompanying notes to financial statements are an integral part of this statement.

- \* Student activity revenue is reported as "charges for services"; scholarship revenue is reported as "operating grants and contributions"
- \*\* Internal service fund (ex. Worker's comp) revenue is reported as "charges for services"
- \*\*\* Includes interest earnings on the flexible benefits bank account
- \*\*\*\* Includes the interest earnings on the unemployment compensation bank account and workers' compensation bank account

**B. FUND FINANCIAL STATEMENTS**



**GOVERNMENTAL FUNDS**

MOUNTAIN LAKES BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Fund
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,770,402.34		\$ 1,420,025.04	\$ 140,044.11	\$ 3,330,471.49
Accounts Receivable:					
Intergovernmental Accounts Receivable:					
Federal		196,690.49			196,690.49
State	111,419.20	2,263.15			113,672.35
Tuition	647,032.60				647,032.60
Other Accounts Receivable	125,586.31	12,538.20			138,124.51
Interfunds Account Receivable:					
General Fund		37,453.03			37,453.03
Debt Service Fund	140,041.17				140,041.17
Restricted Cash and Cash Equivalents	2,553,337.35	535,800.37			3,089,137.72
<b>Total Assets</b>	<b>\$ 5,347,818.97</b>	<b>\$ 784,735.24</b>	<b>\$ 1,420,025.04</b>	<b>\$ 140,044.11</b>	<b>\$ 7,692,623.36</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable:					
Payroll Deductions and Withholdings Payable	48,759.74	***			48,759.74
Unemployment Compensation Claims Payable	53,932.41	****			53,932.41
Other	175,833.48				175,833.48
Interfunds Account Payable:					
General Fund				140,041.17	140,041.17
Special Revenue Fund	37,453.03				37,453.03
Intergovernmental Accounts Payable:					
State		**			28,202.72
Commitments and Contingencies			143,481.71		143,481.71
Deferred Revenue	96,765.62	313,023.96	119,734.43		529,524.01
<b>Total Liabilities</b>	<b>412,744.28</b>	<b>341,226.68</b>	<b>263,216.14</b>	<b>140,041.17</b>	<b>1,157,228.27</b>
<b>Fund Balances:</b>					
Restricted for:					
Excess Surplus - Prior Year - designated for subsequent year's expenditures	96,716.14				96,716.14
Capital Reserve	1,458,256.86				1,458,256.86
Capital Projects			739,305.84		739,305.84
Maintenance Reserve	420,000.00				420,000.00
Scholarships		85,551.34			85,551.34
Student Activities		357,957.22			357,957.22
Tuition Reserve - Contract Year	200,000.00				200,000.00
Unemployment Compensation	372,388.34				372,388.34
Debt Service				2.94	2.94
Committed to:					
Other Purposes	593,937.56				593,937.56
Assigned to:					
Designated by the BOE for subsequent year's expenditures	349,283.86				349,283.86
Capital Projects			417,503.06		417,503.06
Unassigned Fund Balance	1,444,491.93				1,444,491.93
<b>Total Fund Balances</b>	<b>4,935,074.69</b>	<b>443,508.56</b>	<b>1,156,808.90</b>	<b>2.94</b>	<b>6,535,395.09</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,347,818.97</b>	<b>\$ 784,735.24</b>	<b>\$ 1,420,025.04</b>	<b>\$ 140,044.11</b>	<b>\$ 7,692,623.36</b>

Total Fund Balance Above \$ 6,535,395.09

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$59,104,607.84 and the accumulated depreciation is \$21,053,493.02. (See Note 5).	38,051,114.82
Lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,709,270.16 and the accumulated amortization is \$310,778.39. (See Note 8).	1,398,493.77
Deferred Outflows related to pension contributions subsequent to the Net Position Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8).	736,277.00
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the funds. (See Note 8).	(4,363,028.00)
Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(187,384.25)
Long -Term liabilities, including Lease Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 8).	(1,451,341.94)
Long -Term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 8).	(5,811,037.00)

Long-Term liabilities, including Compensated Absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 8).

(1,260,680.00)

Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 6).

(20,840,000.00)

Net Position of Governmental Activities (A-1)

\$ 12,807,809.49

The accompanying notes to financial statements are an integral part of this statement.

- \* Include former fiduciary fund cash and cash equivalents
- \*\* Include payable due to the State for unreimbursed unemployment invoices
- \*\*\* Include payroll deductions payable and flexible benefits liabilities (flex spending has no net position, only liabilities)
- \*\*\*\* Include unspent employee payroll unemployment contributions

Exhibit B-1

Long-Term liabilities, including Compensated Absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 8).	(1,260,680.00)
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 6).	(20,840,000.00)
Net Position of Governmental Activities (A-1)	<u>\$ 12,807,809.49</u>

The accompanying notes to financial statements are an integral part of this statement.

- \* Include former fiduciary fund cash and cash equivalents
- \*\* Include payable due to the State for unreimbursed unemployment invoices
- \*\*\* Include payroll deductions payable and flexible benefits liabilities (flex spending has no net position, only liabilities)
- \*\*\*\* Include unspent employee payroll unemployment contributions

MOUNTAIN LAKES BOARD OF EDUCATION  
 STATEMENT OF REVENUES, 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
<b>Revenues</b>					
Local Sources:					
Local Property Tax Levy	\$ 22,557,119.00	\$		\$ 1,757,185.00	\$ 24,314,304.00
Tuition Charges	13,048,516.02				13,048,516.02
Unrestricted Miscellaneous Revenues	121,858.25				121,858.25
Total Local Sources	<u>35,727,493.27</u>			<u>1,757,185.00</u>	<u>37,484,678.27</u>
State Sources	11,192,939.05	95,163.95		193,471.00	11,481,574.00
Federal Sources		504,157.49			504,157.49
Private (Local) Sources		830,159.34 **			830,159.34
Total Revenues	<u>46,920,432.32</u>	<u>1,429,480.78</u>		<u>1,950,656.00</u>	<u>50,300,569.10</u>
<b>Expenditures</b>					
Current:					
Regular Instruction	10,514,973.84	467,787.36			10,982,761.20
Special Education Instruction	6,147,639.35				6,147,639.35
Other Instruction	1,085,797.38				1,085,797.38
Support Services and Undistributed Costs:					
Tuition	820,018.22				820,018.22
Student and Instructional Related Services	4,275,230.08	1,014,988.79 ***			5,290,218.87
General Administration	702,386.50				702,386.50
School Administrative Services	1,468,266.99				1,468,266.99
Central Services	449,995.01				449,995.01
Administration of Information Technology	127,482.34				127,482.34
Plant Operations and Maintenance	2,858,696.70				2,858,696.70
Care and Upkeep of Grounds	324,131.35				324,131.35
Security	8,218.50				8,218.50
Pupil Transportation	966,425.98				966,425.98
Employee Benefits	15,248,895.15				15,248,895.15
Special Schools	361,039.81				361,039.81
Transfer to Charter Schools	18,223.00				18,223.00
Capital Outlay	497,977.17		2,332,480.94		2,830,458.11
Debt Service:					
Principal				1,366,000.00	1,366,000.00
Interest and Other Charges				584,745.01	584,745.01
Total Expenditures	<u>45,875,397.37</u>	<u>1,482,776.15</u>	<u>2,332,480.94</u>	<u>1,950,745.01</u>	<u>51,641,399.47</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>1,045,034.95</u>	<u>(53,295.37)</u>	<u>(2,332,480.94)</u>	<u>(89.01)</u>	<u>(1,340,830.37)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers Out	(25,774.22)				(25,774.22)
Total Other Financing Sources (Uses)	<u>(25,774.22)</u>				<u>(25,774.22)</u>
Net Change in Fund Balances	1,019,260.73	(53,295.37)	(2,332,480.94)	(89.01)	(1,366,604.59)
Fund Balances, July 1	<u>3,915,813.96</u>	<u>496,803.93</u>	<u>3,489,289.84</u>	<u>91.95</u>	<u>7,901,999.68</u>
Fund Balances, June 30	<u>\$ 4,935,074.69</u>	<u>\$ 443,508.56</u>	<u>\$ 1,156,808.90</u>	<u>\$ 2.94</u>	<u>\$ 6,535,395.09</u>

The accompanying notes to financial statements are an integral part of this statement.

- \* Includes interest earnings on the unemployment compensation bank account
- \*\* Special revenue fund now includes revenues from scholarships and student activities
- \*\*\* Special revenue fund now includes expenditures from scholarships and student activities

**MOUNTAIN LAKES BOARD OF EDUCATION  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Ref.</u>		
Total Net Change In Fund Balances - Governmental Funds	B-2	\$	(1,366,604.59)
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 are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation.			
Depreciation Expense		\$ (680,517.98)	
Capital Outlays/Adjustments		<u>2,830,458.11</u>	2,149,940.13
Governmental funds report lease principal payments as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which amortization expense exceeded lease principal payments in the period.			
Amortization Expense		\$ (190,050.00)	
Lease Principal Payment		<u>120,726.40</u>	(69,323.60)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. Repayment of Bond, Loan and Lease Principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.			
Bonds		\$ <u>1,366,000.00</u>	1,366,000.00
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest cost, administrative costs, investment returns, and experience/assumption. This is the amount by which net position liability and deferred inflows/outflows related to pension changed during the period.			
			1,668,243.00
In the statement of activities, certain operating expenses, (e.g., pensions, compensated absences and interest on debt) are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).			
			(313,284.00)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.			

MOUNTAIN LAKES BOARD OF EDUCATION  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Ref.</u>		
Accrued Interest Payable:			
Balance June 30, 2021		\$ 208,299.55	
Balance June 30, 2022		187,384.25	
Decrease in Accrued Interest		20,915.30	20,915.30
Change in Net Position of Governmental Activities	A-2		\$ 3,455,886.24

The accompanying notes to financial statements are an integral part of this statement.

**PROPRIETARY FUNDS**



MOUNTAIN LAKES BOARD OF EDUCATION  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2022

	Business-Type Activities Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 103,019.72	\$ 103,019.72
Inventories:		
Food	8,132.87	8,132.87
Total Current Assets	<u>111,152.59</u>	<u>111,152.59</u>
Noncurrent Assets:		
Capital Assets:		
Furniture, Machinery & Equipment	28,469.30	28,469.30
Less Accumulated Depreciation	(28,469.30)	(28,469.30)
Total Capital Assets (Net of Accumulated Depreciation)		
Total Noncurrent Assets		
Total Assets	<u>\$ 111,152.59</u>	<u>\$ 111,152.59</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Accounts Payable:		
Other	34,523.44	34,523.44
Deferred Revenues	\$ 25,741.13	\$ 25,741.13
Total Current Liabilities	<u>60,264.57</u>	<u>60,264.57</u>
Total Liabilities	<u>\$ 60,264.57</u>	<u>\$ 60,264.57</u>
<b><u>NET POSITION</u></b>		
Unrestricted (Deficit)	<u>\$ 50,888.02</u>	<u>\$ 50,888.02</u>
Total Net Position	<u>\$ 50,888.02</u>	<u>\$ 50,888.02</u>

The accompanying notes to financial statements are an integral part of this statement.

MOUNTAIN LAKES BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities Enterprise Funds	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Non-Reimbursable Programs	\$ 737,745.41	\$ 737,745.41
Total Operating Revenues	<u>737,745.41</u>	<u>737,745.41</u>
Operating Expenses:		
Cost of Sales / Goods Sold - Non-Reimbursable Programs	297,216.58	297,216.58
Salaries	241,726.90	241,726.90
Personnel Services - Employee Benefits	67,467.07	67,467.07
Purchased Property Service	35,267.41	35,267.41
Purchased Services (Including Fixed Price Contract)	33,501.73	33,501.73
Other Purchased Professional and Technical Services	7,060.38	7,060.38
Cleaning, Repairs and Maintenance Services	4,007.20	4,007.20
Insurance	31,586.50	31,586.50
General Supplies and Materials	717.70	717.70
Depreciation Expense	500.61	500.61
Miscellaneous	2,933.99	2,933.99
Total Operating Expenses	<u>721,986.07</u>	<u>721,986.07</u>
Operating Income/(Loss)	<u>15,759.34</u>	<u>15,759.34</u>
Nonoperating Revenues (Expenses):		
Interest and Investment Revenue	325.67	325.67
Total Nonoperating Revenues (Expenses)	<u>325.67</u>	<u>325.67</u>
Income (Loss) before Contributions	16,085.01	16,085.01
Change in Net Position	<u>16,085.01</u>	<u>16,085.01</u>
Total Net Position July 1 - Beginning	<u>34,803.01</u>	<u>34,803.01</u>
Total Net Position June 30 - Ending	<u>\$ 50,888.02</u>	<u>\$ 50,888.02</u>

The accompanying notes to financial statements are an integral part of this statement.

**MOUNTAIN LAKES BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-Type Activities Enterprise Funds	
	Food Service	Totals
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Receipts from Customers and Other Funds	\$ 737,745.41	\$ 737,745.41
Payments to Employees	(241,726.90)	(241,726.90)
Payments to Employees' Benefits	(67,467.07)	(67,467.07)
Payments for Insurance	(31,586.50)	(31,586.50)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	396,964.94	396,964.94
	<hr/>	<hr/>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest and Dividends	325.67	325.67
	<hr/>	<hr/>
Net Cash Provided by (Used for) Investing Activities	325.67	325.67
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	397,290.61	397,290.61
Cash and Cash Equivalents Balances - Beginning of Year	68,867.07	68,867.07
	<hr/>	<hr/>
Cash and Cash Equivalents Balances - End of Year	\$ 466,157.68	\$ 466,157.68
	<hr/>	<hr/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>		
Operating Income/(Loss)	\$ 15,759.34	\$ 15,759.34
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Net Amortization	500.61	500.61
Change in Assets and Liabilities:		
Total Adjustments	500.61	500.61
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	\$ 16,259.95	\$ 16,259.95
	<hr/>	<hr/>

The accompanying notes to financial statements are an integral part of this statement.

**FIDUCIARY FUNDS (IF APPLICABLE)**

MOUNTAIN LAKES BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

Private  
Purpose  
Scholarship  
Trust

**ADDITIONS**

Total Additions

**DEDUCTIONS**

Total Deductions

Change in Net Position

Total Net Position - Beginning of the year

125,964.52

Total Net Position - Ending of the year

\$ 125,964.52

**NOTES TO THE FINANCIAL STATEMENTS**

**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Mountain Lakes School District (the "District") is a Type II District located in the County of Morris, State of New Jersey. As a Type II District, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K - 12. The District had an approximate enrollment at June 30, 2022 of 1,413 students.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- . the organization is legally separate (can sue or be sued in their own name)
- . the District holds the corporate powers of the organization
- . the District appoints a voting majority of the organization's board
- . the District is able to impose its will on the organization
- . the organization has the potential to impose a financial benefit/burden on the District
- . there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

**A. Basis of Presentation**

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

## 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### A. **Basis of Presentation (Continued)**

#### 1. **Government-Wide Financial Statements (Continued)**

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

#### 2. **Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

### B. **Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

#### 1. **Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund. This fund also includes payroll agency, payroll net and unemployment reserve accounts.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Fund Accounting (Continued)

#### 1. Governmental Funds (Continued)

##### General Fund (Continued)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes. This fund also includes scholarship account and student activities accounts.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (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.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Permanent Fund - The Permanent Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. Resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting entity's programs - that is, for the benefit of the school district. The District presently has no resources that are considered permanent funds.

#### 2. Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Fund of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

## 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### B. **Fund Accounting (Continued)**

#### 2. **Proprietary Fund Type (Continued)**

##### **Enterprise Fund (Continued)**

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Machinery and Equipment	5 - 12 Years

**Internal Service Funds** - These funds may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary entity and its component units, or to other governments, on a cost-reimbursement basis. In addition, internal service funds are used only if the reporting school district is the predominant participant in the activity. The District does not currently utilize any Internal Service Funds.

#### 3. **Long-Term Debt**

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes serial bonds outstanding that are expected to be financed from governmental funds, the outstanding principal balance on capital leases, lease-purchase agreements, compensated absences, claims and judgments, early retirement incentive programs and rebatable arbitrage.

### C. **Measurement Focus**

#### 1. **Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

#### 2. **Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **C. Measurement Focus (Continued)**

#### **2. Fund Financial Statements (Continued)**

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Fiduciary funds are reported using the economic resources measurement focus.

### **D. Basis of Accounting**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

### **E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County Office for approval. Budgets which meet the tax levy cap requirements do not require voter approval. Budgets which exceed the tax levy cap require voter approval for the excess amount at the November election. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3 (et seq.).

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **E. Budgets/Budgetary Control (Continued)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The overexpenditures related to on-behalf payments in the general fund are due to the inclusion of the nonbudgeted on-behalf payments made by the State of New Jersey as district expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures.

The following presents a reconciliation of the General Fund Revenue and Special Revenue Fund Revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgets/Budgetary Control (Continued)**

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$45,082,772.37	\$1,316,236.86
Difference - Budget-to-GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(18,759.73)
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	78,245.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(86,513.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$45,074,504.37</u>	<u>\$1,297,477.13</u>
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$44,254,857.91	\$1,258,835.39
Difference - Budget-to-GAAP: The District budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. [ <i>Not applicable in this example</i> ]. Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary purposes</i> , but in the year the supplies are received for <i>financial reporting purposes</i> .		(18,759.73)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$44,254,857.91</u>	<u>\$1,240,075.66</u>

**F. Encumbrances**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **F. Encumbrances (Continued)**

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as deferred inflows at fiscal year end. There were no open encumbrances recorded in the Special Revenue Fund as of June 30, 2022.

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.

### **G. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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 Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks, (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

### **H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase.

Inventories in the Proprietary Funds 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.

### **I. Allowance for Uncollectible Accounts**

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

### **J. Tuition Receivable**

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

### **K. Tuition Payable**

Tuition charges for the fiscal years 2020-21 and 2021-22 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. 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.

**M. Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 40 Years
Furniture and Equipment	7 - 20 Years
Vehicles	8 Years

**N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**O. Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### P. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

### Q. Net Position

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

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

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

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

### R. Deferred Inflows

Deferred inflows in the special revenue fund represents cash that has been received but not yet earned.

### S. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

### T. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **T. Fund Balance (Continued)**

- c. Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. Assigned - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- e. Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

### **U. Proprietary Funds Revenues and Expenses**

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund (the Food Service) are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **V. Rebtable Arbitrage**

Rebtable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebtable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the Capital Projects Fund. The liability, if any, is recorded in the "Statement of Net Position".

### **W. Allocation of Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, worker's compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### X. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement medical and pension contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

### Y. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

### Z. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-an Amendment to GASB No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Z. Accounting and Financial Reporting for Pensions (Continued)**

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

### **AA. Accounting and Financial Reporting for Other Post-Retirement Benefits ("OPEB")**

In 2018 the District implemented GASB #75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. The Statement GASB #45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements.

### **AB. GASB Statement No. 84 Fiduciary Activities**

The District implemented GASB Statement No. 84 Fiduciary Activities on July 1, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District reclassified the payroll agency, payroll net and unemployment reserve accounts to the General Fund. The Special Revenue Fund was adjusted to include student activities and scholarship accounts. There was no adverse impact on the financial statements of the District.

### **AC. Other Accounting Standards**

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 91. Conduit Debt Obligations.* The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### AC. Other Accounting Standards (Continued)

- *GASB Statement No. 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

Effective Date: The removal of London Interbank Offered Rate (IBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscriptions-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement No. 99. Summaries/Status.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### AC. Other Accounting Standards (Continued)

Effective Date: The requirements of this Statement that are effective are as follows:

- . The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging government as, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- . The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- . The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 101. Compensated Absences.* The objectives of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Effective Date: The requirements of this Statement that are effective for fiscal years beginning after December 15, 2023. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

## 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months, but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the 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%.

### 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

In addition to the above collateral requirement, if the 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 of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Board will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Board does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

Interest Rate Risk - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The Board's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

Lakeland Bank - Checking and Money Market Accounts	<u>\$ 6,522,628.93</u>
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The carrying amount of the Board's cash and cash equivalents at June, 30, 2022 was \$6,522,628.93. Of the bank balance, \$250,000.00 was covered by Federal Depository Insurance and \$6,272,628.93 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental unit's deposits in excess of the Federal deposit maximums. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

Of the total amount, deposits of \$1,458,256.86 have been earmarked towards the Capital Reserve Account (See Note 4).

The District had no securities as of June 30, 2022 that would be considered investments as defined by GASB No. 3 as amended by GASB No. 40.

New Jersey P.L. 2017, c. 310 permits the Board of Education to purchase various investments in accordance with the Board's Cash Management Plan.

### 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the district. 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 department, 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-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**4. CAPITAL RESERVE ACCOUNT (Continued)**

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 1,322,710.10
Increased by:	
Transfer by Board of Education	<u>427,882.76</u>
	1,750,592.86
Decreased by:	
Budgeted Transfer to Capital Outlay	<u>292,336.00</u>
Ending Balance, June 30, 2022	<u><u>\$ 1,458,256.86</u></u>

**5. CAPITAL ASSETS**

Capital Asset Activity for the year ended June 30, 2022 was as follows:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
<u>Governmental Activities</u>				
Nondepreciable Assets:				
Sites	\$ 300,000.00	-	\$	\$ 300,000.00
Construction-in-Progress	13,920,780.38	2,332,480.94		16,253,261.32
	<u>14,220,780.38</u>	<u>2,332,480.94</u>		<u>16,553,261.32</u>
Depreciable Assets:				
Site Improvements	678,427.40			678,427.40
Buildings and Improvements	37,039,356.87	497,977.17		37,537,334.04
Machinery and Equipment	4,335,585.08	<u>497,977.17</u>		4,335,585.08
	<u>42,053,369.35</u>			<u>42,551,346.52</u>
Total Assets	56,274,149.73	2,830,458.11		59,104,607.84
Less Accumulated Depreciation:				
Buildings and Improvements	<u>(20,372,975.04)</u>	<u>(680,517.98)</u>		<u>(21,053,493.02)</u>
Governmental Activities - Net Capital Assets	<u>\$ 35,901,174.69</u>	<u>\$ 2,149,940.13</u>	\$ -	<u>\$ 38,051,114.82</u>

**Business-Type Activities**

The following is a summary of Proprietary Fund type capital fixed assets at June 30, 2022:

Machinery and Equipment	\$ 28,469.30
Less: Accumulated Depreciation	<u>(28,469.30)</u>
Net Fixed Assets	<u>\$ -</u>



6. LONG-TERM DEBT

Long-Term Liability Conversion Schedule - June 30, 2022

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year	Long-Term Portion
Bonds Payable	\$22,206,000.00	\$ -	\$1,366,000.00	\$20,840,000.00		\$20,840,000.00
Capital Leases	1,572,068.34		120,726.40	1,451,341.94		1,451,341.94
Net Pension Liability	8,007,921.00			8,007,921.00		8,007,921.00
Compensated Absences	947,396.00			947,396.00		947,396.00
	<u>\$32,733,385.34</u>	<u>\$ -</u>	<u>\$1,486,726.40</u>	<u>\$31,246,658.94</u>	<u>\$ -</u>	<u>\$31,246,658.94</u>

**6. LONG-TERM DEBT (Continued)**

**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. Interest rates on outstanding bonds are from 2.00% to 5.00%.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,385,000.00	\$ 528,468.75	\$ 1,913,468.75
2024	1,300,000.00	473,243.75	1,773,243.75
2025	1,260,000.00	447,062.50	1,707,062.50
2026	1,200,000.00	421,256.25	1,621,256.25
2027 - Thereafter	<u>15,695,000.00</u>	<u>3,684,871.88</u>	<u>19,379,871.88</u>
	<u>\$20,840,000.00</u>	<u>\$5,554,903.13</u>	<u>\$26,394,903.13</u>

**B. Bonds Authorized but Not Issued**

As of June 30, 2022, the Board had no authorized but not issued bonds.

**7. PENSION PLANS**

**Description of Plans**

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P. O. Box 295, Trenton, New Jersey 08625.

**Teachers' Pension and Annuity Fund (TPAF)**

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)**

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

## 7. PENSION PLANS (Continued)

### Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Pension benefits for members enrolled in PERS after May 21, 2010 would be based on 1/60<sup>th</sup> of the average annual compensation for the last five years of service or any five fiscal years of membership that provide the largest benefit to the member of the member's beneficiary. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

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.

### Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operates and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

### Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

In accordance with the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for TPAF and PERS is currently 7.50% of employees' annual compensation, as defined.

**7. PENSION PLANS (Continued)**

**Contribution Requirements (Continued)**

Employers are required to contribute at an actuarially determined rate in both PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premium. Under current statute, the school is a noncontributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>
June 30, 2022	\$ 574,465	\$ 574,465	100%
June 30, 2021	537,196	537,196	100%
June 30, 2020	497,012	497,012	100%

**Three-Year Trend Information for TPAF  
(Paid On-Behalf of the District)**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Post- Retirement Medical Benefits</u>	<u>Long-Term Disability Insurance</u>
June 30, 2022	\$ 6,977,710	100%	\$1,630,275	\$ 2,344
June 30, 2021	4,961,535	100%	1,554,868	2,554
June 30, 2020	3,840,212	100%	1,424,698	2,215

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$6,977,710 to the TPAF for normal pension, \$1,630,275 for post-retirement medical benefits and \$2,344 for long-term disability insurance On-Behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,354,970.05 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

**Teachers' Pension and Annuity Fund (TPAF)**

**Summary of Significant Accounting Policies**

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 Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**7. PENSION PLANS (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is 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 district (employer) does 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 district. However, the State's portion of the net pension liability that was associated with the District was \$80,523,883, as measured on June 30, 2021 and \$113,259,145 as measured on June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,894,761 and revenue of \$1,894,762 for support provided by the State. The measurement period for the pension expense and revenue reported in the District's financial statements (A-2) at June 30, 2022 is based upon changes in the collective net pension liability with a measurement period of June 30, 2020 through June 30, 2021. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2020 and June 30, 2021.

Although the District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the District. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Collective Deferred Outflows of Resources	\$ 9,458,881,999	\$ 6,230,825,389
Collective Deferred Inflows of Resources	14,424,322,612	27,221,092,460
Collective Net Pension Liability (Nonemployer - State of New Jersey)	65,848,796,740	48,075,188,642
State's Portion of the Net Pension Liability that was Associated with the District	80,523,883	113,259,145
State's Portion of the Net Pension Liability that was Associated with the District as a Percentage of the Collective Net Pension Liability	0.1674957296%	0.1719878940%

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:

## 7. PENSION PLANS (Continued)

### Teachers' Pension and Annuity Fund (TPAF) (Continued)

#### Actuarial Assumptions (Continued)

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%

Preretirement 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 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.

#### Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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>
US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets 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%

## 7. PENSION PLANS (Continued)

### **Teachers' Pension and Annuity Fund (TPAF) (Continued)**

#### 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 will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

Since the District has no proportionate share of the net pension liability because of the special funding situation, the District would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf22.pdf>.

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

### **Public Employees' Retirement System (PERS)**

#### Summary of Significant Accounting Policies

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### 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 \$5,811,037 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 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 total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2020. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District's proportion was 0.04950527744%, which was a decrease of 0.0000533287% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$(1,056,510). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 91,648	\$ 41,600
Changes of Assumptions	30,264	2,068,767
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,530,780
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	39,900	721,881
District Contributions Subsequent to the Measurement Date	<u>574,465</u>	
Total	<u>\$ 736,277</u>	<u>\$ 4,363,028</u>

The \$574,465 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2022 the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2022	\$(1,371,152)
2023	(978,999)
2024	(667,510)
2025	(501,769)
2026	<u>195</u>
	<u>\$ (3,519,235)</u>

*Additional Information:*

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



7. **PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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

Additional Information: (Continued)

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Collective Deferred Outflows of Resources	\$ 2,347,583,337	\$ 1,164,738,169
Collective Deferred Inflows of Resources	7,849,949,467	8,339,123,762
Collective Net Pension Liability (Nonstate - Local Group)	16,435,616,426	11,972,782,878
District's Portion of Net Pension Liability	8,070,891	5,872,982
District's Proportion Percentage	0.0490527744%	0.0491061031%

Actuarial Assumptions

The collective 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:

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%

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

## 7. PENSION PLANS (Continued)

### Public Employees' Retirement System (PERS) (Continued)

#### Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 rates of return for each major asset class included in PERS'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>
US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets 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, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability of the participating employers as of June 30, 2021, calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

**7. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

**Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate (Continued)**

	At 1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
District's Proportionate Share of the Collective Net Pension Liability	\$ 7,997,811	\$ 5,872,982	\$ 4,069,764

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**8. POST-RETIREMENT BENEFITS**

***General Information about the OPEB Plan***

The State Health Benefit Retired Employees' Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASAB Statement 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple-employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L. 1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees' Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

## 8. POST-RETIREMENT BENEFITS (Continued)

### **General Information about the OPEB Plan (Continued)**

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L. 2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 year 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 or more years 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 State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$67,809,962,608 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at [state.nj.us/treasury/pensions/financial-reports.shtml](http://state.nj.us/treasury/pensions/financial-reports.shtml).

#### *Total OPEB Liability*

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB's No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget webpage: [nj.gov/treasury/omb/fr.shtml](http://nj.gov/treasury/omb/fr.shtml).

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2020 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

#### **Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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:

**8. POST-RETIREMENT BENEFITS (Continued)**

**General Information about the OPEB Plan (Continued)**

*Total OPEB Liability (Continued)*

**Total Nonemployer OPEB Liability (Continued)**

Total Nonemployer OPEB Liability	\$60,007,650,970	
Inflation Rate	2.50%	
	<u>TPA/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
	Based on	Based on
	Service Years	Service Years
Thereafter	1.55% - 4.45%	3.00% - 7.00%
	Based on	Based on
	Service Years	Service Years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectfully.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreased 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 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For Medicare Part B reimbursement, the trend rate is 5.00%.

**Discount Rate**

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

8. **POST-RETIREMENT BENEFITS (Continued)**

**Changes in the Total OPEB Liability Reported by the State of New Jersey**

	<u>Total OPEB Liability</u>
Balance as of June 30, 2020 Measurement Date	<u>\$ 67,809,962,608</u>
Changes Recognized for the Fiscal Year:	
Service Cost	3,217,184,264
Interest on the Total OPEB Liability	1,556,661,679
Changes of Benefit Terms	(63,870,842)
Differences Between Expected and Actual Experience	(11,385,071,658)
Changes of Assumptions	59,202,105
Gross Benefit Payments <sup>1</sup>	(1,226,213,382)
Contributions from the Non-Employer	N/A
Contributions from the Member <sup>1</sup>	39,796,196
Net Investment Income <sup>1</sup>	N/A
Administrative Expense <sup>1</sup>	N/A
Net Changes	<u>(7,802,311,638)</u>
Balance as of June 30, 2021 Measurement Date	<u>\$ 60,007,650,970</u>

<sup>1</sup>Data for Measurement Periods Ending June 30, 2021 were provided by the State.

At June 30, 2021, the State's proportionate share of the OPEB liability attributable to the District is \$93,932,132. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021 to the total OPEB liability of the State Health Benefit Program Fund - Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, the State's share of the OPEB liability attributable to the District was .15653 percent, which was a decrease of .00498 percent from its proportionate share measured as of June 30, 2020 of .15156 percent.

There were no changes of benefit term.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

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

The following presents the total nonemployer OPEB liability as of June 30, 2021 and 2020, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

8. **POST-RETIREMENT BENEFITS (Continued)**

**Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate (Continued)**

	June 30, 2020		
	At 1% Decrease <u>(1.21%)</u>	At Discount Rate <u>(2.21%)</u>	At 1% Increase <u>(3.21%)</u>
Total OPEB Liability (School Retirees)	\$ 123,893,928	\$ 102,769,493	\$ 86,252,219
	June 30, 2021		
	At 1% Decrease <u>(1.16%)</u>	At Discount Rate <u>(2.16%)</u>	At 1% Increase <u>(3.16%)</u>
Total OPEB Liability (School Retirees)	\$ 112,515,948	\$ 93,932,132	\$ 79,289,492

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

The following presents the total nonemployer OPEB liability as of June 30, 2021 and 2020, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2020		
	1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1% <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 57,762,654	\$ 69,883,344	\$ 85,913,420
	June 30, 2021		
	1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1% <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 76,038,366	\$ 93,932,132	\$ 117,962,137

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

For the year ended June 30, 2021, the board of education recognized OPEB expense of \$4,664,238 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB's No. 75 and in which there is a special funding situation. This amount has been included in the District-Wide Statement of Activities (accrual basis) as a Revenue and Expense in accordance with GASB No. 85.

In accordance with GASB's No. 75, the Mountain Lakes Board of Education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

**8. POST-RETIREMENT BENEFITS (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
(1) Difference Between Actual and Expected Experience	\$ 9,045,886,863	\$ 18,009,362,976
(2) Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	-	-
(3) Assumption Changes	<u>10,179,536,966</u>	<u>6,438,261,807</u>
(4) Sub-Total	19,225,423,829	24,447,624,783
(5) Contributions Made in Fiscal Year Ending 2022 After Measurement Date <sup>1</sup>	<u>TBD</u>	<u>N/A</u>
(6) Total	<u>\$ 19,225,423,829</u>	<u>\$ 24,447,624,783</u>

<sup>1</sup>Employer contributions made after June 30, 2020 are reported as a deferred outflow of resources but are not amortized in expense.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in the OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2022	\$(1,850,701)
2023	(1,850,701)
2024	(1,850,701)
2025	(1,850,701)
2026	(1,315,823)
Total Thereafter	<u>544,128</u>
	<u>\$ (8,174,499)</u>

**9. DEFINED CONTRIBUTION RETIREMENT PROGRAM**

**Description of System**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the base salary required for eligibility in the DCRP was increased to \$5,000.00.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.



**9. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)**

**Description of System (Continued)**

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

**Contributions Required and Made**

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan for the past three years are as follows:

<u>Year</u>	<u>School District</u>
2022	\$46,533.35
2021	26,914.18
2020	31,104.07

**10. COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. The current portion of the compensated absences balance of the governmental funds is reported separately on the Statement of Net Position.

**10. COMPENSATED ABSENCES (Continued)**

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, no liability existed for compensated absences in the Proprietary Fund types.

**11. DEFERRED COMPENSATION**

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

**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.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**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.

**13. INTERFUND RECEIVABLES AND PAYABLES**

The following are reflected as interfund receivables and payables on the various balance sheets at June 30, 2022:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$140,041.17	\$ 37,453.03
Special Revenue Fund	37,453.03	
Debt Service Fund	<u>                    </u>	<u>140,041.17</u>
	<u>\$177,494.20</u>	<u>\$177,494.20</u>

**14. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE**

Intergovernmental Accounts Receivable at June 30, 2022 consisted of Federal Source, State Sources and transportation. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

**14. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE (Continued)**

	<u>Statements</u>
State Aid:	
General Fund:	
TPAF FICA Reimbursement	\$ 65,653.37
Extraordinary Aid	177,397.00
DOE Loan	8,410.00
	<u>\$251,460.37</u>
Special Revenue Fund:	
State Source	<u>\$ 2,253.15</u>
Federal Source	<u>\$196,690.49</u>

**15. INVENTORY**

Inventory in the Enterprise Fund for regular food and supplies at June 30, 2022 was \$6,832.99 and is stated at lower of cost or market.

**16. FUND BALANCE APPROPRIATED**

**General Fund [Exhibit B-1]** - Of the \$4,935,074.69 General Fund fund balance at June 30, 2022, \$593,937.56 is reserved for encumbrances; \$1,458,256.86 has been reserved in the Capital Reserve Account; \$420,000.00 has been reserved in the Maintenance Reserve Account; \$349,283.86 has been appropriated and included as anticipated revenue for the year ending June 30, 2022; \$200,000.00 has been reserved in the Tuition Reserve; \$96,716.14 is reserved as excess surplus designated for subsequent years' expenditures; \$372,388.34 is reserved for unemployment compensation and \$1,444,491.93 is unreserved and undesignated.

**Special Revenue Fund** - Of the \$443,508.56 Special Revenue Fund fund balance at June 30, 2022, \$85,551.34 is restricted for the scholarship fund and \$357,957.22 for student activities.

**Debt Service Fund** - Of the \$2.94 Debt Service Fund balance at June 30, 2022, \$2.94 is unreserved and undesignated.

**Capital Project Fund** - Of the \$1,156,808.90 Capital Projects Fund balance at June 30, 2022, \$417,503.06 is unreserved and undesignated.

**17. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The reserve balance of \$96,716.14 will be appropriated in the fiscal year 2022-2023. There was no excess surplus - current year.

**18. SECONDARY MARKET DISCLOSURE**

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

**19. CONTINGENT LIABILITIES**

**A. Litigation**

The Management did not indicate any litigation, claims or contingent liabilities that are either not covered by the Board's insurance carrier or would have a material financial impact on the Board.

**B. Federal and State Awards**

The School District participates in several federal and state grant and aid programs which are governed by various rules and regulations of the grantor agencies, therefore, to the extent that the School District has not complied with the rules and regulations governing the grants or aid, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provisions have been recorded in the accompanying general purpose financial statements for such contingencies.

**20. RECONCILIATION OF FUND BALANCE - GENERAL FUND**

The Surpluses are presented on a GAAP basis and a reconciliation from the budget basis to the GAAP basis is as follows:

	<u>Unreserved and Designated</u>
Balance on a Budget Basis on the General Fund Budgetary Basis Comparison	\$5,024,834.69
Less: Allocation of State Aid Payment of Not Recognized on a GAAP Basis	<u>(89,760.00)</u>
Balances on a GAAP Basis on the Governmental Fund Balance Sheet	<u>\$4,935,074.69</u>

## **21. TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

## **22. LEASES**

In June 2017, the GASB issued GASB No. 87, Leases. This GASB increases the transparency and comparability of organizations by requiring the capitalization of substantially all leases on the balance sheet and disclosures of key information about leasing arrangements. Under this new guidance, at the lease commencement date, a lessee recognizes a right-of-use asset and lease liability, which is initially measured at the present value of the future lease payments. For income statement purposes, a dual model was retained for lessees, requiring leases to be classified as either operating or finance leases. Under the operation lease model, lease expense is recognized on a straight-line basis over the lease term. Under the finance lease model, interest on the lease liability is recognized separately from amortization of the right-of-use assets.

The District adopted this new accounting standard on June 15, 2021 on a modified retrospective basis and applied the new standard to all leases through a cumulative-effect adjustment to beginning retained earnings. As a result, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. The District elected a package of practical expedients permitted under the transition guidance, which among other things allows the carryforward of historical lease classification. The adoption of this new accounting standard is expected to result in recognition of lease liabilities of approximately \$132,599.60 and recognition of the right-of-use assets of approximately \$139,895.93 net of liabilities. The adoption is also expected to result in a decrease to net position of approximately \$7,876.14 due to transition date impairment of right-of-use assets.

The District determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date. Right-of-use assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District's obligation to make lease payments arising from the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. Lease commencement is the date the District has the right to control the property. The District utilizes its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the District's estimated rate of interest for a collateralized borrowing over a similar term as the lease term. The operating lease right-of-use assets also include lease payments made before commencement, lease incentives and are recorded net of impairment. Operating leases are expensed on a straight-line basis over the lease term.

The District accounts for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage are not included in the right-of-use assets or lease liabilities. These are expensed as incurred.

## 22. LEASES (Continued)

Finance leases are recognized as a noncurrent asset and as a finance lease liability within accrued expenses and other liabilities and other noncurrent liabilities.

Supplemental balance sheet information related to leases were as follows:

Balance Sheet Supplemental Information:	<u>June 30, 2022</u>
Finance Leases:	
Right-of-Use Assets included in:	
Property, Plant and Equipment, Net	<u>\$ 1,398,494</u>
Lease Obligations Included in:	
Accrued Expenses and Other Liabilities	
Other Noncurrent Liabilities	<u>1,451,342</u>
Total Finance Lease Obligations	<u><u>\$ 1,451,342</u></u>

Average Lease term and discount rates as of June 30, 2022 were as follows:

Weighted Average Terms and Discount Rates:	<u>June 30, 2022</u>
Weighted Average Remaining Lease Terms in Years:	
Finance Leases	2.33
Weighted Average Discount Rate:	
Finance Leases	5.44%

The aggregate future lease payments for operating and Finance leases as of June 30, 2022 were as follows:

	<u>Finance</u>
	<u>Lease</u>
Future Lease Payments (Fiscal Years):	
2023	\$ 160,376
2024	165,179
2025	170,099
2026	175,139
Later	<u>947,143</u>
Total Undiscounted Minimum Lease Payments	<u><u>\$ 1,617,936</u></u>
Less: Present Value Discount	<u>(166,594)</u>
Lease Liability	<u><u>\$ 1,451,342</u></u>

## 23. SUBSEQUENT EVENT

The Mountain Lakes School District has evaluated subsequent events that occurred after the balance sheet date, but before February 10, 2022. Based upon this evaluation, the District has determined that the following subsequent event needed to be disclosed:

Subsequent to the date of these financial statements, the COVID-19 Corona Virus continued to spread across the State of New Jersey and the Nation as a whole. The impact of this view on the District's operation in Fiscal Year 2023 cannot be reasonably estimated at this time, but may negatively affect revenues and expenditures.

**24. PRIOR PERIOD ADJUSTMENT - GASB NO. 87**

The District implemented GASB No. 87 related to former operating and capital leases being reclassified into the Governmental Funds. The reclassification was reflected as a prior period adjustment to the Governmental Funds - Statement of Activities (A-2), effective July 1, 2021, and no retroactive restatement of financial statements was done since financial statements are not comparative. The reclassification involved assets, liabilities and net position with no material impact on the financial position of the District.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**



**C. BUDGETARY COMPARISON SCHEDULES**

MOUNTAIN LAKES BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION - Part II  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 22,557,119.00	\$	\$ 22,557,119.00	\$ 22,557,119.00	\$
Tuition					
Tuition-From Individuals	734,592.00		734,592.00	757,000.84	22,408.84
Tuition From Other LEAs Within the State	11,673,496.00		11,673,496.00	12,291,515.18	618,019.18
Total Tuition	12,408,088.00		12,408,088.00	13,048,516.02	640,428.02
Unrestricted Miscellaneous Revenues	52,373.00		52,373.00	121,858.25	69,485.25
Total Local Sources	35,017,580.00		35,017,580.00	35,727,493.27	709,913.27
Revenues from Intermediate Sources:					
Total Revenues from Intermediate Sources					
State Sources:					
Extraordinary Aid	79,549.00		79,549.00	177,397.00	97,848.00
Nonpublic (Family Crisis) Transportation Aid				8,410.00	8,410.00
Security Categorical Aid	38,961.00	(2,000.00)	36,961.00	38,961.00	2,000.00
Special Education Categorical Aid	911,502.00		911,502.00	911,502.00	
Transportation Categorical Aid	78,377.00		78,377.00	78,377.00	
DOE Loan against State Aid				16,240.00	16,240.00
Nonbudgeted:					
On-Behalf Contributions:					
TPAF - Pension Contribution				6,977,710.00	6,977,710.00
TPAF - Long-Term Disability Contribution				2,344.00	2,344.00
TPAF - Post-Retirement Medical Contribution				1,630,275.00	1,630,275.00
Reimbursed TPAF Social Security Contributions				1,354,970.05	1,354,970.05
Total State Sources	1,108,389.00	(2,000.00)	1,106,389.00	11,196,186.05	10,089,797.05
<b>Total Revenues</b>	<b>\$ 36,125,969.00</b>	<b>\$ (2,000.00)</b>	<b>\$ 36,123,969.00</b>	<b>\$ 46,923,679.32</b>	<b>\$ 10,799,710.32</b>
<b>EXPENDITURES</b>					
<b>Current Expense</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten - Salaries of Teachers	292,979.00		292,979.00	292,979.00	
Grades 1-5 - Salaries of Teachers	2,840,448.00	(87,278.00)	2,753,170.00	2,753,167.71	2.29
Grades 6-8 - Salaries of Teachers	1,938,806.00	225,370.00	2,164,176.00	2,146,880.53	17,295.47
Grades 9-12 - Salaries of Teachers	4,283,182.00	251,158.00	4,534,340.00	4,510,076.00	24,264.00
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	3,000.00	11,400.00	14,400.00	8,455.00	5,945.00
Purchased Professional-Educational Services	5,000.00	10,978.00	15,978.00	15,977.07	0.93
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	210,041.00	(20,235.00)	189,806.00	189,805.05	0.95
Purchased Professional-Educational Services	1,050.00	13,028.00	14,078.00	14,078.00	
Purchased Technical Services	31,259.00	27,107.22	58,366.22	58,366.22	
Other Purchased Services (400-500 Series)	209,137.00	55,425.40	264,562.40	215,765.99	48,796.41
General Supplies	439,874.00	(153,488.56)	286,385.44	267,719.31	18,666.13
Textbooks	46,150.00	(7,132.40)	39,017.60	31,583.48	7,434.12
Other Objects	15,110.00	(3,228.00)	11,882.00	10,120.48	1,761.52
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>10,316,036.00</b>	<b>323,104.66</b>	<b>10,639,140.66</b>	<b>10,514,973.84</b>	<b>124,166.82</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Visual Impairments:</b>					
Salaries of Teachers	13,000.00	(2,200.00)	10,800.00	6,795.00	4,005.00
<b>Total Visual Impairments</b>	<b>13,000.00</b>	<b>(2,200.00)</b>	<b>10,800.00</b>	<b>6,795.00</b>	<b>4,005.00</b>
<b>Auditory Impairments:</b>					
Salaries of Teachers	2,511,841.00	734,984.47	3,246,825.47	3,184,826.15	61,999.32
Other Salaries for Instruction	575,405.00	(40,699.96)	534,705.04	534,504.81	200.23
Purchased Technical Services		46,895.00	46,895.00	46,832.99	62.01
Other Purchased Services (400-500 series)		3,000.00	3,000.00	3,000.00	
General Supplies	349.00	56,526.00	56,875.00	16,925.18	39,949.82
Other Objects		131,830.00	131,830.00	113,889.00	17,941.00
<b>Total Auditory Impairments</b>	<b>3,087,595.00</b>	<b>932,335.51</b>	<b>4,019,930.51</b>	<b>3,899,778.13</b>	<b>120,152.38</b>
<b>Emotional Regulation Impairment:</b>					
Salaries of Teachers		66,365.00	66,365.00	66,365.00	
<b>Total Emotional Regulation Impairment</b>		<b>66,365.00</b>	<b>66,365.00</b>	<b>66,365.00</b>	
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,806,912.00	(76,444.78)	1,730,467.22	1,724,253.72	6,213.50
General Supplies	4,500.00	14,607.31	19,107.31	18,789.91	317.40
Textbooks	1,200.00	(296.00)	904.00	903.77	0.23
<b>Total Resource Room/Resource Center</b>	<b>1,812,612.00</b>	<b>(62,133.47)</b>	<b>1,750,478.53</b>	<b>1,743,947.40</b>	<b>6,531.13</b>
<b>Home Instruction:</b>					
Salaries of Teachers	434,318.00	(15,980.00)	418,338.00	414,738.00	3,600.00
Purchased Professional-Educational Services		4,200.00	4,200.00	3,780.00	420.00

MOUNTAIN LAKES BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION - Part II  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Other Purchased Services (400-500 series)	\$ 15,067.00	\$ (2,684.50)	\$ 12,382.50	\$ 11,994.03	\$ 388.47
General Supplies	1,000.00	(755.41)	244.59	241.79	2.80
<b>Total Home Instruction</b>	<b>450,385.00</b>	<b>(15,219.91)</b>	<b>435,165.09</b>	<b>430,753.82</b>	<b>4,411.27</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>5,363,592.00</b>	<b>919,147.13</b>	<b>6,282,739.13</b>	<b>6,147,639.35</b>	<b>135,099.78</b>
<b>Bilingual Education - Instruction:</b>					
General Supplies	500.00	(500.00)			
<b>Total Bilingual Education - Instruction</b>	<b>500.00</b>	<b>(500.00)</b>			
<b>School-Spon. Cocurricular &amp; Extracurricular Actvts. - Inst.:</b>					
Salaries	256,394.00	25,331.65	281,725.65	276,463.13	5,262.52
Purchased Services (300-500 Series)		3,371.00	3,371.00	2,793.36	577.64
Supplies and Materials	3,200.00	900.00	4,100.00	1,300.82	2,799.18
Other Objects	30,000.00	(14,164.90)	15,835.10	15,103.13	731.97
<b>Total School-Spon. Cocurricular &amp; Extracurricular Actvts. - Inst.</b>	<b>289,594.00</b>	<b>15,437.75</b>	<b>305,031.75</b>	<b>295,660.44</b>	<b>9,371.31</b>
<b>School-Sponsored Athletics - Instruction:</b>					
Salaries	652,392.00	(1,337.00)	651,055.00	632,294.12	18,760.88
Purchased Services (300-500 series)		29,962.45	29,962.45	20,294.07	9,668.38
Supplies and Materials	4,130.00	44,701.13	48,831.13	48,788.05	43.08
Other Objects	151,601.00	(51,593.00)	100,008.00	88,760.70	11,247.30
<b>Total School-Sponsored Athletics - Instruction</b>	<b>808,123.00</b>	<b>21,733.58</b>	<b>829,856.58</b>	<b>790,136.94</b>	<b>39,719.64</b>
<b>Total Instruction</b>	<b>16,777,845.00</b>	<b>1,278,923.12</b>	<b>18,056,768.12</b>	<b>17,748,410.57</b>	<b>308,357.55</b>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to County Vocational School - Regular	36,400.00	90,081.45	126,481.45	125,653.45	828.00
Tuition to Private Schools for the Handicapped - Within State	1,235,685.00	(472,243.72)	763,441.28	694,364.77	69,076.51
Tuition - Other		90,000.00	90,000.00		90,000.00
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,272,085.00</b>	<b>(292,162.27)</b>	<b>979,922.73</b>	<b>820,018.22</b>	<b>159,904.51</b>
<b>Undistributed Expenditures - Health Services:</b>					
Salaries	650,885.00	72,149.90	723,034.90	719,567.58	3,467.32
Purchased Professional and Technical Services	249,000.00	87,009.28	336,009.28	291,519.87	44,489.41
Supplies and Materials	6,335.00	(1,307.17)	5,027.83	3,625.20	1,402.63
<b>Total Undistributed Expenditures - Health Services</b>	<b>906,220.00</b>	<b>157,852.01</b>	<b>1,064,072.01</b>	<b>1,014,712.65</b>	<b>49,359.36</b>
<b>Undist. Expend. - Speech, OT, PT, Related Svcs.:</b>					
Salaries	163,032.00		163,032.00	163,032.00	
Purchased Professional - Educational Services		16,590.00	16,590.00	16,590.00	
Supplies and Materials	547.00		547.00	547.00	
<b>Total Undist. Expend. - Speech, OT, PT, Related Svcs.</b>	<b>163,579.00</b>	<b>16,590.00</b>	<b>180,169.00</b>	<b>180,169.00</b>	
<b>Undist. Expend.-Other Supp.Serv.Students-Extraordinary Services:</b>					
Salaries	377,467.00	(39,586.00)	337,881.00	336,361.43	1,519.57
<b>Total Undist. Expend.-Other Supp.Serv.Students-Extraordinary Services</b>	<b>377,467.00</b>	<b>(39,586.00)</b>	<b>337,881.00</b>	<b>336,361.43</b>	<b>1,519.57</b>
<b>Undistributed Expenditures - Guidance Service:</b>					
Salaries of Other Professional Staff	837,999.00		837,999.00	837,317.08	681.92
Salaries of Secretarial and Clerical Assistants	138,268.00	(33,734.00)	104,534.00	104,533.68	0.32
Other Salaries	1,000.00	(1,000.00)			
Purchased Professional - Educational Services		866.00	866.00		866.00
Other Purchased Services (400-500 series)	2,000.00	(1,935.00)	65.00	65.00	
Supplies and Materials	18,006.00	(5,385.60)	12,620.40	12,185.73	434.67
Other Objects	6,200.00	1,720.00	7,920.00	7,647.50	272.50
<b>Total Undistributed Expenditures - Guidance Service</b>	<b>1,003,473.00</b>	<b>(39,468.60)</b>	<b>964,004.40</b>	<b>961,748.99</b>	<b>2,255.41</b>
<b>Undistributed Expenditures - Child Study Team:</b>					
Salaries of Other Professional Staff	732,152.00	63,427.00	795,579.00	795,429.18	149.82
Salaries of Secretarial and Clerical Assistants	44,892.00	27,736.00	72,628.00	72,627.02	0.98
Supplies and Materials	1,580.00	2,823.40	4,403.40	3,853.21	550.19
Other Objects	3,000.00	(2,469.00)	531.00		531.00
<b>Total Undistributed Expenditures - Child Study Team</b>	<b>781,624.00</b>	<b>91,517.40</b>	<b>873,141.40</b>	<b>871,909.41</b>	<b>1,231.99</b>
<b>Undistributed Expenditures - Improvement of Instructional Services:</b>					
Salaries of Supervisor of Instruction	792,474.00	(218,251.00)	574,223.00	574,222.06	0.94
Salaries of Other Professional Staff	130,000.00	(42,869.00)	87,131.00	86,130.47	1,000.53
Other Salaries		850.00	850.00	849.26	0.74
Other Purchased Services (400-500 Series)	2,000.00	27,580.00	29,580.00	28,687.83	892.17
Supplies and Materials		143.00	143.00	143.00	
Other Objects	6,065.00	(3,053.72)	3,011.28	2,540.00	471.28
<b>Total Undistributed Expenditures - Improvement of Instructional Services</b>	<b>930,539.00</b>	<b>(235,606.72)</b>	<b>694,932.28</b>	<b>692,572.62</b>	<b>2,365.66</b>
<b>Undistributed Expenditures - Educational Media Services/School Library:</b>					
Salaries	157,513.00	30,253.00	187,766.00	187,764.29	1.71
Supplies and Materials	28,210.00	(3,177.44)	25,032.56	19,702.31	5,330.25
Other Objects	1,500.00		1,500.00	1,500.00	
<b>Total Undistributed Expenditures - Educational Media Services/School Library</b>	<b>187,223.00</b>	<b>27,075.56</b>	<b>214,298.56</b>	<b>208,966.60</b>	<b>5,331.96</b>
<b>Undistributed Expenditures - Instructional Staff Training Services:</b>					
Other Purchased Services (400-500 series)	13,450.00	(3,756.10)	9,693.90	7,702.88	1,991.02
Other Objects	2,614.00	(1,310.00)	1,304.00	1,066.50	217.50
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>16,064.00</b>	<b>(5,066.10)</b>	<b>10,997.90</b>	<b>8,769.38</b>	<b>2,228.52</b>
<b>Undistributed Expenditures - Support Services - General Administration:</b>					

MOUNTAIN LAKES BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION - Part II  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Salaries	\$ 387,097.00	\$ (9,200.80)	\$ 377,896.20	\$ 377,891.47	\$ 4.73
Legal Services	110,000.00	(26,938.53)	83,061.47	73,042.16	10,019.31
Audit Fees	32,640.00	8,962.00	41,602.00	37,000.00	4,602.00
Other Purchased Professional Services	28,959.00	12,442.31	41,401.31	39,013.84	2,387.47
Purchased Technical Services	5,650.00	7,785.00	13,435.00	13,435.00	
Communications / Telephone	28,308.00	11,490.43	39,798.43	37,210.11	2,588.32
BOE Other Purchased Services	4,200.00	(1,700.00)	2,500.00	1,199.00	1,301.00
Other Purch. Serv. (400-500 series other than 530 & 585)	170,149.00	(70,556.88)	99,592.12	96,106.36	3,485.76
General Supplies	12,830.00	(4,240.59)	8,589.41	6,283.42	2,305.99
Judgments Against The School District	10,000.00	(5,000.00)	5,000.00	2,550.00	2,450.00
Miscellaneous Expenditures	15,200.00	2,800.00	18,000.00	16,343.05	1,656.95
BOE Membership Dues and Fees	2,700.00		2,700.00	2,312.09	387.91
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>807,733.00</b>	<b>(74,157.06)</b>	<b>733,575.94</b>	<b>702,386.50</b>	<b>31,189.44</b>
<b>Undistributed Expenditures - Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	779,746.00	32,832.90	812,578.90	812,576.93	1.97
Salaries of Other Professional Staff	140,047.00	2,000.00	142,047.00	142,046.96	0.04
Salaries of Secretarial and Clerical Asslstants	513,835.00	(58,724.00)	455,111.00	455,109.75	1.25
Unused Vacation Payment to Terminated/Retired Staff		1,297.00	1,297.00	1,296.65	0.35
Other Purchased Services (400-500 Series)	3,000.00	16,909.50	19,909.50	18,413.04	1,496.46
Supplies and Materials	52,332.00	(22,803.12)	29,528.88	26,572.68	2,956.20
Other Objects	13,924.00	3,974.00	17,898.00	12,250.98	5,647.02
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>1,502,884.00</b>	<b>(24,513.72)</b>	<b>1,478,370.28</b>	<b>1,468,266.99</b>	<b>10,103.29</b>
<b>Undistributed Expenditures - Central Services:</b>					
Salaries	383,354.00	50,990.00	434,344.00	415,970.42	18,373.58
Unused Vacation Payment to Terminated/Retired Staff	6,000.00	25,934.00	31,934.00	24,408.32	7,525.68
Miscellaneous Purchased Services (400-500 series other than 594)	750.00	201.86	951.86	300.00	651.86
Supplies and Materials	2,800.00	400.00	3,200.00	3,168.02	31.98
Other Objects	6,420.00	(121.46)	6,298.54	6,148.25	150.29
<b>Total Undistributed Expenditures - Central Services</b>	<b>399,324.00</b>	<b>77,404.40</b>	<b>476,728.40</b>	<b>449,995.01</b>	<b>26,733.39</b>
<b>Undistributed Expenditures - Administrative Information Technology:</b>					
Salaries		127,249.00	127,249.00	127,248.68	0.32
Other Purchased Services (400-500 series)		9,600.00	9,600.00		9,600.00
Supplies and Materials	500.00		500.00	127.81	372.19
Other Objects	750.00		750.00	105.85	644.15
<b>Total Undistributed Expenditures - Administrative Information Technology</b>	<b>1,250.00</b>	<b>136,849.00</b>	<b>138,099.00</b>	<b>127,482.34</b>	<b>10,616.66</b>
<b>Undistributed Expenditures - Operations and Maintenance of Plant Services:</b>					
<b>Undist. Expend. - Required Maintenance for School Facilities:</b>					
Salaries	316,459.00	(42,645.00)	273,814.00	268,482.90	5,331.10
Unused Vacation Payment to Terminated/Retired Staff	11,120.00	(11,120.00)			
Cleaning, Repair, and Maintenance Services	213,042.00	272,673.63	485,715.63	364,774.15	120,941.48
General Supplies	68,611.00	(42,073.56)	26,537.44	16,048.15	10,489.29
Other Objects	1,240.00	5,197.00	6,437.00	6,436.68	0.32
<b>Total Undist. Expend. - Required Maintenance for School Facilities</b>	<b>610,472.00</b>	<b>182,032.07</b>	<b>792,504.07</b>	<b>655,741.88</b>	<b>136,762.19</b>
<b>Undistributed Expenditures - Custodial Services:</b>					
Salaries	1,136,496.00	(2,869.72)	1,133,626.28	1,060,670.20	72,956.08
Unused Vacation Payment to Terminated/Retired Staff	15,268.00	(3,618.00)	11,650.00	8,570.97	3,079.03
Cleaning, Repair, and Maintenance Services	428,739.00	(177,722.03)	251,016.97	207,582.99	43,433.98
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.		45,000.00	45,000.00	45,000.00	
Lease Purchase Pymts - Energy Savings Impr Prog	155,686.00		155,686.00	155,685.05	0.95
Other Purchased Property Services	41,000.00	(15,500.50)	25,499.50	22,019.50	3,480.00
Insurance	60,943.00	58,925.00	119,868.00	119,831.00	37.00
General Supplies	162,516.00	(24,163.88)	138,352.12	123,225.23	15,126.89
Energy (Natural Gas)	233,977.00	25,692.74	259,669.74	257,564.82	2,104.92
Energy (Electricity)	208,020.00	(5,471.00)	202,549.00	202,325.06	223.94
Other Objects	900.00	200.00	1,100.00	480.00	620.00
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>2,443,545.00</b>	<b>(99,627.39)</b>	<b>2,344,017.61</b>	<b>2,202,954.82</b>	<b>141,062.79</b>
<b>Undistributed Expenditures - Care and Upkeep of Grounds:</b>					
Salaries		82,313.00	82,313.00	81,462.40	850.60
Cleaning, Repair, and Maintenance Services	80,500.00	155,404.00	235,904.00	233,040.63	2,863.37
General Supplies	2,000.00	2,401.00	4,401.00	4,385.86	15.14
Other Objects	32,119.00	(25,124.00)	6,995.00	5,242.46	1,752.54
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>114,619.00</b>	<b>214,994.00</b>	<b>329,613.00</b>	<b>324,131.35</b>	<b>5,481.65</b>
<b>Undistributed Expenditures - Security:</b>					
Purchased Professional and Technical Services		76,595.00	76,595.00		76,595.00
Cleaning, Repair, and Maintenance Services		8,831.50	8,831.50	8,218.50	613.00
<b>Total Undistributed Expenditures - Security</b>	<b></b>	<b>85,426.50</b>	<b>85,426.50</b>	<b>8,218.50</b>	<b>77,208.00</b>
<b>Total Undistributed Expenditures - Operations and Maintenance of Plant Services</b>	<b>3,168,636.00</b>	<b>382,925.18</b>	<b>3,551,561.18</b>	<b>3,191,046.55</b>	<b>360,514.63</b>
<b>Undistributed Expenditures - Student Transportation Services:</b>					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Spl. Ed.	17,000.00	(15,204.00)	1,796.00	1,795.50	0.50
Cleaning, Repair, and Maint. Services		3,411.00	3,411.00	3,305.87	105.13
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts.	28,000.00	4,194.45	32,194.45	25,533.33	6,661.12
Contract. Serv.(Bet. Home & Sch.)-Vendors	66,000.00	106,000.00	172,000.00	171,973.67	26.33
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	162,207.00	133,649.86	295,856.86	290,512.52	5,344.34

MOUNTAIN LAKES BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION - Part II  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Contract. Serv.(Spl. Ed. Students)-Vendors	\$	\$ 47,795.00	\$ 47,795.00	\$ 48,794.22	\$ 1,000.78
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	247,500.00	157,210.00	404,710.00	404,534.43	175.57
Misc. Purchased Serv. - Transportation		17,318.35	17,318.35	15,825.29	1,493.06
Transportation Supplies	16,500.00	(10,498.00)	6,002.00	6,001.15	0.85
Other Objects	1,000.00		1,000.00	150.00	850.00
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<u>538,207.00</u>	<u>443,876.66</u>	<u>982,083.66</u>	<u>966,425.98</u>	<u>15,657.68</u>
<b>UNALLOCATED BENEFITS:</b>					
Social Security Contributions	446,333.00	40,480.00	486,813.00	486,432.99	380.01
Other Retirement Contributions - PERS	491,680.00	82,785.00	574,465.00	574,465.00	
Other Retirement Contributions - Regular	32,000.00	2,400.00	34,400.00	34,352.81	47.19
Workers' Compensation	198,478.00	(43,292.00)	155,186.00	134,932.00	20,254.00
Health Benefits	5,160,251.00	(1,304,442.00)	3,855,809.00	3,821,012.77	34,796.23
Tuition Reimbursement	80,000.00	(22,252.84)	57,747.16	53,627.02	4,120.14
Other Employee Benefits	113,800.00	20,316.00	134,116.00	126,615.48	7,500.52
Unused Sick Payment to Terminated/Retired Staff	85,000.00	(32,841.00)	52,159.00	52,158.03	0.97
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>6,607,542.00</u>	<u>(1,256,846.84)</u>	<u>5,350,695.16</u>	<u>5,283,596.10</u>	<u>67,099.06</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>6,607,542.00</u>	<u>(1,256,846.84)</u>	<u>5,350,695.16</u>	<u>5,283,596.10</u>	<u>67,099.06</u>
<b>ON-BEHALF CONTRIBUTIONS:</b>					
On-Behalf TPAF Pension Contributions (Nonbudgeted)				6,977,710.00	(6,977,710.00)
On-Behalf TPAF Post-Retirement Medical Benefits (Nonbudgeted)				1,630,275.00	(1,630,275.00)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				1,354,970.05	(1,354,970.05)
On-Behalf TPAF Long-Term Disability Insurance (Nonbudgeted)				2,344.00	(2,344.00)
<b>TOTAL TPAF PENSION/SOCIAL SECURITY</b>				<u>9,965,299.05</u>	<u>(9,965,299.05)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>18,663,850.00</u>	<u>(633,311.10)</u>	<u>18,030,538.90</u>	<u>27,249,746.82</u>	<u>(9,219,207.92)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>35,441,695.00</u>	<u>645,612.02</u>	<u>36,087,307.02</u>	<u>44,998,157.39</u>	<u>(8,910,850.37)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs - Instruction:</b>					
Grades 1-5		20,970.00	20,970.00	20,970.00	
Grades 6-8		20,322.00	20,322.00	20,322.00	
Grades 9-12		32,500.00	32,500.00	32,499.95	0.05
<b>Special Education - Instruction:</b>					
Auditory Impairments		72,324.00	72,324.00	30,062.00	42,262.00
<b>Vocational Programs:</b>					
School-Sponsored and Other Instructional Programs		30,200.00	30,200.00		30,200.00
<b>Undistributed:</b>					
Undist. Expend. - Custodial Services		28,220.40	28,220.40	28,219.80	0.60
Undist. Expend. - Care and Upkeep of Grounds		21,380.00	21,380.00	21,294.42	85.58
<b>Total Equipment</b>		<u>225,916.40</u>	<u>225,916.40</u>	<u>153,368.17</u>	<u>72,548.23</u>
<b>Facilities Acquisition and Construction Services:</b>					
Architectural/Engineering Services	14,000.00	(14,000.00)			
Construction Services	278,336.00	20,599.75	298,935.75	296,311.00	2,624.75
Assessment for Debt Service on SDA Funding	193,471.00	(141,003.00)	52,468.00	48,298.00	4,170.00
<b>Total Facilities Acquisition and Construction Services</b>	<u>485,807.00</u>	<u>(134,403.25)</u>	<u>351,403.75</u>	<u>344,609.00</u>	<u>6,794.75</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>485,807.00</u>	<u>91,513.15</u>	<u>577,320.15</u>	<u>497,977.17</u>	<u>79,342.98</u>
<b>SPECIAL SCHOOLS</b>					
<b>Summer School - Instruction:</b>					
Salaries of Teachers	145,000.00		145,000.00	144,735.33	264.67
Other Salaries for Instruction	50,000.00	47,483.00	97,483.00	97,481.55	1.45
Purchased Professional and Technical Services	7,000.00	(7,000.00)			
General Supplies	1,000.00	(997.76)	2.24		2.24
<b>Total Summer School - Instruction</b>	<u>203,000.00</u>	<u>39,485.24</u>	<u>242,485.24</u>	<u>242,216.88</u>	<u>268.36</u>
<b>Total Summer School</b>	<u>203,000.00</u>	<u>39,485.24</u>	<u>242,485.24</u>	<u>242,216.88</u>	<u>268.36</u>
<b>Other Special Schools - Instruction</b>					
Salaries of Teachers	175,000.00	(61,665.25)	113,334.75	111,246.75	2,088.00
General Supplies	20,000.00	(12,068.75)	7,931.25	7,576.18	355.07
Other Objects	40,000.00	(40,000.00)			
<b>Total Other Special Schools - Instruction</b>	<u>235,000.00</u>	<u>(113,734.00)</u>	<u>121,266.00</u>	<u>118,822.93</u>	<u>2,443.07</u>
<b>Total Other Special Schools</b>	<u>235,000.00</u>	<u>(113,734.00)</u>	<u>121,266.00</u>	<u>118,822.93</u>	<u>2,443.07</u>
<b>TOTAL SPECIAL SCHOOLS</b>	<u>438,000.00</u>	<u>(74,248.76)</u>	<u>363,751.24</u>	<u>361,039.81</u>	<u>2,711.43</u>
Transfer of Funds to Charter Schools	15,722.00	2,601.00	18,223.00	18,223.00	
<b>TOTAL EXPENDITURES</b>	<u>36,381,224.00</u>	<u>665,377.41</u>	<u>37,046,601.41</u>	<u>45,875,397.37</u>	<u>(8,828,795.96)</u>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>(255,255.00)</u>	<u>(667,377.41)</u>	<u>(922,632.41)</u>	<u>1,048,281.95</u>	<u>1,970,914.36</u>
<b>Other Financing Sources (Uses):</b>					
<b>Operating Transfer Out:</b>					
Transfer to Food Service Fund - Board Contribution	(45,287.00)	17,084.00	(28,203.00)	(25,774.22)	(2,428.78)
<b>Total Other Financing Sources (Uses)</b>	<u>(45,287.00)</u>	<u>17,084.00</u>	<u>(28,203.00)</u>	<u>(25,774.22)</u>	<u>(2,428.78)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over/</b>					

MOUNTAIN LAKES BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION - Part II  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FISCAL YEAR ENDED JUNE 30, 2022

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable (Unfavorable)
(Under) Expenditures and Other Financing Sources (Uses)	\$ (300,542.00)	\$ (650,293.41)	\$ (950,835.41)	\$ 1,022,507.73	\$ 1,968,485.58
Fund Balance, July 1	4,002,326.96		4,002,326.96	4,002,326.96	
Fund Balance, June 30	<u>\$ 3,701,784.96</u>	<u>\$ (650,293.41)</u>	<u>\$ 3,051,491.55</u>	<u>\$ 5,024,834.69</u>	<u>\$ 1,968,485.58</u>
<b>Recapitulation:</b>					
<b>Fund Balances:</b>					
Restricted for:					
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures				\$ 96,716.14	
Capital Reserve				1,458,256.86	
Maintenance Reserve				420,000.00	
Tuition Reserve - Contract Year				200,000.00	
Unemployment Compensation Claims Reserve				372,388.34	
Committed to:					
Year-End Encumbrances				593,937.56	
Assigned for:					
Designated for Subsequent Year's Expenditures				349,283.86	
Unassigned:					
General Fund				1,534,251.93	
Total Fund Balances				<u>5,024,834.69</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(89,760.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,935,074.69</u>	

\* Include interest earnings on the unemployment compensation bank account  
 \*\* Include interest earnings on the flexible benefits bank account  
 \*\*\* Represents Unemployment Fund Net Position as of June 30, 2020

MOUNTAIN LAKES BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION - Part II  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual	
<b>REVENUES:</b>						
Local Sources:						
Revenue from Local Sources		\$ 273,338.00	\$ 273,338.00	\$ 844,239.22	\$ (570,901.22)	Note 1
<b>Total - Local Sources</b>		<u>273,338.00</u>	<u>273,338.00</u>	<u>844,239.22</u>	<u>(570,901.22)</u>	
Federal Sources:						
Title II, Part A	9,203.00	1,554.00	10,757.00	10,350.00	407.00	
Title IV, Part A	10,023.00	(23.00)	10,000.00	10,000.00		
I.D.E.A. Part B, Basic	259,542.00	126,791.00	386,333.00	328,850.00	57,483.00	
Education Stabilization Fund (CARES Act)		145,682.00	145,682.00	121,746.00	23,936.00	
Other		135,888.00	135,888.00	52,837.23	83,050.77	
<b>Total - Federal Sources</b>	<u>278,768.00</u>	<u>409,892.00</u>	<u>688,660.00</u>	<u>523,783.23</u>	<u>164,876.77</u>	
State Sources:						
Nonpublic Aid		\$ 122,262.00	\$ 122,262.00	\$ 117,600.26	\$ 4,661.74	
<b>Total - State Sources</b>		<u>122,262.00</u>	<u>122,262.00</u>	<u>117,600.26</u>	<u>4,661.74</u>	
<b>Total Revenues</b>	<u>278,768.00</u>	<u>805,492.00</u>	<u>1,084,260.00</u>	<u>1,485,622.71</u>	<u>(401,362.71)</u>	
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	131,000.00	55,537.00	186,537.00	120,997.60	65,539.40	
Purchased Professional-Educational Services		252,822.00	252,822.00	245,218.00	7,604.00	
Other Purchased Services (400-500 series)		67,274.00	67,274.00	61,631.00	5,643.00	
General Supplies	62,000.00	62,390.00	124,390.00	58,303.13	66,086.87	
<b>Total Instruction</b>	<u>193,000.00</u>	<u>438,023.00</u>	<u>631,023.00</u>	<u>486,149.73</u>	<u>144,873.27</u>	
Support Services:						
Salaries-Support		8,000.00	8,000.00		8,000.00	
Purchased Professional - Technical Services	60,000.00	136,308.00	196,308.00	211,673.94	(15,365.94)	
Purchased Professional-Educational Services		53,052.00	53,052.00	33,602.00	19,450.00	
Other Purchased Services _Support		151,130.00	151,130.00	22,205.00	128,925.00	
Supplies and Materials	25,768.00	18,979.00	44,747.00	17,530.62	27,216.38	
Scholarships Awarded				684,816.23	(684,816.23)	Note 1
Student Activities				82,940.56	(82,940.56)	Note 1
<b>Total Support Services</b>	<u>85,768.00</u>	<u>367,469.00</u>	<u>453,237.00</u>	<u>1,052,768.35</u>	<u>(599,531.35)</u>	
<b>Total Expenditures</b>	<u>278,768.00</u>	<u>805,492.00</u>	<u>1,084,260.00</u>	<u>1,538,918.08</u>	<u>(454,658.08)</u>	
<b>Other Financing Sources (Uses):</b>						
<b>Total Other Financing Sources (Uses)</b>						
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (53,295.37)</u>	<u>\$ 53,295.37</u>	
Fund Balance, July 1				496,803.93		
Fund Balance, June 30				<u>\$ 443,508.56</u>		
Recapitulation:						
Restricted:						
Scholarships				\$ 85,551.34		
Student Activities				357,957.22		
<b>Total Fund Balance</b>				<u>\$ 443,508.56</u>		

Note 1 Not required to budget for Scholarships and Student Activities funds.

MOUNTAIN LAKES BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION - Part II  
 BUDGET-TO-GAAP RECONCILIATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

		General Fund		Special Revenue Fund
<b>Sources/Inflows of Resources:</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 46,923,679.32	[C-2]	\$ 1,485,622.71
<b>Difference - Budget-to-GAAP:</b>				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				(56,141.93)
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		86,513.00		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	[C-1]	<u>(89,760.00)</u>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 46,920,432.32</u>	[B-2]	<u>\$ 1,429,480.78</u>
<b>Uses/Outflows of Resources:</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 45,875,397.37	[C-2]	\$ 1,538,918.08
<b>Differences - Budget-to-GAAP:</b>				
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i>				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary purposes</i> , but in the year the supplies are received for <i>financial reporting purposes</i> .				(56,141.93)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 45,875,397.37</u>	[B-2]	<u>\$ 1,482,776.15</u>

The general fund budget basis is GAAP, therefore no reconciliation is required.



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**L. SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)**

**Note:** GASB 68 requires that ten years of statistical data be presented. The following unaudited information is presented utilizing information available. Data for the latest years available has been presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

MOUNTAIN LAKES BOARD OF EDUCATION  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
LAST NINE FISCAL YEARS \*\*  
(Unaudited)

	Fiscal Year Ending June 30,								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability (asset)	0.0543%	0.0543%	0.0555%	0.0550%	0.0571%	0.0528%	5.0916%	0.0487%	4.9503%
District's proportionate share of the net pension liability (asset)	\$ 10,378,078	\$ 10,156,374	\$ 12,464,222	\$ 16,294,752	\$ 13,293,688	\$ 10,400,483	\$ 9,174,241	\$ 8,007,921	\$ 5,811,037
State's proportionate share of the net pension liability (asset) associated with the District	19,111,986,911	18,722,735,003	22,447,996,119	29,617,131,759	23,278,401,588	19,689,501,539	23,278,401,588	16,435,616,426	11,972,782,878
Total	\$ 19,122,364,989	\$ 18,732,893,377	\$ 22,460,460,341	\$ 29,633,426,511	\$ 23,291,695,276	\$ 19,699,902,022	\$ 23,287,575,829	\$ 16,443,624,347	\$ 11,978,593,915
District's covered-employee payroll	*	\$ 3,770,222	\$ 3,658,221	\$ 3,758,895	\$ 3,668,676	\$ 3,609,667	\$ 3,785,571	\$ 3,367,348	\$ 3,117,458
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	*	37.11%	29.35%	23.07%	27.60%	34.71%	41.26%	42.05%	53.65%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	48.72%	42.05%	

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

\* Data was not provided by School District.

\*\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

MOUNTAIN LAKES BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 419,787	\$ 362,708	\$ 447,286	\$ 477,365	\$ 491,396	\$ 538,505	\$ 536,505	\$ 497,012	\$ 537,196	\$ 574,465
Contributions in Relation to the Contractually Required Contribution	(419,787)	(362,708)	(447,286)	(477,365)	(491,396)	(538,505)	(536,505)	(497,012)	(537,196)	(574,465)
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
District's Covered-Employee Payroll	*	\$ 3,770,222	\$ 3,658,221	\$ 3,758,895	\$ 3,668,676	\$ 3,609,667	\$ 3,427,056	\$ 3,785,571	\$ 3,367,348	\$ 3,117,458
Contributions as a Percentage of Covered-Employee Payroll	*	9.62%	12.23%	12.70%	13.39%	14.92%	15.65%	13.13%	15.95%	18.43%

\* Data was not provided by School District.

MOUNTAIN LAKES BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
 TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
 LAST NINE FISCAL YEARS \*\*  
 (Unaudited)

	Fiscal Year Ending June 30,								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
District's Proportion of the Net Pension Liability (Asset)	0.1770%	0.1701%	0.1756%	0.1672%	0.1715%	0.1664%	0.17470%	0.1716%	16.7496%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 89,429,336	\$ 90,927,570	\$ 110,967,658	\$ 131,496,887	\$ 115,598,964	\$ 105,865,857	\$ 102,777,619	\$ 113,259,145	\$ 80,523,883
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	50,539,213,484	53,446,745,367	63,204,270,305	78,666,357,052	67,423,605,859	63,617,852,031	61,370,943,870	65,993,498,688	48,166,991,182
Total	\$ 50,628,642,820	\$ 53,537,672,937	\$ 63,315,237,963	\$ 78,797,863,939	\$ 67,539,204,823	\$ 63,723,717,888	\$ 61,473,721,489	\$ 66,106,757,833	\$ 48,246,515,065
District's Covered-Employee Payroll	*	\$ 16,954,166	\$ 17,363,355	\$ 17,071,700	\$ 17,624,187	\$ 17,987,261	\$ 20,348,119	\$ 20,284,832	\$ 18,748,206
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	*	536.31%	639.09%	770.26%	655.91%	588.56%	505.10%	558.34%	429.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	33.76%	24.60%	

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

\* Data was not provided by School District.

\*\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**MOUNTAIN LAKES SCHOOL DISTRICT  
COUNTY OF MORRIS**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE YEAR ENDED JUNE 30, 2022**

**Changes of Benefit Terms and Changes of Assumptions**

Refer to Note 7 on the Notes to Financial Statements for benefits and assumptions.

**M. SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Note:** GASB 75 requires that ten years of statistical data be presented. The following unaudited information is presented utilizing information available. Data for the latest years available has been presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.



**MOUNTAIN LAKES BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT'S CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND  
LAST SIX FISCAL YEARS \*\*\*  
(Unaudited)**

	Measurement Date			
	2016	2017	2018	2019
			Fiscal Year Ending June 30, 2020	2021
District's proportionate share of the net OPEB liability (asset)	*	Zero	Zero	Zero
State's proportionate share of the net OPEB liability (asset) associated with the District:				
Total	\$	\$ 80,334,638	\$ 69,199,512	\$ 63,323,620
District's covered-employee payroll				
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	*	\$ 17,987,261	\$ 18,269,453	\$ 20,348,119
Plan Fiduciary net position as a percentage of the total OPEB liability				
State's proportionate share of OPEB associated with the District:				
Service Cost	*	\$ 3,283,160	\$ 2,726,285	\$ 2,339,847
Interest Cost	*	2,531,093	2,941,885	2,732,421
Change in Benefit Term	*			2,273,764
Difference Between Expected and Actual Experiences	*		(7,075,888)	(10,006,095)
Change in Assumptions	*	(10,104,352)	(7,940,990)	944,160
Contributions: Members**	*	68,516	63,952	57,621
Gross Benefit Payments**	*	(1,860,721)	(1,850,370)	(1,943,846)
Change in Total OPEB Liability		\$ (6,082,304)	\$ (11,135,126)	\$ (5,875,892)
State's proportionate share of the net OPEB liability (asset) associated with the District:				
Beginning Balance	*	\$ 86,416,942	\$ 80,334,638	\$ 69,199,512
Ending Balance		\$ 80,334,638	\$ 69,199,512	\$ 63,323,620
State's proportionate share of the net OPEB liability associated with the District as a percentage of its covered-employee payroll		447.00%	379.00%	311.00%
				507.00%
				483.00%

\*Data was not provided by School District.  
 \*\*Data for Measurement Periods Ending June 30 were provided by the State.  
 \*\*\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

Notes to Schedule:  
 Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records  
 Benefit Changes: None  
 Changes in Assumptions: Assumptions used in calculating the OPEB liability are presented in Note 10.  
 This schedule is required by GASB 75 to show information for a 10 year period. However, information is currently only available for six years, additional years will be presented as they become available.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**MOUNTAIN LAKES SCHOOL DISTRICT  
COUNTY OF MORRIS**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE YEAR ENDED JUNE 30, 2022**

**Changes of Benefit Terms and Changes of Assumptions**

Refer to Notes 8 and 9 on the Notes to Financial Statements for benefits and assumptions.

**OTHER SUPPLEMENTARY INFORMATION**

**D. SCHOOL-BASED BUDGET SCHEDULES (IF APPLICABLE)**

**E. SPECIAL REVENUE FUND**

MOUNTAIN LAKES BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Total Brought Forward E-1A2	ARP-IDEA Basic	IDEA Basic	ESEA Title II	ESEA Title IV	Totals 2022
<b>REVENUE</b>						
Federal Sources	\$ 174,583.23	\$ 23,252.00	\$ 305,598.00	\$ 10,350.00	\$ 10,000.00	\$ 523,783.23
State Sources	117,600.26					117,600.26
Local Sources	844,239.22					844,239.22
<b>Total Revenue</b>	<u>\$ 1,136,422.71</u>	<u>\$ 23,252.00</u>	<u>\$ 305,598.00</u>	<u>\$ 10,350.00</u>	<u>\$ 10,000.00</u>	<u>\$ 1,485,622.71</u>
<b>EXPENDITURES</b>						
Instruction:						
Salaries of Teachers	\$ 120,997.60	\$	\$	\$	\$	\$ 120,997.60
Purchased Professional-Educational Services	61,631.00		245,218.00			245,218.00
Other Purchased Services (400-500 series)	58,303.13					58,303.13
General Supplies	240,931.73		245,218.00			486,149.73
Total Instruction	141,293.94		60,380.00			211,673.94
Purchased Professional and Technical Services		23,252.00		10,350.00	10,000.00	33,602.00
Other Purchased Professional Services	22,205.00					22,205.00
Other Purchased Services_Support	17,530.62					17,530.62
Supplies and Materials	82,940.56					82,940.56
Scholarships Awarded	684,816.23					684,816.23
Student Activities						
<b>Total Expenditures</b>	<u>\$ 1,189,718.08</u>	<u>\$ 23,252.00</u>	<u>\$ 305,598.00</u>	<u>\$ 10,350.00</u>	<u>\$ 10,000.00</u>	<u>\$ 1,538,918.08</u>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>(53,295.37)</u>					<u>(53,295.37)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)</b>	<u>\$ (53,295.37)</u>					<u>\$ (53,295.37)</u>
Fund Balance, July 1	496,803.93					496,803.93
Fund Balance, June 30	<u>443,508.56</u>					<u>\$ 443,508.56</u>

**MOUNTAIN LAKES BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Total Brought Forward E-TAS	CRRSA Act ESSER II	CRRSA Act Learning Acc.	CRRSA Act Mental Health	ARP ESSER III	ARP Acc. Learning	ARP Summer	Totals Carried Forward 2022
<b>REVENUE</b>								
Federal Sources	\$ 5,803.60	\$ 51,746.00	\$ 25,000.00	\$ 45,000.00	\$ 44,767.67	\$ 2,500.00	\$ 65.96	\$ 174,583.23
State Sources	117,600.26							117,600.26
Local Sources	844,239.22							844,239.22
<b>Total Revenue</b>	<b>\$ 967,643.08</b>	<b>\$ 51,746.00</b>	<b>\$ 25,000.00</b>	<b>\$ 45,000.00</b>	<b>\$ 44,767.67</b>	<b>\$ 2,500.00</b>	<b>\$ 65.96</b>	<b>\$ 1,196,422.71</b>
<b>EXPENDITURES</b>								
Instruction:								
Salaries of Teachers	\$ 104,747.60	\$ 51,746.00	\$ 16,250.00	\$	\$	\$	\$	\$ 120,997.60
Other Purchased Services (400-500 series)	1,186.00		6,750.00					61,631.00
General Supplies	22,953.90				35,777.67		65.96	58,803.13
Total Instruction	128,942.10	51,746.00	25,000.00		35,777.67		65.96	240,891.73
Purchased Professional and Technical Services	84,803.94			45,000.00	8,980.00	2,500.00		141,293.94
Other Purchased Services_Support	22,205.00							22,205.00
Supplies and Materials	17,530.62							17,530.62
Scholarships Awarded	82,940.56							82,940.56
Student Activities	684,816.23							684,816.23
<b>Total Expenditures</b>	<b>\$ 1,020,638.45</b>	<b>\$ 51,746.00</b>	<b>\$ 25,000.00</b>	<b>\$ 45,000.00</b>	<b>\$ 44,767.67</b>	<b>\$ 2,500.00</b>	<b>\$ 65.96</b>	<b>\$ 1,189,718.08</b>
<b>Excess (Deficiency) of Revenues Over(Under) Expenditures</b>	<b>(53,295.37)</b>							<b>(53,295.37)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)</b>	<b>\$ (53,295.37)</b>							<b>\$ (53,295.37)</b>
Fund Balance, July 1	496,803.93							496,803.93
Fund Balance, June 30	\$ 443,508.56							\$ 443,508.56



**MOUNTAIN LAKES BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Total Brought Forward E-1B1	ARP Beyond School Day	Totals Carried Forward 2022
<b>REVENUE</b>			
Federal Sources	\$	\$ 5,503.60	\$ 5,503.60
State Sources	117,600.26		117,600.26
Local Sources	844,239.22		844,239.22
<b>Total Revenue</b>	\$ 961,839.48	\$ 5,503.60	\$ 967,343.08
<b>EXPENDITURES</b>			
Instruction:			
Salaries of Teachers	\$ 101,544.00	\$ 3,203.60	\$ 104,747.60
Other Purchased Services (400-500 series)	1,135.00		1,135.00
General Supplies	22,459.50		22,459.50
Total Instruction	125,138.50	3,203.60	128,342.10
Purchased Professional and Technical Services	82,503.94	2,300.00	84,803.94
Other Purchased Services _Support	22,205.00		22,205.00
Supplies and Materials	17,530.62		17,530.62
Scholarships Awarded	82,940.56		82,940.56
Student Activities	684,816.23		684,816.23
<b>Total Expenditures</b>	\$ 1,015,134.85	\$ 5,503.60	\$ 1,020,638.45
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	(53,295.37)		(53,295.37)
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)</b>	\$ (53,295.37)	\$	\$ (53,295.37)
Fund Balance, July 1	496,803.93		496,803.93

MOUNTAIN LAKES BOARD OF EDUCATION  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Brought Forward E-1B1	ARP Beyond School Day	Totals Carried Forward 2022
\$ 443,508.56	\$	\$ 443,508.56

Fund Balance, June 30

**MOUNTAIN LAKES BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Total Brought Forward E-1C1	NP Textbook	Ch 193 Exam & classification - Annual	Ch 193 Speech	NP Nursing	NP Tech	NP Security	Totals Carried Forward 2022
<b>REVENUE</b>								
State Sources	\$ 844,239.22	\$ 7,748.22	\$ 45,065.94	\$ 22,878.00	\$ 14,560.00	\$ 5,143.10	\$ 22,205.00	\$ 117,600.26
Local Sources	\$ 844,239.22	\$ 7,748.22	\$ 45,065.94	\$ 22,878.00	\$ 14,560.00	\$ 5,143.10	\$ 22,205.00	\$ 961,939.48
<b>Total Revenue</b>	\$ 844,239.22	\$ 7,748.22	\$ 45,065.94	\$ 22,878.00	\$ 14,560.00	\$ 5,143.10	\$ 22,205.00	\$ 117,600.26
<b>EXPENDITURES</b>								
Instruction:								
Salaries of Teachers	\$ 101,544.00	\$	\$	\$	\$	\$	\$	\$ 101,544.00
Other Purchased Services (400-500 series)	1,135.00							1,135.00
General Supplies	17,315.40					5,143.10		22,458.50
Total Instruction	119,994.40					5,143.10		125,138.50
Purchased Professional and Technical Services			45,065.94	22,878.00	14,560.00		22,205.00	82,503.94
Other Purchased Services_Support	9,782.40	7,748.22						22,205.00
Supplies and Materials	82,940.56							17,530.62
Scholarships Awarded	684,816.23							82,940.56
Student Activities								684,816.23
<b>Total Expenditures</b>	\$ 897,534.59	\$ 7,748.22	\$ 45,065.94	\$ 22,878.00	\$ 14,560.00	\$ 5,143.10	\$ 22,205.00	\$ 1,015,134.85
<b>Excess (Deficiency) of Revenues Over(Under) Expenditures</b>	(53,295.37)							(53,295.37)
<b>Excess (Under) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)</b>	\$ (53,295.37)							
Fund Balance, July 1	496,803.93							496,803.93
Fund Balance, June 30	\$ 443,508.56							\$ 443,508.56

**MOUNTAIN LAKES BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Total Brought Forward E-1C2	Sound Start Playground Donation	Lore Gift	Wildwood H&SA grant	Brentcliff H&SA grant	High School H&SA grant	Student Activities	Totals Carried Forward 2022
<b>REVENUE</b>								
Local Sources	\$ 29,987.54	\$ 10,000.00	\$ 101,544.00	\$ 8,395.68	\$ 55.72	\$ 9,782.40	\$ 684,473.88	\$ 844,239.22
<b>Total Revenue</b>	<u>\$ 29,987.54</u>	<u>\$ 10,000.00</u>	<u>\$ 101,544.00</u>	<u>\$ 8,395.68</u>	<u>\$ 55.72</u>	<u>\$ 9,782.40</u>	<u>\$ 684,473.88</u>	<u>\$ 844,239.22</u>
<b>EXPENDITURES</b>								
Instruction:								
Salaries of Teachers	\$	\$	\$ 101,544.00	\$	\$	\$	\$	\$ 101,544.00
Other Purchased Services (400-500 series)				1,135.00				1,135.00
General Supplies		10,000.00		7,260.68	55.72			17,316.40
<b>Total Instruction</b>		<u>10,000.00</u>	<u>101,544.00</u>	<u>8,395.68</u>	<u>55.72</u>			<u>119,995.40</u>
Supplies and Materials						9,782.40		9,782.40
Scholarships Awarded	82,940.56							82,940.56
Student Activities							684,816.23	684,816.23
<b>Total Expenditures</b>	<u>\$ 82,940.56</u>	<u>\$ 10,000.00</u>	<u>\$ 101,544.00</u>	<u>\$ 8,395.68</u>	<u>\$ 55.72</u>	<u>\$ 9,782.40</u>	<u>\$ 684,816.23</u>	<u>\$ 887,534.59</u>
<b>Excess (Deficiency) of Revenues Over(Under) Expenditures</b>	<u>(52,953.02)</u>						<u>(342.35)</u>	<u>(53,295.37)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<u>\$ (52,953.02)</u>						<u>\$ (342.35)</u>	<u>\$ (53,295.37)</u>
Fund Balance, July 1	138,504.36						356,299.57	496,803.93
<b>Fund Balance, June 30</b>	<u>\$ 85,551.34</u>						<u>\$ 357,957.22</u>	<u>\$ 443,506.56</u>

MOUNTAIN LAKES BOARD OF EDUCATION  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Scholarship Fund	Totals Carried Forward 2022
<b><u>REVENUE</u></b>		
Local Sources	\$ 29,987.54	\$ 29,987.54
<b>Total Revenue</b>	\$ 29,987.54	\$ 29,987.54
<b><u>EXPENDITURES</u></b>		
Instruction:		
Total Instruction	82,940.56	82,940.56
Scholarships Awarded		
<b>Total Expenditures</b>	\$ 82,940.56	\$ 82,940.56
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	(52,953.02)	(52,953.02)
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>		
Fund Balance, July 1	138,504.36	138,504.36
Fund Balance, June 30	\$ 85,551.34	\$ 85,551.34

**F. CAPITAL PROJECTS FUND**

MOUNTAIN LAKES BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project Title/Issue	Approval Date	Original Budgetary Appropriation	Adjustments	Modified Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2022
					Prior Years	Current Year	
VARIOUS IMPROVEMENTS TO SCHOOLS	9/26/2017	\$ 17,216,215.00	\$	\$ 17,216,215.00	\$ 15,460,634.55	\$ 1,337,862.39	\$ 417,718.06
		<u>\$ 17,216,215.00</u>		<u>\$ 17,216,215.00</u>	<u>\$ 15,460,634.55</u>	<u>\$ 1,337,862.39</u>	<u>\$ 417,718.06</u>

**MOUNTAIN LAKES BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Revenues and Other Financing Sources:**

Total Revenues

**Expenditures and Other Financing Uses:**

Facilities Acquisition and Construction Services	\$	1,337,862.39
Total Expenditures and Other Financing Uses		<u>1,337,862.39</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures		 (1,337,862.39)
 Fund Balance, June 30 2021		 <u>1,755,365.45</u>
Fund Balance, June 30 2022	\$	<u><u>417,503.06</u></u>
 <b>Reconciliation to Governmental Funds Statements (GAAP Basis)</b>		
Fund Balance (Budgetary Basis)	\$	417,503.06
Less: Encumbrances		<u>(739,305.84)</u>
Fund Balance Per Governmental Funds (GAAP Basis)	\$	<u><u>1,156,808.90</u></u>



MOUNTAIN LAKES BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
 AND PROJECT STATUS - BUDGETARY BASIS  
 VARIOUS IMPROVEMENTS TO SCHOOLS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources:</b>				
Bond Proceeds	\$ 17,216,000.00		\$ 17,216,000.00	\$ 17,216,215.00
<b>Total Revenues</b>	<u>17,216,000.00</u>		<u>17,216,000.00</u>	<u>17,216,215.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Facilities Acquisition and Construction Services	13,514,360.28	1,337,862.39	14,852,222.67	15,726,215.00
Purchased Professional and Technical Services	1,946,274.27		1,946,274.27	1,490,000.00
<b>Total Expenditures</b>	<u>15,460,634.55</u>	<u>1,337,862.39</u>	<u>16,798,496.94</u>	<u>17,216,215.00</u>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>\$ 1,755,365.45</u>	<u>\$ (1,337,862.39)</u>	<u>\$ 417,503.06</u>	
<b>Additional Project Information:</b>				
Bond Authorization Date	9/26/2017			
Bonds Authorized	\$ 17,216,215.00			
Bonds Issued	\$ 17,216,000.00			
Original Authorized Cost	\$ 17,216,215.00			
Revised Authorized Cost	\$ 17,216,215.00			
Percentage Completion	97.57%			
Original Target Completion Date	9/1/2019			
Revised Target Completion Date	6/30/2023			

**G. PROPRIETARY FUNDS**

**ENTERPRISE FUND**

**MOUNTAIN LAKES BOARD OF EDUCATION  
COMBINING SCHEDULE OF NET POSITION  
ENTERPRISE FUNDS  
AS OF JUNE 30, 2022**

	Business-Type Activities Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 103,019.72	\$ 103,019.72
Inventories:		
Food	8,132.87	8,132.87
Total Current Assets	<u>111,152.59</u>	<u>111,152.59</u>
Noncurrent Assets:		
Furniture, Machinery & Equipment	28,469.30	28,469.30
Less Accumulated Depreciation	(28,469.30)	(28,469.30)
Total Noncurrent Assets	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 111,152.59</u>	<u>\$ 111,152.59</u>
 <b><u>LIABILITIES</u></b>		
Current Liabilities:		
Accounts Payable		
Other	\$ 34,523.44	\$ 34,523.44
Deferred Revenues / Deposits Payable	25,741.13	25,741.13
Total Current Liabilities	<u>60,264.57</u>	<u>60,264.57</u>
Total Liabilities	<u>60,264.57</u>	<u>60,264.57</u>
 <b><u>NET POSITION</u></b>		
Unrestricted (Deficit)	<u>50,888.02</u>	<u>50,888.02</u>
Total Net Position	<u>\$ 50,888.02</u>	<u>\$ 50,888.02</u>

MOUNTAIN LAKES BOARD OF EDUCATION  
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities Enterprise Funds	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Non-Reimbursable Programs	\$ 737,745.41	\$ 737,745.41
Total Operating Revenues	<u>737,745.41</u>	<u>737,745.41</u>
Operating Expenses:		
Cost of Sales - Non-Reimbursable Programs	297,216.58	297,216.58
Salaries	241,726.90	241,726.90
Personnel Services - Employee Benefits	20,471.98	20,471.98
FICA	46,995.09	46,995.09
Purchased Property Service	35,267.41	35,267.41
Purchased Services (Including Fixed Price Contract)	33,501.73	33,501.73
Other Purchased Professional and Technical Services	7,060.38	7,060.38
Cleaning, Repairs and Maintenance Services	4,007.20	4,007.20
Insurance	31,586.50	31,586.50
General Supplies and Materials	717.70	717.70
Depreciation Expense	500.61	500.61
Miscellaneous	2,933.99	2,933.99
Total Operating Expenses	<u>721,986.07</u>	<u>721,986.07</u>
Operating Income/(Loss)	<u>15,759.34</u>	<u>15,759.34</u>
Nonoperating Revenues (Expenses):		
Interest and Investment Revenue	325.67	325.67
Total Nonoperating Revenues (Expenses)	<u>325.67</u>	<u>325.67</u>
Income (Loss) before Contributions and Transfers	16,085.01	16,085.01
Change in Net Position	<u>16,085.01</u>	<u>16,085.01</u>
Total Net Position - Beginning	<u>34,803.01</u>	<u>34,803.01</u>
Total Net Position - Ending	<u>\$ 50,888.02</u>	<u>\$ 50,888.02</u>

MOUNTAIN LAKES BOARD OF EDUCATION  
 COMBINING SCHEDULE OF CASH FLOWS  
 ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities Enterprise Funds	
	Food Service	Total Enterprise
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Receipts from Customers and Other Funds	\$ 737,745.41	\$ 737,745.41
Payments to Employees	(241,726.90)	(241,726.90)
Payments to Employees' Benefits	(67,467.07)	(67,467.07)
Payments for Insurance	(31,586.50)	(31,586.50)
	<u>396,964.94</u>	<u>396,964.94</u>
Net Cash Provided by (Used for) Operating Activities		
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest and Dividends	<u>325.67</u>	<u>325.67</u>
Net Cash Provided by (Used for) Investing Activities	<u>325.67</u>	<u>325.67</u>
Net Increase (Decrease) in Cash and Cash Equivalents	397,290.61	397,290.61
Cash and Equivalents Balances - Beginning of Year	<u>68,867.07</u>	<u>68,867.07</u>
Cash and Equivalents Balances - End of Year	<u>\$ 466,157.68</u>	<u>\$ 466,157.68</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u></b>		
Operating Income/(Loss)	\$ 15,759.34	\$ 15,759.34
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Net Amortization	500.61	500.61
Change in Assets and Liabilities:		
Total Adjustments	<u>500.61</u>	<u>500.61</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 16,259.95</u>	<u>\$ 16,259.95</u>

**INTERNAL SERVICE FUND**

**H. FIDUCIARY FUNDS (IF APPLICABLE)**



**MOUNTAIN LAKES BOARD OF EDUCATION  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 TRUST FUNDS  
 JUNE 30, 2022**

	<u>Private Purpose Scholarship Trust Fund</u>	<u>Total Trusts</u>
 <b><u>ADDITIONS</u></b>		
Total Additions		
 <b><u>DEDUCTIONS</u></b>		
Total Deductions		
Change in Net Position		
Total Net Position - Beginning	<u>125,964.52</u>	<u>125,964.52</u>
Total Net Position - Ending	<u><u>\$ 125,964.52</u></u>	<u><u>\$ 125,964.52</u></u>

**I. LONG-TERM DEBT**

MOUNTAIN LAKES BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 YEAR ENDED JUNE 30, 2022

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 01, 2021	Issued	Retired	Balance June 30, 2022
			Date	Amount					
Refunding Bonds	3/12/2012	7,600,000.00	9/15/2022	505,000.00	4.00%	\$ 4,055,000.00	\$ 510,000.00	\$ 3,545,000.00	
			9/15/2023	500,000.00	2.25%				
			9/15/2024	510,000.00	2.35%				
			9/15/2025	500,000.00	2.50%				
			9/15/2026	515,000.00	3.00%				
			9/15/2027	505,000.00	3.00%				
			9/15/2028	510,000.00	2.75%				
Refunding Bonds	10/21/2015	2,975,000.00	1/15/2023	480,000.00	5.00%	935,000.00	455,000.00	480,000.00	
District Bonds	8/1/2019	17,216,000.00	8/1/2022	400,000.00	1.75%	17,216,000.00		401,000.00	16,815,000.00
			8/1/2023	800,000.00	2.00%				
			8/1/2024	750,000.00	2.00%				
			8/1/2025	700,000.00	2.00%				
			8/1/2026	650,000.00	2.00%				
			8/1/2027	625,000.00	2.00%				
			8/1/2028	600,000.00	2.00%				
			8/1/2029	700,000.00	2.00%				
			8/1/2030	725,000.00	2.13%				
			8/1/2031	740,000.00	2.25%				
			8/1/2032	750,000.00	2.38%				
			8/1/2033	760,000.00	2.50%				
			8/1/2034	775,000.00	2.75%				
			8/1/2035	790,000.00	3.00%				
8/1/36 - 8/1/38	800,000.00	3.00%							
8/1/39 - 8/1/44	775,000.00	3.00%							
						\$ 22,206,000.00	\$ 1,366,000.00	\$ 20,840,000.00	

MOUNTAIN LAKES BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF OBLIGATIONS UNDER LEASES  
 YEAR ENDED JUNE 30, 2022

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u> <u>Principal</u>	<u>Interest Rate</u>	<u>Balance June 30, 2021</u>	<u>Issued Current year</u>	<u>Retired Current year</u>	<u>Balance June 30, 2022</u>
Energy Conservation Measures			\$ 2,107,530.79		\$ 1,572,068.38		\$ 120,726.40	\$ 1,451,341.98
					<u>\$ 1,572,068.38</u>		<u>\$ 120,726.40</u>	<u>\$ 1,451,341.98</u>

MOUNTAIN LAKES BOARD OF EDUCATION  
 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 Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,757,184.00	\$	\$ 1,757,184.00	\$ 1,757,185.00	\$ 1.00
State Sources:					
Debt Service Aid Type II	193,471.00		193,471.00	193,471.00	
Total State Sources	<u>193,471.00</u>		<u>193,471.00</u>	<u>193,471.00</u>	
Total Revenues	<u>1,950,655.00</u>		<u>1,950,655.00</u>	<u>1,950,656.00</u>	<u>1.00</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	584,746.00		584,746.00	584,745.01	0.99
Redemption of Principal	1,366,000.00		1,366,000.00	1,366,000.00	
Total Expenditures	<u>1,950,746.00</u>		<u>1,950,746.00</u>	<u>1,950,745.01</u>	<u>0.99</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(91.00)		(91.00)	(89.01)	1.99
Fund Balance, July 1	<u>91.95</u>		<u>91.95</u>	<u>91.95</u>	
Fund Balance, June 30	<u>\$ 0.95</u>		<u>\$ 0.95</u>	<u>\$ 2.94</u>	<u>\$ 1.99</u>

**STATISTICAL SECTION (UNAUDITED)**

**INTRODUCTION TO THE STATISTICAL SECTION**

## FINANCIAL TRENDS



MOUNTAIN LAKES BOARD OF EDUCATION  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
Unaudited

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 11,853,402	\$ 12,013,257	\$ 12,676,217	\$ 13,141,991	\$ 13,324,475	\$ 14,445,347	\$ 15,180,790	\$ 6,087,163	\$ 12,123,106	\$ 38,039,249
Restricted	2,770,123	2,293,586	1,682,162	1,065,893	1,301,170	708,181	93,062	10,488,485	6,534,500	5,090,903
Unrestricted	287,530	307,786	(9,470,439)	(9,931,963)	(10,523,023)	(11,173,458)	(10,519,371)	(12,479,671)	(10,894,227)	(30,334,208)
Total Governmental Activities Net Position	\$ 14,911,055	\$ 14,614,629	\$ 4,887,940	\$ 4,275,921	\$ 4,102,622	\$ 3,980,070	\$ 4,754,481	\$ 4,095,977	\$ 7,763,379	\$ 12,795,944
<b>Business-Type Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 12,088	\$ 12,451	\$ 10,573	\$ 8,694	\$ 6,816	\$ 5,237	\$ 3,658	\$ 2,079	\$ 501	\$ 50,888
Unrestricted	90,009	42,299	39,450	14,388	63,615	70,051	105,890	94,967	34,302	50,888
Total Business-Type Activities Net Position	\$ 102,097	\$ 54,750	\$ 50,023	\$ 23,082	\$ 70,431	\$ 75,288	\$ 109,548	\$ 97,046	\$ 34,803	\$ 50,888
<b>District-Wide:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 11,865,490	\$ 12,025,708	\$ 12,686,790	\$ 13,150,685	\$ 13,331,291	\$ 14,450,584	\$ 15,184,448	\$ 6,089,242	\$ 12,123,607	\$ 38,039,249
Restricted	2,770,123	2,293,586	1,682,162	1,065,893	1,301,170	708,181	93,062	10,488,485	6,534,500	5,090,903
Unrestricted	377,539	350,085	(9,430,989)	(9,917,575)	(10,459,409)	(11,103,407)	(10,413,481)	(12,384,704)	(10,859,925)	(30,283,320)
Total District-Wide Net Position	\$ 15,013,152	\$ 14,669,379	\$ 4,937,963	\$ 4,299,003	\$ 4,173,053	\$ 4,055,358	\$ 4,864,029	\$ 4,193,023	\$ 7,798,182	\$ 12,846,832

Source: ACFR Exhibit A-1

MOUNTAIN LAKES BOARD OF EDUCATION  
CHANGES IN NET ASSETS / NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b>Governmental Activities:</b>										
Instruction:										
Regular	\$ 12,883,774	\$ 12,866,416	\$ 13,420,468	\$ 13,878,850	\$ 14,322,609	\$ 18,673,350	\$ 17,643,183	\$ 18,033,834	\$ 18,567,673	\$ 19,242,028
Special Education	8,892,352	8,256,534	7,843,678	7,912,680	8,091,790	10,659,810	8,928,285	9,438,025	11,381,233	11,035,679
Other Special Instruction	1,364,019	1,432,578	1,353,115	1,405,526	1,586,622	1,997,514	1,766,752	94,494	637,482	748,892
Vocational								1,549,650	1,016,625	1,085,797
Other Instruction										
<b>Support Services:</b>										
Tuition	849,313	828,648	759,226	983,300	984,259	902,499	705,469	817,961	1,144,741	820,018
Student and Instruction Related Services	6,242,404	6,043,712	5,928,242	6,137,788	6,235,017	8,357,945	7,040,085	6,465,956	7,997,375	8,399,735
General Administrative Services	986,841	1,003,556	979,134	953,397	1,017,842	1,284,884	1,076,135	895,077	893,702	1,013,801
School Administrative Services	2,259,968	2,172,219	2,174,495	2,155,164	2,124,464	2,899,647	2,508,055	2,427,032	1,849,748	1,960,374
Central Services								438,463	825,947	672,063
Administration of Information Technology								210		232,346
Plant Operations and Maintenance	3,716,357	3,853,025	3,699,776	3,737,666	3,941,452	4,640,435	4,479,223	3,707,318	3,465,635	3,732,778
Care and Upkeep of Grounds								89,172	83,285	391,263
Security										8,219
Pupil Transportation	491,103	488,677	440,794	572,346	357,988	460,156	639,028	588,566	520,585	966,426
Special Schools	935,730	813,038	819,816	805,415	900,849	1,278,137	1,163,897	627,507	228,676	361,040
Charter School										18,223
Capital Outlay - Non-depreciable								28,327	12,368	
Assessment for Debt Service on SDA Funding	48,298	48,298	48,298	48,298	48,298	48,298	130,593			
Interest on Long-Term Debt	409,675	380,351	353,153	304,204	272,103	250,107	281,423	339,799	818,117	605,660
Unallocated Depreciation								1,093,031	512,452	680,518
Unallocated Amortization Expense - Leases										155,386
<b>Total Governmental Activities</b>	<b>39,079,833</b>	<b>38,187,052</b>	<b>37,820,196</b>	<b>38,884,634</b>	<b>39,883,294</b>	<b>51,452,782</b>	<b>46,362,129</b>	<b>46,624,412</b>	<b>49,955,644</b>	<b>52,130,248</b>
<b>Business-Type Activities:</b>										
Food Service	646,278	676,888	696,682	714,485	715,901	708,266	770,806	451,435	96,298	
<b>Total Business-Type Activities</b>	<b>646,278</b>	<b>676,888</b>	<b>696,682</b>	<b>714,485</b>	<b>715,901</b>	<b>708,266</b>	<b>770,806</b>	<b>451,435</b>	<b>96,298</b>	
<b>Total District Expenses</b>	<b>\$ 39,726,112</b>	<b>\$ 38,863,940</b>	<b>\$ 38,516,878</b>	<b>\$ 39,609,119</b>	<b>\$ 40,599,194</b>	<b>\$ 52,161,048</b>	<b>\$ 47,132,935</b>	<b>\$ 47,075,847</b>	<b>\$ 50,051,942</b>	<b>\$ 52,130,248</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Instruction (Tuition):										
Special Education	699,016	660,411	701,886	662,978	693,393	945,661	188,136		483,109	684,474
Support Service:										
Student and Instruction Related Services										
Interest on Long-Term Debt	302,328	271,895	244,780	163,851	225,890	151,186				
Operating Grants and Contributions	5,415,644	4,926,177	4,515,431	4,604,244	4,814,404	15,907,764	10,073,226	9,118,665	13,686,339	16,752,246
<b>Total Governmental Activities Program Revenues</b>	<b>6,416,987</b>	<b>5,858,482</b>	<b>5,462,097</b>	<b>5,431,072</b>	<b>5,733,684</b>	<b>17,004,612</b>	<b>10,261,362</b>	<b>9,118,665</b>	<b>14,169,448</b>	<b>17,436,720</b>

MOUNTAIN LAKES BOARD OF EDUCATION  
CHANGES IN NET ASSETS / NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	595,983	611,325	657,036	633,263	720,917	667,976	752,454	414,365	34,009	
Operating Grants and Contributions	23,664	18,217	7,384	4,259	5,910	5,571				
Total Business-Type Activities Program Revenues	619,647	629,542	664,419	637,522	726,827	673,547	752,454	414,365	34,009	
TOTAL DISTRICT PROGRAM REVENUES	\$ 7,036,634	\$ 6,488,024	\$ 6,126,516	\$ 6,068,594	\$ 6,460,511	\$ 17,678,159	\$ 11,013,815	\$ 9,533,030	\$ 14,203,457	\$ 17,436,720
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (32,662,846)	\$ (32,328,570)	\$ (32,358,100)	\$ (33,463,562)	\$ (34,149,610)	\$ (34,448,170)	\$ (36,100,767)	\$ (37,505,747)	\$ (35,786,196)	\$ (34,893,628)
Business-Type Activities	(26,632)	(47,346)	(32,262)	(76,963)	10,927	(34,718)	(18,352)	(37,070)	(62,289)	
Total District-Wide Net Expense	\$ (32,689,477)	\$ (32,375,916)	\$ (32,390,362)	\$ (33,540,525)	\$ (34,138,684)	\$ (34,482,889)	\$ (36,119,119)	\$ (37,542,817)	\$ (35,848,485)	\$ (34,893,628)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 18,254,489	\$ 18,599,578	\$ 18,928,914	\$ 19,307,492	\$ 19,810,179	\$ 20,320,489	\$ 20,872,466	\$ 22,420,836	\$ 22,114,825	\$ 22,557,119
Property Taxes, Levied for Debt Service Principal	848,185	801,679	772,161	806,596	886,522	872,442	1,048,384	1,036,973	1,617,941	1,757,185
Grants and Contributions	15,832	18,365	46,206	41,639	54,125	93,615	1,071,564	1,096,973	1,163,365	1,257,628
Payments in Lieu of Taxes - State Aid Restricted								99,321	173,541	193,471
Tuition Received	12,753,512	12,457,874	12,351,081	12,217,727	13,071,877	12,748,296	13,351,783	13,048,955	13,854,015	13,048,516
Investment Earnings		643	15,648		5,594	34,769				
Miscellaneous Income	197,132	194,005	434,166	223,111	184,549	144,470	501,320	264,623	50,305	121,858
Proceeds of Long-Term Debt (Refunding Bonds)	(97,846)			205,000						
Capital Lease Principal Cancelled										
NJ Schools Development Authority Grants										
Special Item—[Please Type Here / Write In Cell]		126,140				150,374				
Adjustment to Capital Assets										
Transfers	(19,481)		(27,535)	(50,023)	(36,303)	(38,837)	29,662	(23,463)	(24,259)	(25,774)
Total Governmental Activities	31,951,823	32,032,144	32,646,781	32,851,542	33,976,544	34,325,619	36,875,179	36,847,245	38,642,679	38,910,003
Business-Type Activities:										
Investment Earnings					119	739	1,681	1,105	45	
Adjustment to Capital Assets	19,481		27,535	50,023	36,303	38,837	50,931	23,463		
Transfers	19,481		27,535	50,023	36,422	39,576	52,612	24,568	45	
Total Business-Type Activities	\$ 31,971,304	\$ 32,032,144	\$ 32,674,316	\$ 32,901,565	\$ 34,012,965	\$ 34,365,194	\$ 36,927,791	\$ 36,871,813	\$ 38,642,724	\$ 38,910,003
Total District-Wide										
<b>Change in Net Position:</b>										
Governmental Activities	(711,022)	(296,425)	286,681	(612,020)	(173,067)	(122,552)	774,412	(658,502)	2,856,483	4,216,475
Business-Type Activities	(7,151)	(47,346)	(4,728)	(26,941)	47,348	4,857	34,260	(12,502)	(62,244)	
Total District	\$ (718,173)	\$ (343,772)	\$ 283,954	\$ (638,960)	\$ (125,718)	\$ (117,694)	\$ 808,672	\$ (671,004)	\$ 2,794,239	\$ 4,216,475

Source: ACFR Schedule A-1

MOUNTAIN LAKES BOARD OF EDUCATION  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (Modified Accrual Basis of Accounting)  
 Unaudited

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund:</b>										
Reserved	\$ 2,928,564	\$ 2,613,733	\$ 2,228,812	\$ 1,546,687	\$ 2,079,731	\$ 2,063,894	\$ 2,473,747	\$ 2,250,255	\$ 2,546,314	\$ 3,490,683
Unreserved (deficit)	686,095	639,847	666,105	593,036	788,315	758,578	774,020	805,709	1,367,500	1,444,492
Restricted										
Unassigned (deficit)										
<b>Total General Fund</b>	<b>\$ 3,614,659</b>	<b>\$ 3,253,580</b>	<b>\$ 2,894,917</b>	<b>\$ 2,139,723</b>	<b>\$ 2,868,046</b>	<b>\$ 2,822,572</b>	<b>\$ 3,247,767</b>	<b>\$ 3,055,964</b>	<b>\$ 3,915,814</b>	<b>\$ 4,935,075</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 65,194	\$ 65,194	\$ 1,478	\$ 16,754	\$ 15,276	\$ (816,622)	\$ (1,667,440)	\$ 8,238,230	\$ 3,986,186	\$ 1,600,320
Unreserved, Reported In:	(946)	(945)	(1,145)	(1,245)						
Permanent Fund										
Restricted										
Unassigned (deficit)										
<b>Total All Other Governmental Funds</b>	<b>\$ 64,248</b>	<b>\$ 64,249</b>	<b>\$ 333</b>	<b>\$ 15,509</b>	<b>\$ 15,276</b>	<b>\$ (816,622)</b>	<b>\$ (1,667,440)</b>	<b>\$ 8,238,230</b>	<b>\$ 3,986,186</b>	<b>\$ 1,600,320</b>

Source: ACFR Schedule B-1

**MOUNTAIN LAKES BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)  
Unaudited**

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Tax Levy	\$ 19,405,002	\$ 19,633,152	\$ 19,845,855	\$ 20,377,939	\$ 20,822,591	\$ 21,344,117	\$ 21,920,850	\$ 22,420,836	\$ 23,732,766	\$ 24,314,304
Tuition Charges	13,452,528	13,118,285	13,052,987	12,880,705	13,765,267	13,693,958	13,351,783	13,048,955	13,854,015	13,048,516
Interest Earnings		643	15,648		5,594	34,769				
Restricted Miscellaneous Revenues		500,819	718,195	523,399	531,932	460,782	501,320	264,623	871	121,858
Unrestricted Miscellaneous Revenues	4,890,748	4,325,690	3,948,194	4,040,885	4,229,337	6,763,323	7,846,380	8,031,462	49,434	11,481,574
State Sources	304,180	312,039	329,414	304,708	291,810	310,988	310,522	342,992	409,725	504,157
Federal Sources								483,968	794,290	830,159
Private Sources							392,724			
<b>Total Revenues</b>	<b>38,486,138</b>	<b>37,890,628</b>	<b>38,010,273</b>	<b>38,127,636</b>	<b>39,746,531</b>	<b>42,607,917</b>	<b>44,125,579</b>	<b>44,592,836</b>	<b>48,163,463</b>	<b>50,300,568</b>
<b>Expenditures:</b>										
Instruction:										
Regular Instruction	9,017,176	9,108,416	9,718,636	9,912,453	9,973,199	10,381,534	10,977,489	11,672,070	11,094,223	10,982,761
Special Education Instruction	6,262,512	5,894,284	5,706,632	5,678,702	5,675,156	5,743,785	5,424,366	5,831,147	6,471,827	6,147,639
Other Special Instruction								58,293		
Other Instruction	997,006	1,071,020	1,012,606	1,046,062	1,155,399	1,157,146	1,167,749	1,066,147	1,016,625	1,085,797
Support Services:										
Tuition	849,313	828,648	759,226	983,300	984,259	902,499	705,469	817,961	1,144,741	820,018
Student and Instruction Related Services	4,593,966	4,437,379	4,465,769	4,569,703	4,551,604	4,787,118	4,594,232	4,173,283	4,965,010	5,290,219
General Administration	760,491	764,829	766,411	737,830	786,287	816,677	882,677	702,776	591,470	702,387
School Administrative Services	1,604,085	1,557,992	1,587,942	1,557,096	1,504,745	1,565,857	1,552,037	1,868,024	1,365,470	1,468,287
Central Services								277,569	474,672	449,995
Administration of Information Technology								210		127,482
Plant Operations and Maintenance	3,007,062	3,151,721	3,061,331	3,074,671	3,197,175	3,430,281	3,414,579	3,225,230	2,853,503	2,858,687
Care and Upkeep of Grounds								89,172	83,285	324,131
Security										8,219
Pupil Transportation	463,380	462,327	418,250	550,573	462,555	426,967	605,830	588,556	520,585	966,426
Employee Benefits	9,402,632	8,740,558	8,267,332	8,385,282	8,550,030	11,177,058	11,934,296	12,264,766	13,991,960	15,248,885
Special Schools	708,815	630,664	636,986	647,066	693,389	838,319	857,285	627,507	228,676	361,040
Charter Schools								28,327		16,223
Capital Outlay	717,591	421,838	1,190,849	3,047,530	289,480	1,081,387	1,316,748	7,854,679	5,429,366	2,830,458
Debt service:										
Principal	775,000	790,000	825,000	850,000	880,000	880,000	915,000	915,000	955,000	1,366,000
Interest and other charges	419,145	392,030	364,030	327,365	278,625	257,825	233,125	210,788	836,482	584,745
<b>Total Expenditures</b>	<b>39,578,174</b>	<b>38,251,706</b>	<b>38,781,000</b>	<b>41,367,633</b>	<b>38,961,903</b>	<b>43,446,453</b>	<b>44,560,862</b>	<b>52,071,505</b>	<b>52,035,263</b>	<b>51,641,399</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(1,092,036)</b>	<b>(361,078)</b>	<b>(770,727)</b>	<b>(3,239,997)</b>	<b>764,628</b>	<b>(838,536)</b>	<b>(455,283)</b>	<b>(7,478,669)</b>	<b>(3,871,800)</b>	<b>(1,340,831)</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds from Borrowing										
Capital Leases (non-budgeted)				2,550,000			80,593	17,216,000		
NJ Economic Development Authority Grants	(97,846)									
Transfers In	208,447									
Transfers Out	(227,927)			(50,023)	(36,303)	(38,837)	(50,931)	(23,463)	(24,259)	(25,774)
Cancellation of Prior Year Accounts Receivable										
<b>Total Other Financing Sources (Uses)</b>	<b>(117,326)</b>	<b>348,148</b>	<b>348,148</b>	<b>2,499,977</b>	<b>(36,303)</b>	<b>(38,837)</b>	<b>29,662</b>	<b>17,192,537</b>	<b>(307,084)</b>	<b>(25,774)</b>
<b>Net Change in Fund Balances</b>	<b>(1,209,362)</b>	<b>(361,078)</b>	<b>(422,579)</b>	<b>(740,020)</b>	<b>728,325</b>	<b>(877,373)</b>	<b>(425,621)</b>	<b>9,713,868</b>	<b>(4,203,113)</b>	<b>(1,366,605)</b>
Debt service as a percentage of noncapital expenditures	3.07%	3.12%	3.16%	3.07%	2.99%	2.89%	2.65%	2.53%	3.84%	4.00%

Note: Noncapital expenditures are total expenditures less capital outlay.

Source: District Records, ACFR Schedule B-2

MOUNTAIN LAKES BOARD OF EDUCATION  
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
 LAST TEN FISCAL YEARS  
 (Modified Accrual Basis of Accounting)  
 Unaudited

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Interest Earned on Deposits/Investments	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Miscellaneous	57,132	643	15,648	70,075	29,744	34,769	61,562	53,600	8,575	
Rentals	140,000	54,005	32,306	140,000	44,549	6,018	299,758	211,023	561,294	121,858
Tuition - Hearing Impaired School	9,664,976	140,000	140,000	140,000	140,000	140,000	140,000			
Tuition - Other	3,787,552	8,965,093	8,826,917	8,391,079	8,984,091	8,851,108	8,471,644	8,127,921	8,047,628	
		4,153,191	4,226,170	4,166,884	4,769,196	4,943,046	4,880,138	4,921,034	5,286,824	
Annual Totals	\$13,649,660	\$13,312,932	\$13,241,042	\$12,768,038	\$13,967,580	\$13,874,941	\$13,853,103	\$13,313,579	\$13,904,320	\$ 121,858

Source: District Records

**REVENUE CAPACITY**

**MOUNTAIN LAKES BOARD OF EDUCATION  
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
Unaudited**

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Req.	Qfam	Commercial	Industrial	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2013	\$ 20,488,200	\$ 1,062,765,900	\$ 2,700	*	\$ 94,307,800	\$ 3,226,100	\$ 1,180,790,700	\$ 1,284,800	\$ 1,182,075,500	\$ 1,288,786,647	\$1.651
2014	19,674,200	1,070,204,200	2,700	*	94,307,800	3,226,100	1,187,415,000	1,284,800	1,188,699,800	1,323,302,228	1.662
2015	16,352,300	1,075,076,800	2,700	*	94,294,700	3,226,100	1,188,952,600	803,200	1,189,755,800	1,319,415,553	1.697
2016	14,105,200	1,081,603,000	2,700	*	94,161,900	3,226,100	1,193,098,900	803,200	1,193,902,100	1,330,295,840	1.730
2017	10,745,400	1,089,417,800	2,700	*	93,676,200	3,226,100	1,197,068,200	803,200	1,197,871,400	1,324,676,089	1.765
2018	9,869,400	1,093,227,900	2,700	*	93,587,200	3,226,100	1,199,913,300	803,200	1,200,716,500	1,353,122,934	1.802
2019	11,969,400	1,088,312,200	1,500	*	87,913,100	3,226,100	1,191,422,300	803,200	1,192,225,500	1,343,655,471	1.859
2020	11,634,500	1,083,844,800	1,500	*	85,543,300	3,226,100	1,184,250,200	803,200	1,185,053,400	1,270,912,810	1.947
2021	9,197,100	1,110,953,200		1,500	94,351,900	3,158,800	1,217,662,500	803,200	1,218,465,700	1,315,205,618	1.972
2022	4,474,000	1,166,208,000		1,400	104,817,000	3,393,000	1,278,893,400	803,200	1,279,696,600	1,326,326,175	1.972

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> Tax rates are per \$100



**MOUNTAIN LAKES BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
Unaudited**

(Rate per \$100 of Assessed Value)

Fiscal Year Ended June 30,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate	Municipal Rate	County Rate	
2013	\$ 1.550	\$ 0.100	\$ 1.650	\$ 0.460	\$ 0.270	\$ 2.380
2014	1.560	0.100	1.660	0.480	0.290	2.430
2015	1.600	0.100	1.700	0.490	0.280	2.470
2016	1.630	0.100	1.730	0.510	0.280	2.520
2017	1.670	0.100	1.770	0.520	0.290	2.580
2018	1.710	0.100	1.810	0.530	0.300	2.640
2019	*	*	*	0.560	0.290	0.850
2020	1.840	0.110	1.950	0.570	0.280	2.800
2021	1.880	0.092	1.972	0.563	0.271	2.806
2022	1.954	0.018	1.972	0.563	0.264	2.799

**Source:** Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

<sup>a</sup> The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

\* Data Unavailable

MOUNTAIN LAKES BOARD OF EDUCATION  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
*Unaudited*

	2022	%
Taxpayer	Taxable Assessed Value	of Total District Net Assessed Value
Sunrise of Mountain Lakes Propco LLC	\$ 15,000,000	
Blue 71 LLC	10,460,800	
ETLSLN-US LLC	8,910,200	
Euroimmun US Real Estate LLC	6,161,700	
Pulte Homes of NJ LP	5,439,400	
Mnt Lakes RTYLLC	5,213,700	
ml Mansition on 46 LLC	4,478,600	
Deluxe Manufacturing Operation Inc	3,789,700	
Mountain Lakes Club	3,150,600	
Zeris Brothers, Inc	3,112,900	
	<u>\$ 65,717,600</u>	

Source: Municipal Tax Assessor

\*Data was not provided by School District.

**MOUNTAIN LAKES BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
*Unaudited***

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy <sup>a</sup>	
		Amount	Percentage of Levy
2013	\$ 19,519,078	\$ 19,519,078	100.00%
2014	19,761,187	19,789,503	100.14%
2015	20,190,214	20,161,897	99.86%
2016	20,650,265	20,650,266	100.00%
2017	21,139,353	21,133,353	99.97%
2018	21,626,484	21,632,484	100.03%
2019	22,170,843	22,170,843	100.00%
2020	23,076,801	23,076,801	100.00%
2021	24,023,533	24,023,533	100.00%
2022	24,314,303	24,314,303	100.00%

Source: District records including the Certificate and Report of School Taxes (A4F Form).

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

MOUNTAIN LAKES BOARD OF EDUCATION  
 RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS  
*Unaudited*

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Leases				
2013	\$ 12,205,000	\$		\$ 12,205,000	3.70%	\$ 2,855
2014	11,415,000			11,415,000	3.30%	2,674
2015	10,590,000	199,634		10,789,634	3.20%	2,532
2016	9,535,000	2,675,148		12,210,148	3.61%	2,848
2017	8,655,000	2,493,186		11,148,186	3.00%	2,573
2018	7,775,000	2,157,439		9,932,439	2.78%	2,286
2019	6,860,000	1,890,646		8,750,646	2.40%	2,014
2020	23,161,000	1,736,098		24,897,098	*	5,896
2021	22,206,000	1,572,068		23,778,068	5.57%	5,665
2022	20,840,000	1,451,342		22,291,342	4.53%	4,883

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

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

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

\*Unavailable

Source: District Records

**MOUNTAIN LAKES BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
*Unaudited***

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value <sup>a</sup> of</u> <u>Property</u>	<u>Per Capita <sup>b</sup></u>
2013	\$ 12,205,000	\$	\$ 12,205,000	1.03%	\$ 2,859
2014	11,415,000		11,415,000	0.96%	2,678
2015	10,590,000		10,590,000	0.89%	2,470
2016	9,535,000		9,535,000	0.80%	2,201
2017	8,655,000		8,655,000	0.72%	1,992
2018	7,775,000		7,775,000	0.65%	1,789
2019	6,860,000		6,860,000	0.58%	1,624
2020	23,161,000	23,161,000			
2021	22,206,000	22,206,000			
2022	20,840,000	20,840,000		1.63%	*

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit J-6 for property tax data.

(b) Population data can be found on Exhibit J-14.

Source: District Records

\* Data Unavailable

**MOUNTAIN LAKES BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2022  
Unaudited**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b><u>Governmental Unit</u></b>			
Debt Repaid with Property Taxes:			
Net Overlapping Debt of School District:			
Borough of Mountain Lakes	\$ 14,452,723	100.000%	\$ 14,452,723
County of Morris General Obligation Debt	<u>235,030,042</u>	1.313%	3,085,944
Other debt:			
Municipal Water Authority - Borough of Mountain Lakes District's share			<u>17,538,667</u>
Sub-Total Overlapping Debt			<u>20,840,000</u>
Borough of Mountain Lakes District Direct Debt			
Total Direct and Overlapping Debt			<u><u>\$ 38,378,667</u></u>

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

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Borough of Mountain 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 payment.

**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.

MOUNTAIN LAKES BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
*Unaudited*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 54,166,687	\$ 52,463,579	\$ 51,934,036	\$ 52,297,612	\$ 52,687,105	\$ 52,752,352	\$ 53,658,316	\$ 53,373,917	*	\$ 17,684,349
Total Net Debt Applicable to Limit	12,980,000	12,205,000	11,415,000	10,590,000	9,535,000	8,655,000	7,775,000	53,373,917	*	20,840,000
Legal Debt Margin	\$ 41,186,687	\$ 40,258,579	\$ 40,519,036	\$ 41,707,612	\$ 43,152,105	\$ 44,097,352	\$ 45,883,316	\$ 53,373,917	*	\$ (3,155,651)
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.96%	23.26%	21.98%	20.25%	18.10%	16.41%	14.49%		*	117.84%

Legal Debt Margin Calculation for Fiscal Year 2021

Year	Equalized Valuation Basis
2021	\$ 1,314,402,418
2020	1,270,109,610
2019	1,296,574,491
	<u>\$ 3,881,066,519</u>
Average Equalized Valuation of Taxable Property	[A] 1,293,695,506
Debt limit (0% of average equalization value)	[B] \$ 17,684,349 a
Total Net Debt Applicable to Limit	[C] 20,840,000
Legal debt margin	[B-C] \$ (3,155,651)

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

a) Limit set by NJSA 18A:24-19 for a K through 12 district, other % limits would be applicable for other district types.

\*Not Available at Time of Audit

**MOUNTAIN LAKES BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
*Unaudited***

<u>Year</u>	<u>Population</u> <sup>a</sup>	<u>Personal Income</u> <sup>b</sup>	<u>Per Capita Personal Income</u> <sup>c</sup>	<u>Unemployment Rate</u> <sup>d</sup>
2013	4,269	\$ 345,716,427	\$ 80,983	7.60%
2014	4,262	337,473,684	79,182	4.30%
2015	4,288	338,348,928	78,906	3.40%
2016	4,332	371,365,032	85,726	3.00%
2017	4,345	357,580,465	82,297	3.00%
2018	4,345	364,732,335	83,943	*
2019	4,223	*	N/A	2.40%
2020	4,197	426,608,262	101,646	5.30%
2021	4,565	491,956,355	107,767	3.80%
2022	*	*	*	*

**Source:**

- <sup>a</sup> Population information provided by the NJ Department of Labor and Workplace Development.
- <sup>b</sup> Personal Income has been estimated based upon the municipal population and per capita personal income presented.
- <sup>c</sup> Per Capita personal income by municipality source is U.S. Census Data.
- <sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workplace Development.

\*Unavailable



MOUNTAIN LAKES BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
Unaudited

<u>Employer</u>	<u>Percentage of Total Municipal Employment</u>	<u>Percentage of Total Municipal Employment</u>

Source:

\*Not Available at Time of Audit.

MOUNTAIN LAKES BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

*Unaudited*

	<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>
<b><u>Function/Program</u></b>										
Instruction:										
Regular	113	114	115	115	118	118	160	113	130	117
Special Education	122	124	125	125	127	127	22	99	87	80
Other Special Education							50	2		
Support Services:										
Student and Instructional Related Services	76	76	81	83	85	85	29	59	80	52
School Administrative Service	19	19	19	19	19	19	28	14	13	12
Other Administrative Services	9	9	9	8	8	9	8	19	15	9
Plant Operations and Maintenance	26	26	26	26	26	27	23	25	24	23
<b>Total</b>	<u>365</u>	<u>368</u>	<u>375</u>	<u>376</u>	<u>383</u>	<u>385</u>	<u>320</u>	<u>331</u>	<u>349</u>	<u>293</u>

Source: District Personnel Records

MOUNTAIN LAKES BOARD OF EDUCATION  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
*Unaudited*

Fiscal Year	Enrollment <sup>e</sup>	Operating Expenditures <sup>a</sup>	Cost per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2013	1,638	\$ 37,666,437	\$22,995	4.39%	229.0	14.0	11.0	10.0	1,638.0	1,560.8	1.13%	95.29%
2014	1,585	36,647,838	23,122	0.55%	229.0	14.0	11.0	10.0	1,585.0	1,514.0	(3.24%)	95.52%
2015	1,556	34,894,272	22,426	(3.01%)	240.0	14.0	11.0	10.0	1,556.0	1,488.0	(1.83%)	95.63%
2016	1,534	37,142,739	24,213	7.97%	240.0	14.0	11.0	10.0	1,534.0	1,466.0	(1.41%)	95.57%
2017	1,594	37,533,800	23,547	(2.75%)	245.0	14.0	11.0	10.0	1,594.0	1,525.0	3.91%	95.67%
2018	1,531	38,717,153	25,289	7.40%	246.0	14.0	11.0	10.0	1,531.0	1,457.0	(3.95%)	95.17%
2019	1,587	41,498,671	26,149	3.40%	182.0	11.0	13.0	13.0	1,574.0	1,502.0	2.81%	95.43%
2020	1,454	43,291,040	29,774	13.86%	165.0	10.1	9.1	10.1	1,549.0	1,491.0	(1.59%)	96.26%
2021	1,478	44,814,416	30,321	1.84%	160.0	11.0	9.0	10.0	1,477.8	1,434.3	(4.60%)	97.06%
2022	1,413	46,860,196	33,164	9.38%	160.0	11.1	9.1	10.1	1,413.0	1,328.7	(4.38%)	94.03%

Source: District Records

Note:

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certified staff.
- c Average daily enrollment and average daily attendance are obtained from School Registry Summary (SRS).
- d Cost per pupil is calculated by dividing operating expenditures by enrollment; not intended to represent the statutory calculation of cost per pupil.
- e Enrollment is based on annual October district count.

MOUNTAIN LAKES BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
*Unaudited*

District/Building	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Elementary</b>										
Wildwood Elementary (1950) (1965) (1999)	43,000 625 491	43,000 625 466	43,000 625 456	43,000 625 455	43,000 625 450	43,000 625 465	43,000 625 454	43,000 625 458	45,560 441	45,580 448
<b>Middle/Junior High School</b>										
Briarcliff Middle School (1935) (1999)	21,600 269 301	21,600 269 310	21,600 269 304	21,600 269 317	21,600 269 315	21,600 269 307	21,600 269 292	21,600 269 266	64,800 273	64,800 262
<b>High School</b>										
Mountain Lakes High School (1953) (1972) (2006)	150,000 750 720	150,000 750 677	150,000 750 672	150,000 750 672	150,000 750 675	150,000 750 721	160,000 750 726	160,000 750 632	150,021 674	150,021 622
<b>Special Ed. School</b>										
Lake Drive School for Deaf and Hard of Hearing Children (1914) (1920)	14,500 194 75	14,500 194 80	14,500 194 123	14,500 194 118	14,500 194 116	14,500 194 115	14,500 194 103	14,500 194 98	48,000 91	48,000 81
<b>Other</b>										
Central Administration	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	2,100	2,100
Square Feet	1,587	1,535	1,555	1,562	1,556	1,608	1,575	1,454	1,479	1,413

Source: District Maintenance/Facilities Office

Note: Year of original construction is shown in parentheses, if available. Increases in square footage and capacity are the result of additions. Enrollment is based on annual October District count.

Total Enrollment - All Schools

Number of Schools at June 30, 2022:

Elementary = 1

Middle = 1

High School = 1

Special Ed. School = 1

Other = 1

MOUNTAIN LAKES BOARD OF EDUCATION  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS  
*Unaudited*

UNREGISTERED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-XXX

School/Facilities*	Project #	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total School Facilities
Widewood Elementary -WWW		\$ 123,440.00	\$ 149,416.00	\$ 125,296.00	\$ 137,391.00	\$ 148,714.00	\$ 151,544.00	\$ 185,013.00	\$ 208,697.00	\$ 91,831.45	\$ 104,809.31	\$ 1,428,150.76
Brancoff Middle -BC		93,903.00	92,935.00	80,719.00	80,793.00	104,359.00	105,076.00	237,397.00	190,262.00	120,349.80	137,359.14	1,245,156.04
Lake Drive School -LR		131,471.00	138,419.00	80,512.00	121,290.00	112,107.00	141,527.00	221,148.00	216,316.00	81,991.48	93,579.78	1,345,451.26
M. L. High School -HS		339,009.00	398,898.00	352,239.00	397,923.00	421,874.00	472,893.00	243,902.00	311,700.13	280,372.51	319,995.66	3,515,796.30
<b>Total</b>		<b>\$ 687,823.00</b>	<b>\$ 784,658.00</b>	<b>\$ 648,765.00</b>	<b>\$ 726,857.00</b>	<b>\$ 787,054.00</b>	<b>\$ 870,540.00</b>	<b>\$ 887,455.00</b>	<b>\$ 929,995.13</b>	<b>\$ 574,545.34</b>	<b>\$ 655,741.89</b>	<b>\$ 7,653,524.36</b>

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

Source: District Records

**MOUNTAIN LAKES BOARD OF EDUCATION INSURANCE SCHEDULE**  
**June 30, 2022**  
*(Unaudited)*

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group		
School Package Policy:		
Property - Blanket Building & Contents	\$ 72,911,169	\$ 5,000
General Liability Coverage:		
Products Completed Operations Aggregate Limit	3,000,000	-
Personal and Advertising Injury Limit	1,000,000	5,000
Each Occurrence Liability	1,000,000	1,000
Damage to Premises Rented to you Limit	1,000,000	-
Medical Expense Limit	10,000	-
School Leaders Errors and Omissions Liability		5,000
Annual Aggregate	3,000,000	-
Employment-Related Practices		5,000
Employee Benefit Programs		1,000
Cyber Suite		10,000
Crime Coverage - Public Employee Dishonesty	100,000	-
Electronic Data Processing	1,450,000	1,000
Automobile	1,000,000	250
Commercial Liability Umbrella	15,000,000	10,000
Builders Risk – Construction	\$12,000,000	10,000
ACE American Insurance Company		
Cyber Liability	1,000,000	15,000
Berkeley Life and Health Insurance Company		
Student Accident Insurance - Compulsory Coverage	1,000,000	-
Hudson Excess Insurance Company		
Excess Umbrella Liability	20,000,000	
Firemen's Fund Indemnity Corporation		
Excess Umbrella Liability	25,000,000	-
Morris Essex Worker's Compensation Joint Insurance Fund		
Worker's Compensation Insurance	100,000/500,000/100,000	
Utica National Insurance Group		
Surety Bonds:		
Treasurer	300,000	500
School Business Administrator	120,000	500

\*Coverage is included in the General Liability Coverage

Source: District insurance broker records

**SINGLE AUDIT SECTION**

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

The Honorable President and Members  
of the Board of Education  
Mountain Lakes School District  
County of Morris  
Mountain Lakes, New Jersey 07046

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 *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mountain Lakes School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Mountain Lakes School District's basic financial statements, and have issued our report thereon dated February 24, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Mountain Lakes School 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 Mountain Lakes School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mountain Lakes School 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Mountain Lakes School District's financial statements are free from 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.*

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

  
JOSEPH J. FACCONI  
Licensed Public School Accountant #194

Newark, New Jersey  
February 24, 2023

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
NEW JERSEY OMB CIRCULAR 15-08**

The Honorable President and Members  
of the Board of Education  
Mountain Lakes School District  
County of Morris  
Mountain Lakes, New Jersey 07046

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited the Mountain Lakes School District's compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Mountain Lakes School District's major state programs for the year ended June 30, 2022. The Mountain Lakes School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Mountain Lakes School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the 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 as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; and New Jersey's OMB Circular 15-08, *State Grants, and State Aid*. Our responsibilities under those standards, 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 Mountain Lakes School 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 Mountain Lakes School District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Mountain Lakes School 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 generally accepted auditing standards, *Government Auditing Standards*, the *Office of School Finance, Department of Education, State of New Jersey*, and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting 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 Mountain Lakes School District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey 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 Mountain Lakes School 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 Mountain Lakes School 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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Mountain Lakes School 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.

### **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Mountain Lakes School District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Mountain Lakes School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## 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 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 state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

  
SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

  
JOSEPH J. FACCONE  
Licensed Public School Accountant #194

Newark, New Jersey  
February 24, 2023

MOUNTAIN LAKES BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	From	To	Balance June 30, 2021	Carryover/ (W/forward) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2022		
													(Receivable)	Deferred Inflows	
U.S. Department of Education: Pass-Through State Department of Education: Special Revenue Fund: E.S.E.A. Title A	84.010	S010A19030	NCLB-3460-21	\$ 23,003.00	7/1/2021	6/30/2022	\$ -	\$ -	600.00	(10,350.00)			\$ (9,750.00)	\$ -	
E.S.E.A. Title II A	84.367A	S987A210029	NCLB-3460-22	10,757.00	7/1/2021	6/30/2022							(1,134.00)		
E.S.E.A. Title II A	84.367A	S987A190029	NCLB-3460-20	16,674.00	7/1/2019	6/30/2020	(1,134.00)								
E.S.E.A. Title IV	84.424	S424A200031	NCLB-3460-20	10,000.00	7/1/2021	6/30/2022			10,000.00	(10,000.00)					
I.D.E.A. Part B, Basic	84.027	H027A2010100	IDEA-3460-21	307,026.00	7/1/2021	6/30/2022			217,550.00	(905,598.00)					
I.D.E.A. Part B, Basic	84.027	H027A2010100	IDEA-3460-21	286,226.00	7/1/2020	6/30/2021	(165,111.00)		165,111.00						
I.D.E.A. Part B, Basic	84.027	H027A190100	IDEA-3460-20	326,982.00	7/1/2019	6/30/2020	(68,547.00)		51,011.00						
I.D.E.A. Part B, Basic	84.027	H027A180100	IDEA-3460-19	236,416.00	7/1/2018	6/30/2019	11,770.00					11,770.00			
I.D.E.A. Part B, Basic	84.027	H027A170100	IDEA-3460-18	258,713.00	7/1/2017	6/30/2018	(10,950.73)								
I.D.E.A. Part B, Basic	84.027	H027A160100	IDEA-3460-16	312,983.00	7/1/2015	6/30/2016	(46,735.14)								
I.D.E.A. Part B, Preschool	84.173	H173A180114	N/A	7,096.00	7/1/2018	6/30/2019	7,096.00								
CRRSA Act-ESSER II Grant Program	84.425D	S425D210027		75,682.00	3/13/2020	9/30/2021	(23,936.00)		57,956.00	(51,746.00)				6,250.00	
CRRSA Act-Learning Acceleration Grant Program	84.425D	S425D200027			7/1/2021	6/30/2022			13,147.00	(25,000.00)				(11,853.00)	
CRRSA Act-Mental Health Grant Program	84.425D	S425D200027		45,000.00	7/1/2021	6/30/2022			20,934.00	(45,000.00)				(24,066.00)	
ARP - I.D.E.A. Part B, Basic	84.027X	H027X210100		170,090.00	7/1/2021	6/30/2022				(23,252.00)				(23,252.00)	
ARP - ESSER Grant Program	84.425U	S425U210027			7/1/2021	6/30/2022				(44,757.67)				(44,757.67)	
ARP ESSER Subgrant Accelerated Learning Coaching and Educator Support Grant	84.425U	S425U210027		84,380.00	7/1/2021	6/30/2022				(2,500.00)				(2,500.00)	
ARP ESSER Subgrant Evidence-Based Comprehensive Beyond the School Day Activities Grant	84.425U	S425U210027		40,000.00	7/1/2021	6/30/2022				(65.96)				(65.96)	
ARP ESSER Subgrant Evidence-Based Comprehensive Beyond the School Day Activities Grant	84.425U	S425U210027		40,000.00	7/1/2021	6/30/2022			536,349.00	(5,503.60)				(5,503.60)	
Total Federal Financial Awards							(287,587.87)		\$ 536,349.00	(623,783.23)	57,725.87	18,866.00		\$ (282,412.23)	\$ 6,250.00
									\$ 536,349.00	(623,783.23)	\$ 57,725.87	\$ 18,866.00		\$ (282,412.23)	\$ 6,250.00

The accompanying Notes to the Schedules of Awards and Financial Assistance are an integral part of this schedule.

MOUNTAIN LAKES BOARD OF EDUCATION  
 SCHEDULE C - FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance June 30, 2021		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass-Through Funds	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2022		Memo
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor						Intergovernmental (Accounts Receivable)	Due to Grantor	
State Department of Education:														
<b>General Fund:</b>														
Transcription Aid	22-495-034-5120-014	\$ 78,377.00	7/1/2021	6/30/2022	\$ -	\$ -	\$ -	\$ 78,377.00	\$ (78,377.00)	\$ -	\$ -	\$ -	\$ -	78,377.00
Special Education Categorical Aid	22-495-034-5120-089	911,502.00	7/1/2021	6/30/2022			911,502.00	911,502.00	(911,502.00)					911,502.00
Security Aid	22-495-034-5120-084	38,961.00	7/1/2021	6/30/2022			38,961.00	38,961.00	(38,961.00)					38,961.00
Extraordinary Aid	21-495-034-5120-044	245,660.00	7/1/2020	6/30/2021	(245,000.00)		245,000.00		(177,397.00)					177,397.00
Non-Public Transcription Aid	22-495-034-5120-044	177,397.00	7/1/2019	6/30/2020				16,240.00	(16,240.00)					8,410.00
On-Behalf Against State Aid	22-495-034-5120-014	8,410.00	7/1/2021	6/30/2022										16,240.00
TPAF - Pension Contributions	22-495-034-5094-002	6,977,710.00	7/1/2020	6/30/2021			6,977,710.00	6,977,710.00	(6,977,710.00)					6,977,710.00
TPAF - Long-Term Disability Contribution	22-495-034-5094-004	2,344.00	7/1/2020	6/30/2021			1,630,276.00	1,630,276.00	(1,630,276.00)					2,344.00
TPAF - Post Retirement Medical Contribution	22-495-034-5094-001	1,630,276.00	7/1/2020	6/30/2021			1,289,316.68	1,289,316.68	(1,354,970.08)					1,630,276.00
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	1,385,576.87	7/1/2020	6/30/2021	(68,150.85)		68,150.85		(68,663.37)					1,385,576.87
<b>Total General Fund</b>					\$ (93,150.85)		\$ 11,257,876.53		\$ (11,195,186.05)	\$ -	\$ -	\$ (251,460.37)	\$ -	\$ 11,196,186.05
<b>Special Revenue Fund:</b>														
Non-Resident Public Aid:														
Textbook Aid	21-100-034-5120-064	4,648.00	7/1/2021	6/30/2022			7,803.00	(7,746.22)						54.78
Textbook Aid	21-100-034-5120-064	4,948.00	7/1/2020	6/30/2021	3.20									3.20
Textbook Aid	20-100-034-5120-064	4,480.00	7/1/2019	6/30/2020		96.08				96.08				
Auxiliary Services:														
Home Instruction	15-100-034-5120-067	2,473.32	7/1/2014	6/30/2015	(473.32)					473.32				
Handicapped Services:														
Examination and Classification - Annual	21-100-034-5120-068	15,641.00	7/1/2020	6/30/2021	(2,253.15)									13,387.85
Examination and Classification - Annual	22-100-034-5120-068	48,160.00	7/1/2021	6/30/2022			47,523.10	(45,065.94)						2,457.16
Examination and Classification - Initial	21-100-034-5120-068	14,296.00	7/1/2020	6/30/2021	10,300.46									10,300.46
Examination and Classification	20-100-034-5120-068	31,404.00	7/1/2019	6/30/2020	4,374.14									4,374.14
Exam Preparation	22-100-034-5120-068	24,726.00	7/1/2021	6/30/2022			24,165.90	(22,878.00)						1,287.90
Corrective Speech	21-100-034-5120-068	24,726.00	7/1/2020	6/30/2021	4,686.98									4,686.98
Corrective Speech	20-100-034-5120-068	20,862.00	7/1/2019	6/30/2020	4,207.20									4,207.20
Nursing Services	22-100-034-5120-070	14,560.00	7/1/2021	6/30/2022			14,560.00	(14,560.00)						
Nursing Services	21-100-034-5120-070	8,262.00	7/1/2020	6/30/2021										
Technology Initiative	21-100-034-5120-373	3,060.00	7/1/2021	6/30/2022			5,460.00	(5,143.10)						316.90
Technology Initiative	20-100-034-5120-373	3,060.00	7/1/2020	6/30/2021	12.00					12.00				
Security Aid	22-100-034-5120-509	22,750.00	7/1/2021	6/30/2022			22,750.00	(22,205.00)						545.00
Security Aid	21-100-034-5120-509	14,175.00	7/1/2020	6/30/2021										
Security Aid	20-100-034-5120-509	14,175.00	7/1/2020	6/30/2021										
Health Sciences EIP	05-217-EIP-M3	345,693.79	7/1/2018	6/30/2019										
Health Sciences EIP	05-217-EIP-M3	286,813.32	7/1/2019	6/30/2020										
<b>Total State Financial Assistance</b>					\$ (192,576.99)		\$ 11,390,138.59		\$ (11,313,766.31)	\$ (99,285.07)	\$ 108.08	\$ (2,253.15)	\$ 28,202.72	\$ 11,196,186.05
<b>Less:</b>														
On-Behalf Pension Contributions									\$ 6,977,710.00					
On-Behalf Pension Contributions									1,630,276.00					
On-Behalf TPAF Post-Retirement Medical Contributions									2,344.00					
On-Behalf TPAF Long-Term Disability Contributions									8,610,323.00					
<b>Total - Major Program Determination for State Financial Assistance</b>									\$ (2,703,457.31)					

The accompanying Notes to the Schedules of Awards and Financial Assistance are an integral part of this schedule.

**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**

**YEAR ENDED JUNE 30, 2022**

**1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Borough of Mountain Lakes School District. The School District is defined in Note 1(A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed-through other government agencies is included on the Schedule of Federal Awards and State Financial Assistance.

**2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund and capital projects fund are presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

### 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(3,247.00) for the general fund and \$(56,141.93) for the special revenue fund. See Note 2 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 11,192,939.05	\$ 11,192,939.05
Special Revenue Fund	504,157.49	95,163.95	599,321.44
Debt Service		<u>193,471.00</u>	<u>193,471.00</u>
Totals	<u>\$ 504,157.49</u>	<u>\$ 11,481,574.00</u>	<u>\$ 11,985,731.49</u>

### 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

### 5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans payable outstanding to federal or state entities at June 30, 2022.

### 6. OTHER

The amount reported as TPAF Post-Retirement Medical Benefit Contributions, Teacher's Pension Contributions and Noncontributory Insurance Contributions represents the amounts paid directly by the State On-Behalf of the District for the year ended June 30, 2022. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2022.

### 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-Behalf State Programs for TPAF Pensions, Noncontributory Insurance and Post-Retirement Medical Benefits Contributions are not subject to a State single audit. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

### 8. DE MINIMIS INDIRECT COST RATE

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



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

*Section I - Summary of Auditor's Results*

**Section I – Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified \_\_\_\_\_ Yes   √   No
- 2) Significant deficiencies identified? \_\_\_\_\_ Yes   √   None Reported

Noncompliance material to basis financial statements noted? \_\_\_\_\_ Yes   √   No

**State Financial Assistance**

Internal control over major programs:

- 1) Material weakness(es) identified \_\_\_\_\_ Yes   √   No
- 2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   √   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? \_\_\_\_\_ Yes   √   No

Identification of major programs:

<u>State Grant Number(s)</u>	<u>Name of State Program</u>
22-495-034-5120-089	Categorical Special Education Aid
22-495-034-5094-003	Reimbursed TPAF Social Security

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   √   No

**Section II - Financial Statement Findings:**

No financial statement findings that are required to be reported under *Government Auditing Standards*.

**Section III - State Financial Assistance Findings and Questioned Costs:**

There were no findings or questioned costs for state financial assistance.

**BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2022**

There were no prior years' findings.

