

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

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive
Financial Report**

of the

Borough of Franklin Lakes School District

Franklin Lakes, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

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

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

FRANKLIN LAKES PUBLIC SCHOOLS

490 Pulis Avenue, Franklin Lakes, New Jersey 07417

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

Gregorio Maceri
Superintendent of Schools

Trenae Lambkin
*Board Secretary and
Business Administrator*

January 12, 2024

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

Dear Board Members:

The annual comprehensive financial report of the Borough of Franklin Lakes School District (the "District") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2022-2023 fiscal year with an average daily enrollment of 1,209 students, which is an increase of 36 students from the previous fiscal year's average daily enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: In 2023, Franklin Lakes net assessed valuations increased from \$4,440,997,000 to \$4,513,685,700 and the projected new home developments are still increasing. Standard & Poor's Ratings Services "AA+" rating reflects the District's sizable property tax base with no concentration among leading taxpayers. With good reserves and sound financial operations, the District's outlook remains very stable.

3) MAJOR INITIATIVES: At June 30, 2023 year end, the Board approved deposits of current year surplus into the Capital Reserve account. The Board approved the establishment of the Maintenance Reserve account to be used to implement required maintenance of the School District's facilities.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2023.

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

7) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

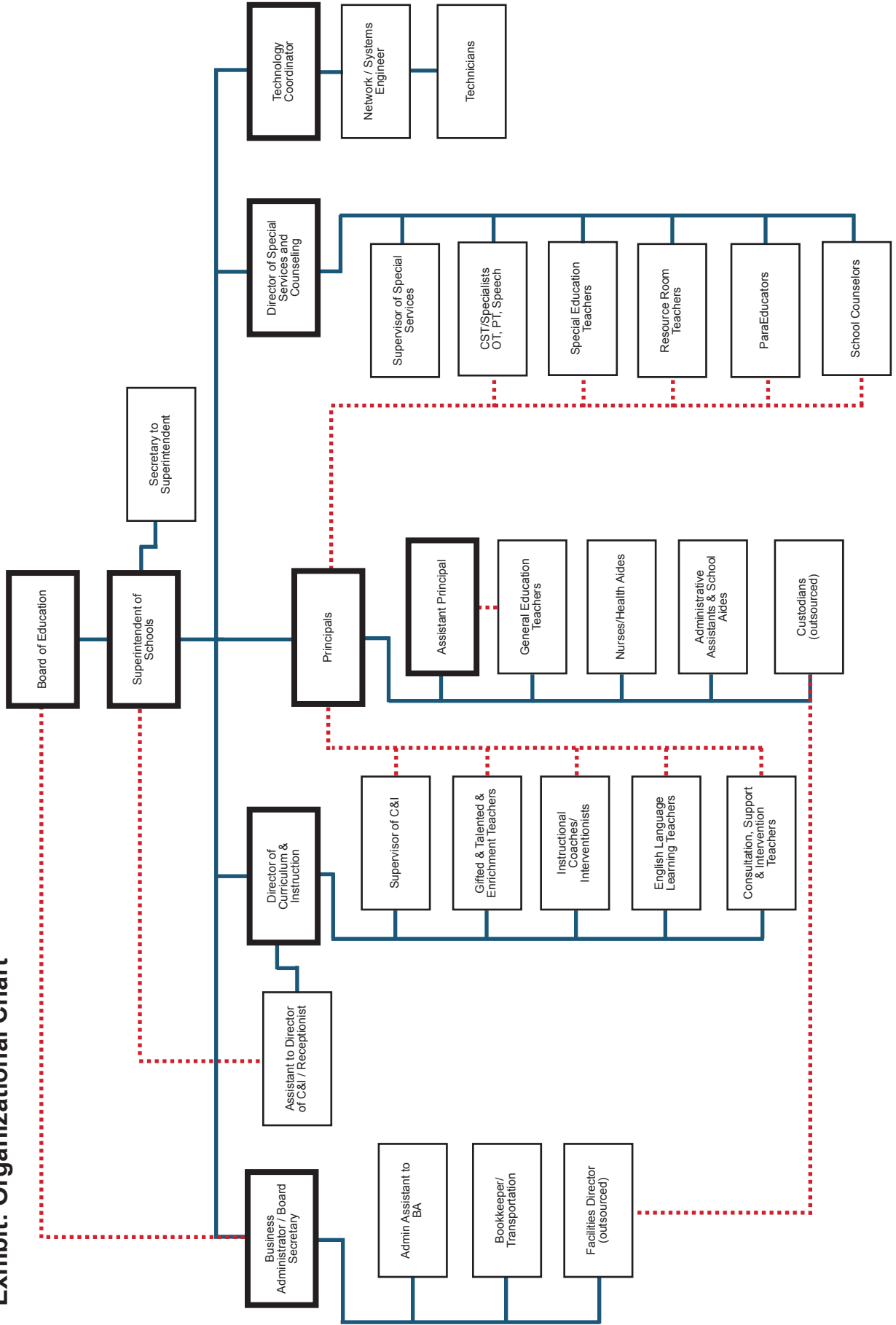


Gregorio Maceri
Superintendent of Schools



Trenae Lambkin
Business Administrator/Board Secretary

Exhibit: Organizational Chart



**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Elisa Billis, President	2025
Ari Donio, Vice President	2024
Yemi Benedict-Vatel	2023
Lisa Cardella	2025
Kathryn D'Agostino	2024
Scott Loia	2024
Ryan Richman	2023
Carolina Severino	2023
Robert Spiotti	2025

Other Officials

Title

Mr. Gregorio Maceri	Superintendent of Schools
Trenae Lambkin	Board Secretary/School Business Administrator
Nancy Bucci	Treasurer

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
Consultants and Advisors**

Attorney

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

Audit Firm

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

Official Depository

TD Bank
535 East Crescent Avenue
Ramsey, NJ 07446

Bond Counsel

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

Financial Advisor

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, NJ 08505

Investment Advisor

NJ/ARM Investments
200 Princeton South Corporate Center
Suite 270A
Ewing, NJ 08628

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Franklin Lakes Borough School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Mount Arlington, New Jersey
January 12, 2024

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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

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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section of the Borough of Franklin Lakes School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

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

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

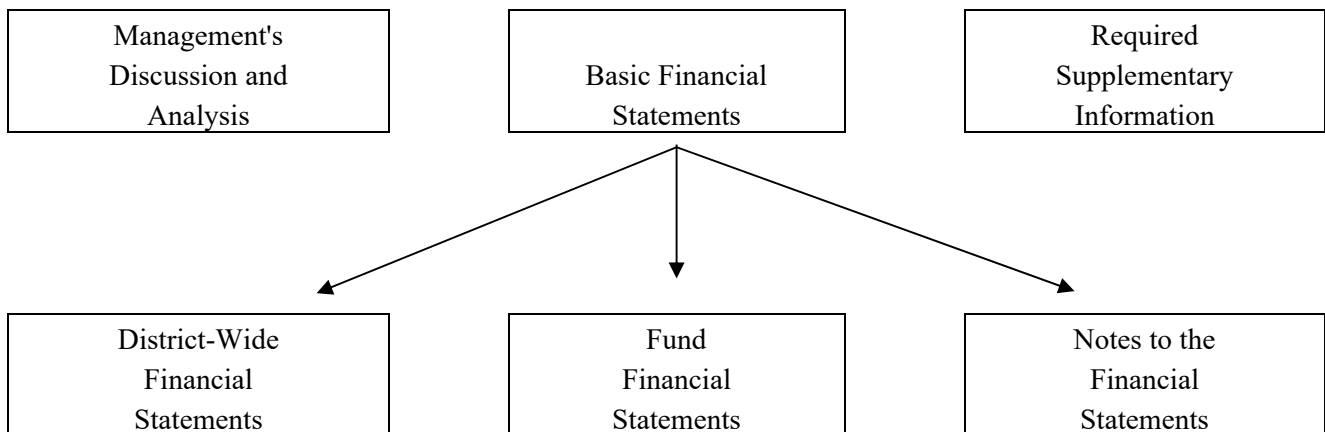


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that not Proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food service
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$21,093,138 on June 30, 2023, \$701,305 or 3.44% more than it was the year before (See Figure A-3). Net Investment in Capital Assets increased \$541,523, Restricted Net Position decreased \$461,105 and Unrestricted Net Position (Deficit) increased (reduction of deficit) \$620,887.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2022/2023
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Current and Other Assets	\$ 29,976,505	\$ 10,781,338			\$ 29,976,505	\$ 10,781,338	
Capital Assets, Net	19,692,591	17,818,104			19,692,591	17,818,104	
Lease Assets, Net		116,091				116,091	
Total Assets	49,669,096	28,715,533			49,669,096	28,715,533	72.97%
Deferred Outflows of Resources	1,701,399	1,625,215			1,701,399	1,625,215	4.69%
Other Liabilities	1,991,476	1,272,894			1,991,476	1,272,894	
Long-Term Liabilities	27,075,469	5,534,284			27,075,469	5,534,284	
Total Liabilities	29,066,945	6,807,178			29,066,945	6,807,178	327.00%
Deferred Inflows of Resources	1,210,412	3,141,737			1,210,412	3,141,737	-61.47%
Net Position:							
Net Investment in Capital Assets	17,771,750	17,230,227			17,771,750	17,230,227	
Restricted	7,619,586	8,080,691			7,619,586	8,080,691	
Unrestricted (Deficit)	(4,298,198)	(4,919,085)			(4,298,198)	(4,919,085)	
Total Net Position	\$ 21,093,138	\$ 20,391,833	\$ - 0 -	\$ - 0 -	\$ 21,093,138	\$ 20,391,833	3.44%

Net Investment in Capital Assets increased by \$541,523 primarily due to capital asset additions and a reduction in leases payable, offset by depreciation, amortization expense and a net increase in bonds payable.

Restricted Net Position decreased \$461,105 primarily due to a decrease in excess surplus, offset by net increases in the Capital Reserve and Unemployment Compensation and the establishment of a Maintenance Reserve.

Unrestricted Net Position increased \$620,887 primarily due to unexpended budget appropriations and changes in deferred inflows and outflows related to pensions, offset by increases in long-term liabilities.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2022/2023
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,610,831	\$ 1,849,498	\$ 2,708	\$ 3,624	\$ 2,613,539	\$ 1,853,122	
Grants/Contributions:							
Operating	8,227,050	9,135,461			8,227,050	9,135,461	
Capital	26,012	25,067			26,012	25,067	
General Revenue:							
Property Taxes	30,537,836	29,981,684			30,537,836	29,981,684	
Federal/State Aid							
Not Restricted	20,865	20,863			20,865	20,863	
Other	658,264	51,923			658,264	51,923	
Total Revenue	<u>42,080,858</u>	<u>41,064,496</u>	<u>2,708</u>	<u>3,624</u>	<u>42,083,566</u>	<u>41,068,120</u>	2.47%
Expenses:							
Instruction	25,485,395	25,746,132			25,485,395	25,746,132	
Pupil and Instruction							
Services	6,552,316	5,585,914			6,552,316	5,585,914	
Administrative and							
Business	3,230,873	3,074,065			3,230,873	3,074,065	
Maintenance and							
Operations	4,190,963	3,876,257			4,190,963	3,876,257	
Transportation	1,388,636	1,026,138			1,388,636	1,026,138	
Other	502,286	17,155	31,792	36,889	534,078	54,044	
Total Expenses	<u>41,350,469</u>	<u>39,325,661</u>	<u>31,792</u>	<u>36,889</u>	<u>41,382,261</u>	<u>39,362,550</u>	5.13%
Transfers	<u>(29,084)</u>	<u>(33,265)</u>	<u>29,084</u>	<u>33,265</u>			
Increase in Net Position	<u>\$ 701,305</u>	<u>\$ 1,705,570</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 701,305</u>	<u>\$ 1,705,570</u>	-58.88%

Governmental Activities

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

Careful management of expenses remains essential for the District to sustain its financial health. Cost savings were achieved because of:

- Seeking competitive proposals and opportunities for shared services by joining more Regional Co-Op's to enhance purchasing power.
- The continued implementation of required employee contributions towards health care costs.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Activities

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

	Total Cost of Services		Net Cost of Services	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 25,485,395	\$ 25,746,132	\$ 15,822,883	\$ 15,961,345
Pupil and Instruction Services	6,552,316	5,585,914	5,684,351	4,665,539
Administrative and Business	3,230,873	3,074,065	3,230,873	3,074,065
Maintenance and Operations	4,190,963	3,876,257	4,164,951	3,851,190
Transportation	1,388,636	1,026,138	1,081,232	746,341
Other	502,286	17,155	502,286	17,155
	<u>\$ 41,350,469</u>	<u>\$ 39,325,661</u>	<u>\$ 30,486,576</u>	<u>\$ 28,315,635</u>

Business-Type Activities

The District's Business-Type Activities comprise the District's Food Service Enterprise Fund. During the fiscal year, the District collected \$2,708 in milk sales revenue offset by \$31,792 in milk cost of sales which resulted in an operating loss of \$29,084. The Board authorized a contribution from the General Fund to the Food Service Enterprise Fund to cover the operating loss. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's Fund Balances from its Governmental Funds increased \$19,028,014 during the fiscal year. The Fund Balance in the General Fund increased \$849,927 primarily due to increases in revenue from tuition and interest earnings in the General and transferred from the Capital Projects Fund. The Fund Balance in the Capital Projects Fund increased \$18,178,292 primarily due to the issuance of \$20,916,000 of School Bonds for the voter-approved bond referendum project offset by project expenditures. The Special Revenue Fund decreased, \$(205) in the Special Revenue Fund. Even so, the District must continue to practice sound fiscal management and seek alternative revenue sources such as grants and continued support from the Franklin Lakes Education Foundation.

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Allowable appropriation of fund balance for capital expenditures.

The preparation of the 2022/2023 budget was difficult due to rising costs which had to be contained within the maximum 2% CAP increase mandated by the State in the tax levy. This resulted in the need for numerous line-item transfers during the year.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Capital Assets

At year end, the District had \$19,692,591 of capital assets – a \$1,874,487, or 10.52%, increase from last year – as shown in Figure A-6. (More detailed information about the District's capital assets is presented in Note 7 to the Basic Financial Statements).

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

	Governmental Activities		Total School District		Percentage Change 2022/2023
	2022/2023	2021/2022	2022/2023	2021/2022	
Land	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	
Construction in Progress	2,920,841	183,133	2,920,841	183,133	
Buildings and Building Improvements	14,250,985	15,102,998	14,250,985	15,102,998	
Machinery and Equipment	711,376	722,584	711,376	722,584	
Total Capital Assets (Net of Depreciation)	\$ 19,692,591	\$ 17,818,104	\$ 19,692,591	\$ 17,818,104	10.52%

During the fiscal year, the District had \$2,885,916 of capital additions offset by annual depreciation of \$996,585 and \$14,844 of disposals, net of depreciation.

Long-term Liabilities

At year end, the District had \$27,075,469 of long-term liabilities – an increase of \$21,541,185, or 389.23% from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 9 to the Basic Financial Statements).

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

	Total School District		Percentage Change 2022/2023
	2022/2023	2021/2022	
General Obligation Bonds (Financed with Property Taxes)	\$ 20,916,000	\$ 625,000	
Unamortized Bond Issuance Premiums		55,289	
Net Pension Liability	5,626,452	4,234,860	
Other Long Term Liabilities	533,017	619,135	
	\$ 27,075,469	\$ 5,534,284	389.23%

The increase in long-term liabilities was primarily due to general obligation bonds issued and an increase in the Net Pension Liability, offset by lease payments and a decrease unamortized bond issuance premiums.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

The driving factors considered by the District's Administration during the process of developing the fiscal year 2022-23 budget were the increasing student population, increasing costs in transportation, custodial (operational) maintenance, and learning loss. A November 2020 Demographic study suggests increased enrollment for all District schools. The District will have increased demands to properly budget for additional support programs and positions.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 12,654,553	\$ 12,654,553
Investments	8,614,250	8,614,250
Receivable from Federal Government	594,428	594,428
Receivable from State Government	613,107	613,107
Restricted Assets:		
Cash and Cash Equivalents	7,119,586	7,119,586
Capital Assets:		
Land	1,809,389	1,809,389
Construction-in-Progress	2,920,841	2,920,841
Depreciable Buildings and Building Improvements and Machinery and Equipment	14,962,361	14,962,361
Total Assets	49,669,096	49,669,096
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	1,701,399	1,701,399
Total Deferred Outflows of Resources	1,701,399	1,701,399
LIABILITIES		
Accounts Payable	1,218,653	1,218,653
Payable to Federal Government	20,276	20,276
Payable to State Government	40,665	40,665
Accrued Interest Payable	510,214	510,214
Unearned Revenue	201,668	201,668
Noncurrent Liabilities:		
Due Within One Year	661,000	661,000
Due Beyond One Year	26,414,469	26,414,469
Total Liabilities	29,066,945	29,066,945
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions	1,210,412	1,210,412
Total Deferred Inflows of Resources	1,210,412	1,210,412
NET POSITION		
Net Investment in Capital Assets	17,771,750	17,771,750
Restricted for:		
Capital Projects	5,501,116	5,501,116
Maintenance	842,239	842,239
Emergency	312,233	312,233
Excess Surplus	500,000	500,000
Unemployment Compensation	433,985	433,985
Student Activities	30,013	30,013
Unrestricted (Deficit)	(4,298,198)	(4,298,198)
Total Net Position	\$ 21,093,138	\$ 21,093,138

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 17,398,461	\$ 303,111	\$ 3,967,746		\$ (13,127,604)		\$ (13,127,604)
Special Education	7,018,137	2,250,851	2,912,093		(1,855,193)		(1,855,193)
Other Special Instruction	995,987		215,087		(780,900)		(780,900)
School-Sponsored Instruction	72,810		13,624		(59,186)		(59,186)
Support Services:							
Tuition	848,378		271,852		(576,526)		(576,526)
Student & Instruction Related Services	5,703,938	16,109	580,004		(5,107,825)		(5,107,825)
General Administrative Services	592,345				(592,345)		(592,345)
School Administrative Services	2,023,375				(2,023,375)		(2,023,375)
Central Services	402,809				(402,809)		(402,809)
Administrative Information Technology	212,344				(212,344)		(212,344)
Plant Operations and Maintenance	4,190,963			\$ 26,012	(4,164,951)		(4,164,951)
Pupil Transportation	1,388,636	40,760	266,644		(1,081,232)		(1,081,232)
Interest and Other Charges	498,104				(498,104)		(498,104)
Unallocated Depreciation	4,182				(4,182)		(4,182)
Total Governmental Activities	41,350,469	2,610,831	8,227,050	26,012	(30,486,576)		(30,486,576)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 31,792	\$ 2,708				\$ (29,084)	\$ (29,084)
Total Business-Type Activities	31,792	2,708				(29,084)	(29,084)
Total Primary Government	\$ 41,382,261	\$ 2,613,539	\$ 8,227,050	\$ 26,012	\$ (30,486,576)	(29,084)	(30,515,660)
General Revenue and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					29,900,336		29,900,336
Taxes Levied for Debt Service					637,500		637,500
Federal and State Aid not Restricted					20,865		20,865
Interest					658,235		658,235
Miscellaneous Income					29		29
Transfers					(29,084)	29,084	
Total General Revenue and Transfers					31,187,881	29,084	31,216,965
Change in Net Position					701,305		701,305
Net Position - Beginning					20,391,833	- 0 -	20,391,833
Net Position - Ending					\$ 21,093,138	\$ - 0 -	\$ 21,093,138

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

FUND FINANCIAL STATEMENTS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 924,543		\$ 11,730,010	\$ 12,654,553
Investments			8,614,250	8,614,250
Receivables from Federal Government		\$ 594,428		594,428
Receivables from State Government	613,107			613,107
Receivables from Local Governments	226,288			226,288
Other Receivables	63,723		90,570	154,293
Interfund Receivable	1,864,563			1,864,563
Restricted Cash and Cash Equivalents	7,089,573	30,013		7,119,586
Total Assets	<u>\$ 10,781,797</u>	<u>\$ 624,441</u>	<u>\$ 20,434,830</u>	<u>\$ 31,841,068</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Interfund Payable		\$ 424,892	\$ 1,439,671	\$ 1,864,563
Accounts Payable	\$ 638,953	57,917		696,870
Payable to Federal Government		20,276		20,276
Payable to State Government		40,665		40,665
Unearned Revenue	150,990	50,678		201,668
Total Liabilities	<u>789,943</u>	<u>594,428</u>	<u>1,439,671</u>	<u>2,824,042</u>
Fund Balances:				
Restricted:				
Excess Surplus - Designated for Subsequent Year's Expenditures	500,000			500,000
Emergency Reserve	312,233			312,233
Capital Reserve Account	5,501,116			5,501,116
Maintenance Reserve Account	842,239			842,239
Capital Projects			18,995,159	18,995,159
Unemployment Compensation	433,985			433,985
Student Activities		30,013		30,013
Assigned:				
Encumbrances	133,988			133,988
Designated for Subsequent Year's Expenditures	1,316,999			1,316,999
Unassigned	951,294			951,294
Total Fund Balances	<u>9,991,854</u>	<u>30,013</u>	<u>18,995,159</u>	<u>29,017,026</u>
Total Liabilities and Fund Balances	<u>\$ 10,781,797</u>	<u>\$ 624,441</u>	<u>\$ 20,434,830</u>	

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

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	19,692,591
Certain Amounts Related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows - Pensions	1,179,616
Deferred Inflows - Pensions	(1,210,412)
Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due.	(510,214)
Long-Term Liabilities, Including Bonds Payable, Financed Purchases Payable, the PERS Net Pension Liability and Compensated Absences, are not due and payable in the current period and therefore, are not reported as liabilities in the Funds. Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.	<u>(27,075,469)</u>
Net Position of Governmental Activities	<u>\$ 21,093,138</u>

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 29,900,336			\$ 637,500	\$ 30,537,836
Tuition from Individuals	303,111				303,111
Tuition from Other LEAs	2,250,851				2,250,851
Transportation Fees	40,760				40,760
Interest Earned on Capital Reserve	1,800				1,800
Restricted Miscellaneous Revenue		\$ 132,872			132,872
Unrestricted Miscellaneous Revenue	229,646	91,572	\$ 426,818		748,036
Total - Local Sources	32,726,504	224,444	426,818	637,500	34,015,266
State Sources	9,454,235	109,409			9,563,644
Federal Sources		998,604			998,604
Total Revenues	42,180,739	1,332,457	426,818	637,500	44,577,514
EXPENDITURES:					
Current:					
Regular Instruction	10,301,747	434,587			10,736,334
Special Education Instruction	4,319,799	313,955			4,633,754
Other Special Instruction	591,234				591,234
School-Sponsored/Other Instruction	47,193				47,193
Support Services and Undistributed Costs:					
Tuition	576,526	271,852			848,378
Student and Other Instruction Related Services	4,240,164	286,256			4,526,420
General Administration Services	450,650				450,650
School Administration Services	1,300,368				1,300,368
Central Services	313,761				313,761
Administrative Information Technology	163,664				163,664
Plant Operations and Maintenance	3,167,101				3,167,101

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Student Transportation	\$ 1,388,636				\$ 1,388,636
Unallocated Benefits	14,785,290				14,785,290
Capital Outlay	82,413	\$ 26,012	\$ 2,737,708		2,846,133
Debt Service:					
Interest and Other Charges				\$ 12,500	12,500
Principal				625,000	625,000
Total Expenditures	<u>41,728,546</u>	<u>1,332,662</u>	<u>2,737,708</u>	<u>637,500</u>	<u>46,436,416</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>452,193</u>	<u>(205)</u>	<u>(2,310,890)</u>	<u>- 0 -</u>	<u>(1,858,902)</u>
OTHER FINANCING SOURCES/(USES):					
Bond Proceeds			20,916,000		20,916,000
Transfers In	426,818				426,818
Transfers Out	<u>(29,084)</u>		<u>(426,818)</u>		<u>(455,902)</u>
Total Other Financing Sources/(Uses)	<u>397,734</u>	<u>- 0 -</u>	<u>20,489,182</u>	<u>- 0 -</u>	<u>20,886,916</u>
Net Change in Fund Balances	<u>849,927</u>	<u>(205)</u>	<u>18,178,292</u>	<u>- 0 -</u>	<u>19,028,014</u>
Fund Balance - July 1	<u>9,141,927</u>	<u>30,218</u>	<u>816,867</u>		<u>9,989,012</u>
Fund Balance - June 30	<u>\$ 9,991,854</u>	<u>\$ 30,013</u>	<u>\$ 18,995,159</u>	<u>\$ - 0 -</u>	<u>\$ 29,017,026</u>

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 19,028,014

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation Expense	\$ (996,585)
Capital Outlays	2,885,916
Disposal of Capital Assets, Net of Depreciation	(14,844)
	1,874,487

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

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

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(1,391,592)
Change in Deferred Outflows	62,960
Change in Deferred Inflows	1,931,325

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position. Proceeds of long-term debt

Repayment of serial bonds and leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

Serial Bonds Principal	625,000
Lease Principal	117,376

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

(38,408)

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

55,289

In the Statement of Activities, interest on long term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due.

(499,797)

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 701,305

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Enterprise Funds</u>
	<u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 2,708
Total Operating Revenue	2,708
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	31,792
Total Operating Expenses	31,792
Operating Loss	(29,084)
Change in Net Position Before Transfer	(29,084)
Transfer In - General Fund Board Contribution	29,084
Change in Net Position	- 0 -
Net Position - Beginning of Year	- 0 -
Net Position - End of Year	\$ - 0 -

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Enterprise Funds</u>
	<u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,708
Payments to Suppliers	(31,792)
	(29,084)
Net Cash Used for Operating Activities	(29,084)
Cash Flows from Noncapital Financing Activities:	
Transfer In - General Fund Board Contribution	29,084
	29,084
Net Cash Provided by Noncapital Financing Activities	29,084
Net Increase in Cash and Cash Equivalents	- 0 -
Cash and Cash Equivalents, July 1	- 0 -
Cash and Cash Equivalents, June 30	\$ - 0 -
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (29,084)
Net Cash Used for Operating Activities	\$ (29,084)

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board resolution.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, lease assets or subscription assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 42,200,477	\$ 1,345,788
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures while the GAAP Basis does not.		(13,331)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	114,479	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(134,217)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 42,180,739	\$ 1,332,457
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 41,728,546	\$ 1,345,993
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(13,331)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 41,728,546	\$ 1,332,662

E. Cash and Cash Equivalents and Investments:

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

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

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

K. Capital Assets:

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

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

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

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

L. Lease Assets

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

M. Subscription Assets:

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets are determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District allows employees who provide services over the ten-month academic year the option to have their salaries distributed during the entire twelve-month year and all payments were made as of June 30, 2023.

P. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

Q. Leases Payable

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

R. Subscriptions Payable:

In the district-wide financial statements, subscriptions payable are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$9,991,854 General Fund fund balance at June 30, 2023 \$5,501,116 is restricted in the capital reserve account; \$842,239 is restricted in the maintenance reserve account; \$312,233 is restricted in the emergency reserve account; \$433,985 is restricted for unemployment compensation; \$500,000 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) which is included as anticipated budget revenue for the fiscal year ending June 30, 2024; \$133,988 is assigned for encumbrances; \$1,316,999 is designated for subsequent year's expenditures; and \$951,294 is unassigned which is \$134,217 less than the calculated unassigned fund balance, on a GAAP basis, due to the June state aid payments, which are not recognized until the fiscal year ended June 30, 2024.

Special Revenue Fund: The \$30,013 Special Revenue Fund fund balance at June 30, 2023 is restricted for student activities.

Capital Projects Fund: The \$18,995,159 Capital Projects Fund fund balance at June 30, 2023 is restricted for capital projects.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2023 as outlined above.

N.J.A.C. 6A:23A-8.5(j) provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record those state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

U. Deficit Net Position:

The District had a \$4,298,198 deficit in unrestricted net position in governmental activities as of June 30, 2023 primarily due to the non-recognition of the June state aid payments as explained in Note 1T above, the accrual of compensated absences payable, accrued interest payable, unassigned and assigned General Fund fund balance, deferred outflows and inflows of resources related to pension and the net pension liability. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2023 for the deferred amount with regard to pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2023 related to pensions.

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization, and subscription assets, net of accumulated amortization, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows and 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.

W. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus, a capital reserve, a maintenance reserve, an emergency reserve and unemployment compensation in the General Fund, student activities in the Special Revenue Fund and for the Capital Projects Fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2023.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has no assigned resources at June 30, 2023.

X. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

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

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

AA. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

Credit Risk – The Board limits its investments to those authorized in its formal cash management plan which are those permitted under state statute as detailed in the Investments section of this footnote.

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Deposits:

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

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

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

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) the funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) the designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) the designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) on the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents			
	Restricted			
	Capital Reserve	Maintenance Reserve	Emergency Reserve	Unemployment Compensation
Checking and Investment Accounts NJ/ARM	\$5,501,116	\$ 842,239	\$ 312,233	\$ 433,985
	\$5,501,116	\$ 842,239	\$ 312,233	\$ 433,985

	Cash and Cash Equivalents			Total
	Restricted Student Activities	Unrestricted	Long-Term Investments Unrestricted	
Checking and Investment Accounts NJ/ARM	\$ 30,013	\$ 933,540		\$ 8,053,126
		11,721,013	\$ 8,614,250	20,335,263
	\$ 30,013	\$12,654,553	\$ 8,614,250	\$ 28,388,389

During the period ended June 30, 2023, the District held investments in the New Jersey Asset and Rebate Management Program (NJ/ARM). The carrying amount of the District's cash and cash equivalents and investments at June 30, 2023 was \$28,388,389 and the bank balance was \$30,623,652. The \$20,335,263 with NJ/ARM is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on June 30, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Balance June 30, 2022	\$ 5,199,316
Interest Earnings	1,800
Budgeted Increase	<u>300,000</u>
Balance June 30, 2023	<u>\$ 5,501,116</u>

The June 30, 2023 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District’s Long-Range Facilities Plan (“LRFP”). Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of up to \$1,000,000 was established by Board resolution on June 20, 2023. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be reserved and designated in the subsequent fiscal year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Balance June 30, 2022	\$ - 0 -
Deposit per Board Resolution (June 2023)	<u>842,239</u>
Balance June 30, 2023	<u>\$ 842,239</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 6: EMERGENCY RESERVE ACCOUNT

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

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c (1) to finance unanticipated general fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line-item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

The activity of the emergency reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Balance June 30,2022	<u>\$ 312,233</u>
Balance June 30, 2023	<u>\$ 312,233</u>

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District transferred \$2,015 to the capital outlay accounts; \$(21,735) from equipment and \$23,750 for facilities acquisition and construction services. County Superintendent approval was obtained where required.

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,809,389			\$ 1,809,389
Construction in Progress	183,133	\$ 2,737,708		2,920,841
Total Capital Assets Not Being Depreciated	<u>1,992,522</u>	<u>2,737,708</u>		<u>4,730,230</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	36,953,546			36,953,546
Machinery and Equipment	2,039,402	148,208	\$ (62,469)	2,125,141
Total Capital Assets Being Depreciated	<u>38,992,948</u>	<u>148,208</u>	<u>(62,469)</u>	<u>39,078,687</u>
Governmental Activities Capital Assets	<u>40,985,470</u>	<u>2,885,916</u>	<u>(62,469)</u>	<u>43,808,917</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(21,850,548)	(852,013)		(22,702,561)
Machinery and Equipment	(1,316,818)	(144,572)	47,625	(1,413,765)
	<u>(23,167,366)</u>	<u>(996,585)</u>	<u>47,625</u>	<u>(24,116,326)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$17,818,104</u>	<u>\$ 1,889,331</u>	<u>\$ (14,844)</u>	<u>\$19,692,591</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Capital acquisitions totaled \$2,885,916 of current fiscal year capitalized expenditures in the Governmental Activities. As of June 30, 2023, the District had one active construction project for \$21,916,025 with a balance of \$18,995,159, including \$4,854,313 of outstanding construction encumbrances.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 337
Student and Instruction Related Services	46,543
General Administration	51,969
School Administration	9,815
Plant Operations and Maintenance	883,739
Unallocated	<u>4,182</u>
Total Depreciation	<u>\$ 996,585</u>

NOTE 9. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance 6/30/2022	Increases	Adjustments/ Decreases	Balance 6/30/2023
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 464,366		\$ (464,366)	
Total Lease Assets Being Amortized	<u>464,366</u>		<u>(464,366)</u>	
Governmental Activities Lease Assets	<u>464,366</u>		<u>(464,366)</u>	
Less Accumulated Amortization for:				
Machinery and Equipment	<u>(348,275)</u>	\$ (116,091)	<u>464,366</u>	
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 116,091</u>	<u>\$ (116,091)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	<u>\$ 116,091</u>
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NOTE 10. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2022	Accrued	Retired	Balance 6/30/2023	Amount Due Within One Year
Serial Bonds Payable	\$ 625,000	\$ 20,916,000	\$ 625,000	\$ 20,916,000	\$ 661,000
Unamortized Bond Issuance Premiums	55,289		55,289		
Net Pension Liability	4,234,860	1,391,592		5,626,452	
Leases Payable	117,376		117,376		
Compensated Absences Payable	<u>501,759</u>	<u>34,859</u>	<u>3,601</u>	<u>533,017</u>	
	<u>\$ 5,534,284</u>	<u>\$ 22,342,451</u>	<u>\$ 801,266</u>	<u>\$ 27,075,469</u>	<u>\$ 661,000</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and are liquidated through the debt service fund.

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

The District had bonds outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Bonds	08/01/42	3.00-4.00%	<u>\$20,916,000</u>

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

<u>Fiscal Year Ending Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 661,000	\$ 974,392	\$ 1,635,392
2025	855,000	780,075	1,635,075
2026	875,000	754,125	1,629,125
2027	885,000	723,300	1,608,300
2028	900,000	687,600	1,587,600
Thereafter:			
2029-2033	4,865,000	2,871,100	7,736,100
2034-2038	5,535,000	1,833,500	7,368,500
2039-2043	<u>6,340,000</u>	<u>646,600</u>	<u>6,986,600</u>
	<u>\$20,916,000</u>	<u>\$ 9,270,692</u>	<u>\$ 30,186,692</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board had \$25 of bonds authorized but not issued associated with the District's January 25, 2022 voter approved bond referendum project.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. LONG-TERM LIABILITIES (Cont'd)

C. Compensated Absences:

The liability for compensated absences of the Governmental Fund types is recorded in the current and long-term liabilities. No portion of compensated absences is currently payable; therefore, the long-term portion of compensated absences is \$533,017. The General Fund will be used to liquidate Compensated Absences Payable.

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

D. Leases Payable:

The District had no leases payable outstanding as of June 30, 2023.

E. Unamortized Bond Issuance Premiums:

The District had no unamortized bond issuance premiums at June 30, 2023.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. No portion of the Net Pension Liability is currently payable; therefore, the long-term portion of the Net Pension Liability is \$5,626,452 at June 30, 2023. See Note 11 for further information on the PERS.

NOTE 11. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

District contributions to PERS amounted to \$470,151 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$11,838 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District reported a liability of \$5,626,452 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.0373%, which was an increase of 0.0016% from its proportion measured as of June 30, 2021. For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$132,541.

Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$11,838 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 135,248
	2019	5.21		169,016
	2020	5.16		496,998
	2021	5.13	\$ 17,433	
	2022	5.04		41,241
			17,433	842,503
Changes in Proportion	2018	5.63		2,103
	2019	5.21	205,904	
	2020	5.16		329,995
	2021	5.13	448,790	
	2022	5.04	234,006	
			888,700	332,098
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2019	5.00	5,566	
	2020	5.00	167,257	
	2021	5.00	(1,043,240)	
	2022	5.00	1,103,291	
			232,874	
Difference Between Expected and Actual				
Experience	2018	5.63		5,150
	2019	5.21	12,920	
	2020	5.16	27,689	
	2021	5.13		13,863
	2022	5.04		16,798
			40,609	35,811
District Contribution Subsequent to the				
Measurement Date	2022	1.00	521,783	
			\$ 1,701,399	\$ 1,210,412

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (482,631)
2024	(245,884)
2025	(119,913)
2026	261,605
2027	(575)
	\$ (587,398)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 7,743,764	\$ 5,626,452	\$ 3,940,490

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$5,058,024 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,697,758.

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

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

At June 30, 2023, the State's proportionate share of the net pension liability attributable to the District was \$63,083,680. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.1223%, which was an increase of 0.0090% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Attributable to the District	<u>63,083,680</u>
Total	<u>\$ 63,083,680</u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$1,697,758 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 74,084,759	\$ 63,083,680	\$ 54,001,756

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized \$1,188 pension expense for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$1,795 for the year ended June 30, 2023.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

Employees Covered by Benefit Terms

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Employees Covered by Benefit Terms (Cont'd)

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	<u>213,148</u>
Total	<u><u>364,817</u></u>

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

	TPAF/ABP	PERS	PFRS
Salary Increases	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State’s Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 61,297,393
Changes for Year:	
Service Cost	3,117,949
Interest	1,368,888
Changes in Assumptions	(13,856,651)
Differences between Expected and Actual Experience	1,038,853
Member Contributions	43,499
Gross Benefit Payments	(1,355,924)
Net Changes	(9,643,386)
Balance at June 30, 2022	\$ 51,654,007

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 60,713,852	\$ 51,654,007	\$ 44,392,994

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 42,695,194	\$ 51,654,007	\$ 63,421,952

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$2,210,775 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (Cont'd)

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred outflows and inflows of resources.

At June 30, 2022 the State had deferred outflows and inflows of resources related to OPEB associated with the District from the following sources:

	<u>Deferral</u> <u>Year</u>	<u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2017	9.54		\$ 2,681,931
	2018	9.51		2,559,326
	2019	9.29	\$ 361,338	
	2020	9.24	8,531,352	
	2021	9.24	47,311	
	2022	9.13		12,338,945
				<u>8,940,001</u>
Differences between Expected and Actual Experience	2018	9.51		2,419,359
	2019	9.29		4,252,970
	2020	9.24	7,951,555	
	2021	9.24		9,098,237
	2022	9.13	1,270,734	
				<u>9,222,289</u>
Changes in Proportion	N/A	N/A	<u>1,817,462</u>	<u>261,639</u>
			<u>\$ 19,979,752</u>	<u>\$ 33,612,407</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2023	\$ 2,567,227
2024	2,567,227
2025	2,567,227
2026	2,218,727
2027	1,268,698
Thereafter	<u>3,999,372</u>
	<u>\$ 15,188,478</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 13. RISK MANAGEMENT

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, workers compensation, student accident and surety bonds. A complete schedule of insurance coverage can be found on Exhibit J-20 in the statistical section of this Annual Comprehensive Financial Report.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of the District’s contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ - 0 -	\$ - 0 -	\$ 36,028	\$ 24,100	\$ 433,985
2021-2022	- 0 -	- 0 -	117,843	59,279	422,057
2020-2021	- 0 -	- 0 -	23,732	22,622	363,493

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. DEFERRED COMPENSATION

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

AXA Equitable
Valic

Mainstay Funds
Lincoln Investments

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 16. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

	Interfund Receivable	Interfund Payable
General Fund	\$ 1,864,563	
Special Revenue Fund		\$ 424,892
Capital Projects Fund		1,439,671
	\$ 1,864,563	\$ 1,864,563

The interfund receivable in the General Fund is comprised of an interfund loan to the Special Revenue Fund for cash flow purposes awaiting receipts of grants, and an interfund loan and interest earnings due from the Capital Projects Fund.

During the fiscal year, the General Fund transferred \$29,084 to the Food Service Enterprise Fund for the Board Contribution and the Capital Projects Fund transferred \$426,818 of interest earnings to the General Fund.

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2023:

	Governmental Funds			District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund	Special Revenue Fund	Total Governmental Funds		
Vendors	\$ 485,350	\$ 10,368	\$ 495,718		\$ 495,718
Accrued Salaries and Wages	9,396		9,396		9,396
Due to State of New Jersey	144,207	47,549	191,756	\$ 521,783	713,539
	\$ 638,953	\$ 57,917	\$ 696,870	\$ 521,783	\$ 1,218,653

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 18. COMMITMENTS AND CONTINGENCIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in various lawsuits. The District estimates that the potential claims against it resulting from any such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 133,988	\$ 13,331	\$ 4,854,313	\$ 5,001,632

In the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for encumbrances in the Special Revenue Fund, which is \$13,331 less than the actual encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$4,854,313 of fiscal year-end encumbrances in the Capital Projects Fund are included in the \$18,995,159 restricted fund balance on a GAAP and budgetary basis at June 30, 2023.

NOTE 19. TAX CALENDAR

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	0.0270947244%	0.0287578055%	0.0289267370%	0.0320458958%	0.0319626397%
District's Proportionate Share of the Net Pension Liability	\$ 5,072,873	\$ 6,455,551	\$ 8,567,270	\$ 7,459,772	\$ 6,293,284
District's Covered Employee Payroll	\$ 1,863,030	\$ 1,907,591	\$ 2,208,730	\$ 2,171,186	\$ 2,431,573
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	272.29%	338.41%	387.88%	343.58%	258.82%
Plan Fiduciary Net Position as a % of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
District's Proportion of the Net Pension Liability	0.0358766372%	0.0323751672%	0.0357477756%	0.0374315109%	
District's Proportionate Share of the Net Pension Liability	\$ 6,464,426	\$ 5,279,543	\$ 4,234,860	\$ 5,626,452	
District's Covered Employee Payroll	\$ 2,197,235	\$ 2,430,124	\$ 2,686,875	\$ 2,702,459	
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	294.21%	217.25%	157.61%	208.20%	
Plan Fiduciary Net Position as a % of the Total Pension Liability	56.27%	58.32%	70.33%	62.91%	

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 217,181	\$ 247,240	\$ 256,981	\$ 304,088	\$ 346,264
Contributions in relation to the Contractually Required Contribution	<u>(217,181)</u>	<u>(247,240)</u>	<u>(256,981)</u>	<u>(304,088)</u>	<u>(346,264)</u>
Contribution Deficiency/(Excess)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
District's Covered Employee Payroll	\$ 1,907,591	\$ 2,208,730	\$ 2,171,186	\$ 2,431,573	\$ 2,197,235
Contributions as a percentage of Covered Payroll	11.39%	11.19%	11.84%	12.51%	15.76%

	Fiscal Year Ending June 30,			
	2020	2021	2022	2023
Contractually Required Contribution	\$ 351,741	\$ 354,169	\$ 418,648	\$ 470,151
Contributions in relation to the Contractually Required Contribution	<u>(351,741)</u>	<u>(354,169)</u>	<u>(418,648)</u>	<u>(470,151)</u>
Contribution Deficiency/(Excess)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
District's Covered Employee Payroll	\$ 2,430,124	\$ 2,686,875	\$ 2,702,459	\$ 3,310,964
Contributions as a percentage of Covered Payroll	14.47%	13.18%	15.49%	14.20%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's Proportion of the Net Pension Liability attributable to the District	0.1234828164%	0.1298212142%	0.1287734377%	0.1310509932%	0.1284517015%
State's Proportionate share of the Net Pension Liability attributable to the District	\$ 65,997,546	\$ 82,052,551	\$ 101,301,385	\$ 88,359,305	\$ 81,718,213
District's Covered Employee Payroll	\$ 13,096,690	\$ 12,932,849	\$ 13,319,779	\$ 13,290,759	\$ 13,107,406
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of District's Covered Employee Payroll	503.93%	634.45%	760.53%	664.82%	623.45%
Plan Fiduciary Net Position as a % of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
State's Proportion of the Net Pension Liability attributable to the District	0.1279542263%	0.1240291249%	0.1133397553%	0.1222684250%	
State's Proportionate share of the Net Pension Liability attributable to the District	\$ 78,526,716	\$ 81,671,686	\$ 54,488,301	\$ 63,083,680	
District's Covered Employee Payroll	\$ 12,604,390	\$ 13,304,015	\$ 14,120,009	\$ 14,641,735	
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of District's Covered Employee Payroll	623.01%	613.89%	385.89%	430.85%	
Plan Fiduciary Net Position as a % of the Total Pension Liability	26.95%	24.60%	35.52%	32.29%	

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST NINE FISCAL YEARS

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

	Fiscal Year Ending June 30,			
	2020	2021	2022	2023
Contractually Required Contribution	\$ 4,631,716	\$ 5,078,693	\$ 1,282,134	\$ 1,697,758
Contributions in relation to the Contractually Required Contribution	<u>(2,720,433)</u>	<u>(3,294,649)</u>	<u>(3,576,967)</u>	<u>(5,058,024)</u>
Contribution Deficiency/(Excess)	<u>\$ 1,911,283</u>	<u>\$ 1,784,044</u>	<u>\$ (2,294,833)</u>	<u>\$ (3,360,266)</u>
District's Covered Employee Payroll	\$ 13,304,015	\$ 14,120,009	\$ 14,641,735	\$ 15,667,659
Contributions as a percentage of Covered Employee Payroll	34.81%	35.97%	8.76%	10.84%

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Service Cost	\$ 2,708,228	\$ 2,233,415	\$ 1,956,502	\$ 2,087,561	\$ 3,581,386
Interest	1,667,478	1,933,950	1,827,023	1,531,136	1,590,119
Changes of Benefit Terms					(65,244)
Changes in Assumptions	(7,212,667)	(5,264,547)	629,669	12,484,709	60,475
Differences Between Expected and Actual Experience		(4,216,592)	(6,800,541)	11,166,618	(11,004,762)
Member Contributions	44,670	42,397	38,428	36,065	40,652
Gross Benefit Payments	(1,213,105)	(1,226,719)	(1,296,369)	(1,189,871)	(1,252,568)
Net Change in Total OPEB Liability	(4,005,396)	(6,498,096)	(3,645,288)	26,116,218	(7,049,942)
Total OPEB Liability - Beginning	56,379,897	52,374,501	45,876,405	42,231,117	68,347,335
Total OPEB Liability - Ending	<u>\$ 52,374,501</u>	<u>\$ 45,876,405</u>	<u>\$ 42,231,117</u>	<u>\$ 68,347,335</u>	<u>\$ 61,297,393</u>
District's Covered Employee Payroll *	\$ 15,528,509	\$ 15,461,945	\$ 15,538,979	\$ 14,801,625	\$ 15,734,139
Total OPEB Liability as a Percentage of Covered Employee Payroll	337%	297%	272%	462%	390%
	<u>Fiscal Year Ending June 30, 2022</u>				
Service Cost	\$ 3,117,949				
Interest	1,368,888				
Changes of Benefit Terms					
Changes in Assumptions	(13,856,651)				
Differences Between Expected and Actual Experience	1,038,853				
Member Contributions	43,499				
Gross Benefit Payments	(1,355,924)				
Net Change in Total OPEB Liability	(9,643,386)				
Total OPEB Liability - Beginning	61,297,393				
Total OPEB Liability - Ending	<u>\$ 51,654,007</u>				
District's Covered Employee Payroll *	\$ 16,806,884				
Total OPEB Liability as a Percentage of Covered Employee Payroll	307%				

* - Covered payroll for the fiscal years ending June 30, 2017 - 2022 is based on the payroll on the June 30, 2016 - 2021 census data, respectively.

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% - 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00% - 6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% - 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55% - 4.45% through 2026 and 2.75% - 5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 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 decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 29,900,336		\$ 29,900,336	\$ 29,900,336	
Tuition from Individuals	135,000		135,000	303,111	\$ 168,111
Tuition from Other LEA's	1,936,584		1,936,584	2,250,851	314,267
Transportation Fees from Individuals	21,500		21,500	40,760	19,260
Interest Earned on Emergency Reserve	1,800		1,800		(1,800)
Interest Earned on Capital Reserve	1,800		1,800	1,800	
Unrestricted Miscellaneous Revenue	49,825		49,825	229,646	179,821
Total - Local Sources	32,046,845		32,046,845	32,726,504	679,659
State Sources:					
Categorical Transportation Aid	230,578		230,578	230,578	
Categorical Special Education Aid	1,119,755		1,119,755	1,119,755	
Categorical Security Aid	20,872		20,872	20,872	
Extraordinary Aid	100,000		100,000	466,788	366,788
Additional Nonpublic Transportation Aid				36,149	36,149
On-Behalf TPAF Contributions (Non-budgeted):					
Pension				5,058,024	5,058,024
Post-Retirement Medical Benefits				1,347,165	1,347,165
Non-Contributory Insurance				70,174	70,174
Long-Term Disability Insurance				1,743	1,743
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,122,725	1,122,725
Total State Sources	1,471,205		1,471,205	9,473,973	8,002,768
TOTAL REVENUES	33,518,050		33,518,050	42,200,477	8,682,427

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 229,642	\$ (92,563)	\$ 137,079	\$ 137,079	
Kindergarten - Salaries of Teachers	801,699	(251,520)	550,179	548,980	\$ 1,199
Grades 1-5 - Salaries of Teachers	4,305,482	254,225	4,559,707	4,559,707	
Grades 6-8 - Salaries of Teachers	4,018,691	284,977	4,303,668	4,302,707	961
Regular Programs - Home Instruction:					
Salaries of Teachers	52,116	62,573	114,689	114,689	
Other Salaries for Instruction	77,939	(77,939)			
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	113,000	(5,354)	107,646	95,955	11,691
General Supplies	814,000	(166,696)	647,304	530,444	116,860
Textbooks	146,870	(130,099)	16,771	12,186	4,585
Total Regular Programs - Instruction	10,559,439	(122,396)	10,437,043	10,301,747	135,296
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	276,712	11,683	288,395	288,395	
Other Salaries for Instruction	419,873	102,853	522,726	512,023	10,703
General Supplies	20,000	2,000	22,000	21,586	414
Total Learning and/or Language Disabilities	716,585	116,536	833,121	822,004	11,117
Resource Room/Resource Center:					
Salaries of Teachers	1,887,237	(147,522)	1,739,715	1,731,879	7,836
General Supplies	5,000		5,000		5,000
Total Resource Room/Resource Center	1,892,237	(147,522)	1,744,715	1,731,879	12,836

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Autism:					
Salaries of Teachers	\$ 347,285	\$ 170,447	\$ 517,732	\$ 517,732	
Other Salaries for Instruction	880,780	(6,482)	874,298	870,934	\$ 3,364
General Supplies	20,000		20,000	19,473	527
Total Autism	1,248,065	163,965	1,412,030	1,408,139	3,891
Preschool Disabilities - Part-Time:					
Salaries of Teachers	255,519	26,916	282,435	282,435	
Other Salaries for Instruction	1,500	112,683	112,683	74,382	38,301
General Supplies			1,500	960	540
Total Preschool Disabilities - Part-Time	257,019	139,599	396,618	357,777	38,841
Total Special Education Instruction	4,113,906	272,578	4,386,484	4,319,799	66,685
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	523,581	(57,975)	465,606	465,606	
General Supplies	3,000		3,000	2,906	94
Total Basic Skills/Remedial - Instruction	526,581	(57,975)	468,606	468,512	94
Bilingual Education - Instruction:					
Salaries of Teachers	120,594	2,064	122,658	122,658	
General Supplies	3,000	(1,334)	1,666	64	1,602
Total Bilingual Education - Instruction	123,594	730	124,324	122,722	1,602

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 81,799		\$ 81,799	\$ 26,463	\$ 55,336
Supplies and Materials	1,500		1,500	846	654
Other Objects	400		400		400
Total School-Sponsored Cocurricular Activities - Instruction	83,699		83,699	27,309	56,390
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	34,296		34,296	10,798	23,498
Purchased Services (300-500 series)	12,000		12,000	9,086	2,914
Total School-Sponsored Cocurricular Athletics - Instruction	46,296		46,296	19,884	26,412
Total Instruction	15,453,515	\$ 92,937	15,546,452	15,259,973	286,479
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	20,000	(20,000)			
Tuition to CSSD & Regional Day Schools		100,000	100,000	98,183	1,817
Tuition to Private Schools for the Disabled - Within State	628,033	(126,476)	501,557	478,343	23,214
Tuition - Other	13,000	(13,000)			
Total Undistributed Expenditures - Instruction	661,033	(59,476)	601,557	576,526	25,031
Health Services:					
Salaries	374,008	14	374,022	367,273	6,749
Purchased Professional and Technical Services	8,650	1,500	10,150	10,150	
Supplies and Materials	75,000	(25,565)	49,435	47,684	1,751
Total Health Services	457,658	(24,051)	433,607	425,107	8,500

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT and Related Services:					
Salaries	\$ 1,022,622	\$ (136,827)	\$ 885,795	\$ 870,902	\$ 14,893
Purchased Professional - Educational Services	142,000	(142,000)			
Supplies and Materials	2,500	(133)	2,367	2,367	
Total Speech, OT, PT and Related Services	1,167,122	(278,960)	888,162	873,269	14,893
Extraordinary Services:					
Salaries	397,024	236,417	633,441	633,441	
Purchased Professional - Educational Services	40,000	(4,400)	35,600	35,600	
Total Extraordinary Services	437,024	232,017	669,041	669,041	
Guidance:					
Salaries of Other Professional Staff	467,246	(15,196)	452,050	452,050	
Other Purchased Professional and Technical Services	56,000		56,000	40,604	15,396
Supplies and Materials	1,500		1,500	1,500	
Total Guidance	524,746	(15,196)	509,550	494,154	15,396
Child Study Teams:					
Salaries of Other Professional Staff	646,567	210,622	857,189	827,525	29,664
Salaries of Secretarial and Clerical Assistants	120,000	1,856	121,856	121,856	
Purchased Professional - Educational Services	11,500	(11,500)			
Other Purchased Professional and Technical Services	33,000	8,996	41,996	41,996	
Supplies and Materials	15,000	25,160	40,160	37,883	2,277
Other Objects	3,500	130	3,630	3,575	55
Total Child Study Teams	829,567	235,264	1,064,831	1,032,835	31,996

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 103,006	\$ (43,624)	\$ 59,382	\$ 59,382	
Total Improvement of Instructional Services	103,006	(43,624)	59,382	59,382	
Educational Media Services/School Library:					
Salaries	558,506	(49,621)	508,885	508,885	
Purchased Professional and Technical Services	13,000	(247)	12,753	12,753	
Other Purchased Services (400-500 series)	38,500	53,514	92,014	92,014	
Supplies and Materials	22,755	(9,666)	13,089	11,851	\$ 1,238
Other Objects	1,900		1,900	1,900	
Total Educational Media Services/School Library	634,661	(6,020)	628,641	627,403	1,238
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	44,453	(44,453)			
Salaries of Other Professional Staff	106,277	2,000	108,277	57,009	51,268
Other Salaries	400,000	(398,655)	1,345	1,345	
Supplies and Materials	2,000		2,000	1,964	36
Total Instructional Staff Training Services	552,730	(441,108)	111,622	58,973	52,649
Support Services - General Administration:					
Salaries	250,449	56,722	307,171	307,171	
Legal Services	50,000	26,154	76,154	65,359	10,795
Audit Fees	50,000	4,500	54,500	54,500	
Other Purchased Professional Services	3,500	(3,500)			
Communications/Telephone	5,000	(3)	4,997	3,944	1,053
Miscellaneous Purchased Services (400-500 series)	800	25	825	825	
General Supplies	8,000	1,545	9,545	8,716	829
Miscellaneous Expenditures	10,700		10,700	10,135	565
Total Support Services - General Administration	378,449	85,443	463,892	450,650	13,242

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 901,335	\$ (53,319)	\$ 848,016	\$ 848,016	\$ 32
Salaries of Other Professional Staff	720	5,720	6,440	6,408	387
Salaries of Secretarial and Clerical Assistants	338,644	73,466	412,110	411,723	824
Supplies and Materials	19,250	5,773	25,023	24,199	636
Other Objects	12,100	(1,442)	10,658	10,022	
Total Support Services - School Administration	1,272,049	30,198	1,302,247	1,300,368	1,879
Support Services - Central Services:					
Salaries	300,000	(6,710)	293,290	293,290	
Miscellaneous Purchased Services (400-500 series)	15,000	(12,308)	2,692	2,692	
Supplies and Materials	5,000	12,779	17,779	17,779	
Total Support Services - Central Services	320,000	(6,239)	313,761	313,761	
Support Services - Administration Information Technology:					
Salaries	165,000	(4,972)	160,028	160,028	
Other Purchased Services (400-500 series)	1,500	(1,500)			
Supplies and Materials		3,645	3,645	3,636	9
Total Support Services - Administration Information Technology	166,500	(2,827)	163,673	163,664	9
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	285,155	(37,827)	247,328	221,316	26,012
General Supplies	50,400	60,660	111,060	111,060	
Total Required Maintenance for School Facilities	335,555	22,833	358,388	332,376	26,012

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries of Non-Instructional Aides	\$ 393,244	\$ (24,232)	\$ 369,012	\$ 367,810	\$ 1,202
Purchased Professional and Technical Services	29,000	12,869	41,869	41,869	
Cleaning, Repair and Maintenance Services	1,554,434	249,469	1,803,903	1,787,494	16,409
Other Purchased Property Services	48,000	27,946	75,946	65,107	10,839
Insurance	178,650	(162,690)	15,960	15,960	
General Supplies	23,309	(4,736)	18,573	18,495	78
Energy (Natural Gas)	150,000	(14,230)	135,770	122,160	13,610
Energy (Electricity)	430,000	(35,560)	394,440	383,758	10,682
Total Custodial Services	2,806,637	48,836	2,855,473	2,802,653	52,820
Security:					
Purchased Professional and Technical Services	22,918	9,247	32,165	32,072	93
Cleaning, Repair and Maintenance Services	20,000	(20,000)			
Total Security	42,918	(10,753)	32,165	32,072	93
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	43,708	(43,368)	340	340	
Management Fee - ESC and CTSA Transportation Programs	5,800	(2,300)	3,500	3,500	
Contracted Services:					
Aid in Lieu of Payments - Nonpublic School	87,567	20,513	108,080	106,148	1,932
Between Home and School - Vendors	525,000	(10,727)	514,273	508,000	6,273
Other than Between Home and School - Vendors	32,000	(5,286)	26,714	19,917	6,797
Special Education Students - Vendors	505,000	246,071	751,071	751,071	
Total Student Transportation Services	1,199,075	204,903	1,403,978	1,388,636	15,342

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 390,000	\$ 214,925	\$ 604,925	\$ 604,925	
Other Retirement Contributions - PERS	490,000	(19,849)	470,151	470,151	
Other Retirement Contributions - Regular	5,500	(4,312)	1,188	1,188	
Workmen's Compensation	250,000	165,367	415,367	415,367	
Health Benefits	5,340,671	319,220	5,659,891	5,659,891	
Tuition Reimbursement	50,000	(19,639)	30,361	30,361	
Other Employee Benefits	30,000	(14,496)	15,504	3,576	\$ 11,928
Total Unallocated Benefits	6,556,171	641,216	7,197,387	7,185,459	11,928
On-Behalf TPAF Contributions (Non-budgeted):					
Pension				5,058,024	(5,058,024)
Post-Retirement Medical Benefits				1,347,165	(1,347,165)
Non-Contributory Insurance				70,174	(70,174)
Long-Term Disability Insurance				1,743	(1,743)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,122,725	(1,122,725)
Total On-Behalf Contributions				7,599,831	(7,599,831)
Total Personal Services - Employee Benefits	6,556,171	641,216	7,197,387	14,785,290	(7,587,903)
Total Undistributed Expenses	18,444,901	612,456	19,057,357	26,386,160	(7,328,803)
TOTAL CURRENT EXPENSE	33,898,416	705,393	34,603,809	41,646,133	(7,042,324)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 42,000	\$ (37,910)	\$ 4,090	\$ 4,090	
Support Services:					
Required Maintenance for School Facilities	25,000	(23,750)	1,250		\$ 1,250
Care and Upkeep of Grounds		39,925	39,925	25,539	14,386
Total Equipment	<u>67,000</u>	<u>(21,735)</u>	<u>45,265</u>	<u>29,629</u>	<u>15,636</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		23,750	23,750	23,750	
Assessment for Debt Services- SDA Funding	29,034		29,034	29,034	
Total Facilities Acquisition and Construction Services	<u>29,034</u>	<u>23,750</u>	<u>52,784</u>	<u>52,784</u>	
TOTAL CAPITAL OUTLAY	<u>96,034</u>	<u>2,015</u>	<u>98,049</u>	<u>82,413</u>	<u>15,636</u>
TOTAL EXPENDITURES	<u>33,994,450</u>	<u>707,408</u>	<u>34,701,858</u>	<u>41,728,546</u>	<u>(7,026,688)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(476,400)</u>	<u>(707,408)</u>	<u>(1,183,808)</u>	<u>471,931</u>	<u>1,655,739</u>
Other Financing Sources/(Uses):					
Transfer Out - Enterprise Fund	(20,000)	(9,084)	(29,084)	(29,084)	
Transfer In - Capital Projects Fund				426,818	426,818
Capital Reserve - Transfer to Capital Projects Fund	(1,000,000)		(1,000,000)		1,000,000
Total Other Financing Sources/(Uses)	<u>(1,020,000)</u>	<u>(9,084)</u>	<u>(1,029,084)</u>	<u>397,734</u>	<u>1,426,818</u>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues and Other Financing Sources	\$ (1,496,400)	\$ (716,492)	\$ (2,212,892)	\$ 869,665	\$ 3,082,557
Over/(Under) Expenditures and Other Financing Uses					
Fund Balance, July 1	9,256,406		9,256,406	9,256,406	
Fund Balance, June 30	\$ 7,760,006	\$ (716,492)	\$ 7,043,514	\$ 10,126,071	\$ 3,082,557
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 500,000	
Emergency Reserve				312,233	
Capital Reserve				5,501,116	
Maintenance Reserve				842,239	
Unemployment Compensation				433,985	
Assigned:					
Encumbrances				133,988	
Designated for Subsequent Year's Expenditures				1,316,999	
Unassigned				1,085,511	
				10,126,071	
Reconciliation to Governmental Funds Statements (GAAP):					
State Aid Payments not Recognized on GAAP Basis				(134,217)	
Fund Balance per Governmental Funds (GAAP)				\$ 9,991,854	

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 272,328	\$ 272,328	\$ 237,775	\$ (34,553)
State Sources	\$ 38,795	111,279	150,074	109,409	(40,665)
Federal Sources	781,149	341,005	1,122,154	998,604	(123,550)
Total Revenues	819,944	724,612	1,544,556	1,345,788	(198,768)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	294,323	245,816	540,139	539,750	389
Purchased Professional - Educational Services	487,426	(434,684)	52,742	48,771	3,971
Tuition		271,852	271,852	271,852	
General Supplies		282,814	282,814	166,502	116,312
Textbooks	6,123	873	6,996	6,850	146
Other Objects		500	500		500
Total Instruction	787,872	367,171	1,155,043	1,033,725	121,318
Support Services:					
Personal Services - Employee Benefits		47,549	47,549	47,549	
Purchased Professional and Technical Services		61,390	61,390	26,393	34,997
Purchased Professional - Educational Services		110,406	110,406	69,887	40,519
Other Purchased Services		9,579	9,579	9,350	229
Other Objects		1,500	1,500		1,500
Student Activities		133,077	133,077	133,077	
Total Support Services		363,501	363,501	286,256	77,245
Facilities Acquisition:					
Instructional Equipment	6,060	(6,060)			
Buildings	26,012		26,012	26,012	
Total Facilities Acquisition	32,072	(6,060)	26,012	26,012	
Total Expenditures	819,944	724,612	1,544,556	1,345,993	198,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ - 0 -	\$ -0-	\$ -0-	\$ (205)	\$ (205)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from Budgetary Comparison Schedule	\$ 42,200,477	\$ 1,345,788
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(13,331)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	114,479	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(134,217)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 42,180,739</u>	<u>\$ 1,332,457</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 41,728,546	\$ 1,345,993
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(13,331)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 41,728,546</u>	<u>\$ 1,332,662</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Elementary and Secondary Education Act					
	Student Activities	Title I, Part A	Title II, Part A	Title IV	IDEA Part B, Basic	Preschool
REVENUE:						
Local Sources	\$ 132,872					
State Sources		\$ 51,453	\$ 20,920	\$ 4,524	\$ 254,546	\$ 18,255
Federal Sources						
Total Revenue	132,872	51,453	20,920	4,524	254,546	18,255
EXPENDITURES:						
Instruction:						
Salaries of Teachers		42,103				
Purchased Professional - Educational Services					253,597	18,255
Tuition						
General Supplies						
Textbooks						
Total Instruction		42,103			253,597	18,255
Support Services:						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services			20,920	4,524		949
Purchased Professional - Educational Services						
Other Purchased Services		9,350				
Student Activities	133,077					
Total Support Services	133,077	9,350	20,920	4,524	949	
Facilities Acquisition:						
Buildings						
Total Facilities Acquisition						
Total Expenditures	\$ 133,077	\$ 51,453	\$ 20,920	\$ 4,524	\$ 254,546	\$ 18,255

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	COVID-19 ARP				Climate Change Awareness
	Evidence-Based Comprehensive		COVID-19		
	Beyond the School Day Activities	NJTSS Mental Health Support Staffing	CARES Emergency Relief	CRRSA ESSER II	
REVENUE:					
Local Sources					\$ 6,660
State Sources				\$ 80,451	
Federal Sources	\$ 482,855	\$ 40,000	\$ 45,000	\$ 600	\$ 6,660
Total Revenue	482,855	40,000	45,000	600	6,660
EXPENDITURES:					
Instruction:					
Salaries of Teachers	392,135		40,000		65,512
Purchased Professional - Educational Services	48,171				600
Tuition					
General Supplies		40,000		600	6,060
Textbooks					
Total Instruction	440,306	40,000	40,000	600	6,660
Support Services:					
Personal Services - Employee Benefits	42,549		5,000		
Purchased Professional and Technical Services					
Purchased Professional - Educational Services					
Other Purchased Services					
Student Activities					
Total Support Services	42,549		5,000		
Facilities Acquisition:					
Buildings					
Total Facilities Acquisition					
Total Expenditures	\$ 482,855	\$ 40,000	\$ 45,000	\$ 600	\$ 6,660

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	NJ Nonpublic					
	SDA Emergent and Capital Maintenance Needs Grant	Technology Initiative	Security Aid	Examination & Classification	Handicapped Services (Chapter 193) Supplementary Instruction	Corrective Speech
REVENUE:						
Local Sources						
State Sources	\$ 26,012	\$ 789	\$ 21,730	\$ 10,803	\$ 4,213	\$ 4,371
Federal Sources						
Total Revenue	<u>26,012</u>	<u>789</u>	<u>21,730</u>	<u>10,803</u>	<u>4,213</u>	<u>4,371</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional - Educational Services						
Tuition						
General Supplies						
Textbooks						
Total Instruction						
Support Services:						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Purchased Professional - Educational Services		789	21,730	10,803	4,213	4,371
Other Purchased Services						
Student Activities						
Total Support Services		<u>789</u>	<u>21,730</u>	<u>10,803</u>	<u>4,213</u>	<u>4,371</u>
Facilities Acquisition:						
Buildings	26,012					
Total Facilities Acquisition	<u>26,012</u>					
Total Expenditures	<u>\$ 26,012</u>	<u>\$ 789</u>	<u>\$ 21,730</u>	<u>\$ 10,803</u>	<u>\$ 4,213</u>	<u>\$ 4,371</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	NJ Nonpublic					
	Auxiliary Services (Chapter 192)	Textbook Aid	Nursing Aid	Franklin Lakes Education Foundation	Local Sources	Totals
REVENUE:						
Local Sources				\$ 103,938	\$ 965	\$ 237,775
State Sources	\$ 16,109	\$ 6,850	\$ 11,872			109,409
Federal Sources						998,604
Total Revenue	<u>16,109</u>	<u>6,850</u>	<u>11,872</u>	<u>103,938</u>	<u>965</u>	<u>1,345,788</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						539,750
Purchased Professional - Educational Services						48,771
Tuition						271,852
General Supplies				103,938	965	166,502
Textbooks		6,850				6,850
Total Instruction		<u>6,850</u>		<u>103,938</u>	<u>965</u>	<u>1,033,725</u>
Support Services:						
Personal Services - Employee Benefits						47,549
Purchased Professional and Technical Services						26,393
Purchased Professional - Educational Services	16,109		11,872			69,887
Other Purchased Services						9,350
Student Activities						133,077
Total Support Services	<u>16,109</u>		<u>11,872</u>			<u>286,256</u>
Facilities Acquisition:						
Buildings						26,012
Total Facilities Acquisition						<u>26,012</u>
Total Expenditures	<u>\$ 16,109</u>	<u>\$ 6,850</u>	<u>\$ 11,872</u>	<u>\$ 103,938</u>	<u>\$ 965</u>	<u>\$ 1,345,993</u>

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue and Other Financing Sources:	
Bond Proceeds	\$ 20,916,000
Interest on Investments	426,818
	<hr/>
Total Revenue and Other Financing Sources	21,342,818
	<hr/>
Expenditures:	
Purchased Professional and Technical Services	946,742
Construction Services	1,790,966
Transfer Out:	
General Fund - Interest Earned	426,818
	<hr/>
Total Expenditures	3,164,526
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures	18,178,292
	<hr/>
Fund Balance - Beginning of Year	816,867
	<hr/>
Fund Balance - End of Year	\$ 18,995,159
	<hr/> <hr/>
Recapitulation of Fund Balance:	
Restricted Fund Balance	\$ 14,140,846
Restricted - Year-end Encumbrances	4,854,313
	<hr/>
Fund Balance per Governmental Funds Budgetary and GAAP	\$ 18,995,159
	<hr/> <hr/>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ROOF AND MECHANICAL UPGRADES TO THE DISTRICT'S SCHOOL BUILDINGS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
Bond Proceeds		\$ 20,916,000	\$ 20,916,000	\$ 20,916,025
Transfer from Capital Reserve	\$ 1,000,000		1,000,000	1,000,000
Total Revenue and Other Financing Sources	1,000,000	20,916,000	21,916,000	21,916,025
Expenditures:				
Purchased Professional and Technical Services	183,133	946,742	1,129,875	2,373,387
Construction Services		1,790,966	1,790,966	19,542,638
Total Expenditures	183,133	2,737,708	2,920,841	21,916,025
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 816,867	\$ 18,178,292	\$ 18,995,159	\$ - 0 -
Additional Project Information:				
Project Number(s)	1580-015-21-1000			
	1580-020-21-1000			
	1580-030-21-1000			
	1580-040-21-1000			
Grant Date(s)	N/A			
Bond Authorization Date	1/25/2022			
Bonds and Notes Authorized	\$ 20,916,025			
Bonds and Notes Issued	\$ 20,916,000			
Original Authorized Cost	\$ 21,916,025			
Change Order Percentage	0%			
Percentage Completion	13.33%			
Original Target Completion Date	8/31/2024			

PROPRIETARY FUNDS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 2,708
	<hr/>
Total Operating Revenue	2,708
	<hr/>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	31,792
	<hr/>
Total Operating Expenses	31,792
	<hr/>
Operating Loss	(29,084)
Change in Net Position Before Transfer	(29,084)
Transfer In - General Fund Board Contribution	29,084
	<hr/>
Change in Net Position	- 0 -
Net Position - Beginning of Year	- 0 -
	<hr/>
Net Position - End of Year	\$ - 0 -
	<hr/> <hr/>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,708
Payments to Suppliers	(31,792)
	<hr/>
Net Cash Used for Operating Activities	(29,084)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Transfer In - General Fund Board Contribution	29,084
	<hr/>
Net Cash Provided by Noncapital Financing Activities	29,084
	<hr/>
Net Increase in Cash and Cash Equivalents	- 0 -
	<hr/>
Cash and Cash Equivalents, July 1	- 0 -
	<hr/>
Cash and Cash Equivalents, June 30	\$ - 0 -
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (29,084)
	<hr/>
Net Cash Used for Operating Activities	\$ (29,084)
	<hr/> <hr/>

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM LIABILITIES

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
LONG-TERM LIABILITIES
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Retired or Matured	Balance June 30, 2023
			Date	Amount	Interest Rate	Balance July 1, 2022		
Refunding School Bonds	09/30/10	\$ 6,390,000				\$ 625,000	\$ 625,000	
School Bonds	11/15/22	20,916,000	8/1/2023	\$ 661,000	3.00%			
			8/1/2024	855,000	3.00%			
			8/1/2025	875,000	3.00%			
			8/1/2026	885,000	4.00%			
			8/1/2027	900,000	4.00%			
			8/1/2028	925,000	4.00%			
			8/1/2029	950,000	4.00%			
			8/1/2030	970,000	4.00%			
			8/1/2031	1,000,000	4.00%			
			8/1/2032	1,020,000	4.00%			
			8/1/2033	1,050,000	4.00%			
			8/1/2034	1,075,000	4.00%			
			8/1/2035	1,105,000	4.00%			
			8/1/2036	1,135,000	4.00%			
			8/1/2037	1,170,000	4.00%			
			8/1/2038	1,200,000	4.00%			
			8/1/2039	1,235,000	4.00%			
			8/1/2040	1,275,000	4.00%			
			8/1/2041	1,310,000	4.00%			
			8/1/2042	1,320,000	4.00%			
						\$ 20,916,000	\$ 20,916,000	
						\$ 625,000	\$ 625,000	
						\$ 20,916,000	\$ 20,916,000	

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2023</u>
Laptop Computers	2.290%	\$ 464,366	<u>\$ 117,376</u>	<u>\$ 117,376</u>	<u> </u>
			<u>\$ 117,376</u>	<u>\$ 117,376</u>	<u>\$ -0-</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 637,500		\$ 637,500	\$ 637,500	
Total Revenues	<u>637,500</u>		<u>637,500</u>	<u>637,500</u>	
EXPENDITURES:					
Regular Debt Service :					
Interest	12,500		12,500	12,500	
Redemption of Principal	625,000		625,000	625,000	
Total Regular Debt Service	<u>637,500</u>		<u>637,500</u>	<u>637,500</u>	
Total Expenditures	<u>637,500</u>		<u>637,500</u>	<u>637,500</u>	
Excess of Revenues Over Expenditures	- 0 -	\$ - 0 -	- 0 -	- 0 -	\$ - 0 -
Fund Balance, July 1	<u>- 0 -</u>		<u>- 0 -</u>	<u>- 0 -</u>	
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(UNAUDITED)

(Accrual Basis of Accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 18,042,322	\$ 18,210,674	\$ 17,671,173	\$ 17,750,489	\$ 17,509,535	\$ 17,417,512	\$ 17,551,192	\$ 17,499,793	\$ 17,230,227	\$ 17,771,750
Restricted	2,519,204	3,138,863	3,352,028	3,580,390	3,705,761	4,940,727	6,174,094	7,131,536	8,080,691	7,619,586
Unrestricted (Deficit)	(5,538,776)	(5,660,067)	(5,744,529)	(6,536,760)	(6,598,510)	(6,804,518)	(6,903,848)	(5,945,066)	(4,919,085)	(4,298,198)
Total Governmental Activities Net Position	\$ 15,022,750	\$ 15,689,470	\$ 15,278,672	\$ 14,794,119	\$ 14,616,786	\$ 15,553,721	\$ 16,821,438	\$ 18,686,263	\$ 20,391,833	\$ 21,093,138
Business-Type Activities:										
Unrestricted	\$ 5,341	\$ 7,152	\$ 1,483	\$ 734	\$ 1,334	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Business-Type Activities Net Position	\$ 5,341	\$ 7,152	\$ 1,483	\$ 734	\$ 1,334	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District-Wide:										
Net Investment in										
Capital Assets	\$ 18,042,322	\$ 18,210,674	\$ 17,671,173	\$ 17,750,489	\$ 17,509,535	\$ 17,417,512	\$ 17,551,192	\$ 17,499,793	\$ 17,230,227	\$ 17,771,750
Restricted	2,519,204	3,138,863	3,352,028	3,580,390	3,705,761	4,940,727	6,174,094	7,131,536	8,080,691	7,619,586
Unrestricted (Deficit)	(5,533,435)	(5,652,915)	(5,743,046)	(6,536,026)	(6,597,176)	(6,804,518)	(6,903,848)	(5,945,066)	(4,919,085)	(4,298,198)
Total District-Wide Net Position	\$ 15,028,091	\$ 15,696,622	\$ 15,280,155	\$ 14,794,853	\$ 14,618,120	\$ 15,553,721	\$ 16,821,438	\$ 18,686,263	\$ 20,391,833	\$ 21,093,138

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(UNAUDITED)

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$12,852,499	\$14,455,143	\$16,320,528	\$17,670,259	\$18,989,979	\$16,668,286	\$17,366,699	\$17,854,795	\$17,098,678	\$17,398,461
Special Education	4,944,229	5,470,305	6,280,209	7,001,062	7,382,611	6,910,092	7,475,298	7,952,005	7,099,369	7,018,137
Other Special Instruction	599,078	1,029,789	1,176,165	1,279,602	1,588,672	1,282,379	1,490,981	1,682,115	1,442,316	995,987
School-Sponsored Instruction	126,247	207,167	201,257	197,636	216,466	148,087	166,271	46,627	105,769	72,810
Support Services:										
Tuition	926,665	779,729	527,733	786,696	721,217	889,793	761,460	694,627	714,994	848,378
Student & Instruction Related Services	4,062,891	4,124,758	4,523,346	4,788,068	4,841,577	4,497,594	4,972,438	5,190,394	4,870,920	5,703,938
General Administrative Services	630,900	524,643	548,147	539,252	548,517	502,010	487,951	549,171	637,344	592,345
School Administrative Services	1,408,197	1,649,779	1,800,803	2,030,641	2,170,418	1,967,457	2,058,495	2,135,739	1,906,862	2,023,375
Central Services/Admin. Technology	622,293	627,228	623,656	658,966	631,313	610,140	644,616	634,948	529,859	615,153
Plant Operations and Maintenance	3,707,881	3,707,558	3,790,330	3,632,523	3,635,415	4,002,222	3,478,171	3,922,067	3,876,257	4,190,963
Pupil Transportation	824,787	823,310	799,309	808,209	864,249	1,039,839	960,282	933,892	1,026,138	1,388,636
Interest on Long-Term Debt	200,821	181,158	166,898	150,103	121,179	96,588	73,532	45,782	15,388	498,104
Unallocated Depreciation	18,483	12,028	9,036	6,315	5,801	6,105	15,688	3,058	1,767	4,182
Total Governmental Activities Expenses	30,924,971	33,592,595	36,767,417	39,549,332	41,717,414	38,620,592	39,951,882	41,645,220	39,325,661	41,350,469
Business-Type Activities:										
Food Service Enterprise Fund	14,612	14,071	16,545	10,171	10,266	9,819	6,981	16,743	36,889	31,792
Total Business-Type Activities Expenses	14,612	14,071	16,545	10,171	10,266	9,819	6,981	16,743	36,889	31,792
Total District Expenses	30,939,583	33,606,666	36,783,962	39,559,503	41,727,680	38,630,411	39,958,863	41,661,963	39,362,550	41,382,261

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(UNAUDITED)

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular										
Special Education	\$ 1,926,933	\$ 1,750,765	\$ 2,016,141	\$ 1,744,354	\$ 2,126,054	\$ 2,290,727	\$ 220,524	\$ 138,841	\$ 224,020	\$ 303,111
Student and Instruction Related Services							2,237,940	1,956,293	1,590,248	2,250,851
Pupil Transportation	72,700	77,299	68,010	64,172	61,064	45,450	51,423	10,965	13,885	16,109
Operating Grants and Contributions	3,698,400	6,939,275	8,441,077	11,194,439	12,122,809	9,861,901	9,898,527	17,213	21,345	40,760
Capital Grants and Contributions	212,843			402,766				12,166,567	9,135,461	8,227,050
Total Governmental Activities Program Revenues	5,910,876	8,767,339	10,525,228	13,002,965	14,712,693	12,198,078	12,408,414	14,289,879	11,010,026	10,863,893
Business-Type Activities:										
Charges for Services:										
Food Service Enterprise Fund	9,244	8,799	3,908	3,410	3,981	3,540	3,013		3,624	2,708
Operating Grants and Contributions	6,883	7,083	6,968	6,012	6,885					
Total Business-Type Activities Revenues	16,127	15,882	10,876	9,422	10,866	3,540	3,013		3,624	2,708
Total District Program Revenues	5,927,003	8,783,221	10,536,104	13,012,387	14,723,559	12,201,618	12,411,427	14,289,879	11,013,650	10,866,601
Net (Expense)/Revenue:										
Governmental Activities	(25,014,095)	(24,825,256)	(26,242,189)	(26,546,367)	(27,004,721)	(26,422,514)	(27,543,468)	(27,355,341)	(28,315,635)	(30,486,576)
Business-Type Activities	1,515	1,811	(5,669)	(749)	600	(6,279)	(3,968)	(16,743)	(33,265)	(29,084)
Total District Net (Expense)/Revenue	(25,012,580)	(24,823,445)	(26,247,858)	(26,547,116)	(27,004,121)	(26,428,793)	(27,547,436)	(27,372,084)	(28,348,900)	(30,515,660)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(UNAUDITED)

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$24,133,512	\$24,212,205	\$24,696,449	\$25,149,448	\$25,652,437	\$26,390,486	\$27,253,536	\$28,141,328	\$29,314,084	\$29,900,336
Taxes Levied for Debt Service	1,043,949	965,256	836,650	807,300	780,000	754,600	722,725	694,375	667,600	637,500
Federal and State Aid not Restricted	38,860	54,386	54,985	68,554	69,739	25,431	20,846	20,870	20,863	20,865
Interest and Miscellaneous Income	204,998	260,129	243,307	216,512	145,212	193,877	428,124	148,154	51,923	658,264
Transfers	14,000					(4,945)	(3,968)	(16,743)	(33,265)	(29,084)
Total Governmental Activities	25,435,319	25,491,976	25,831,391	26,241,814	26,647,388	27,359,449	28,421,263	28,987,984	30,021,205	31,187,881
Business-Type Activities:										
Investment Earnings	40					4,945	3,968	16,743	33,265	29,084
Transfers	(14,000)					4,945	3,968	16,743	33,265	29,084
Total Business-Type Activities	(13,960)					4,945	3,968	16,743	33,265	29,084
Total District General Revenues and Other Changes in Net Position	25,421,359	25,491,976	25,831,391	26,241,814	26,647,388	27,364,394	28,425,231	29,004,727	30,054,470	31,216,965
Change in Net Position:										
Governmental Activities	421,224	666,720	(410,798)	(304,553)	(357,333)	936,935	877,795	1,632,643	1,705,570	701,305
Business-Type Activities	(12,445)	1,811	(5,669)	(749)	600	(1,334)				
Total District Change in Net Position	\$ 408,779	\$ 668,531	\$ (416,467)	\$ (305,302)	\$ (356,733)	\$ 935,601	\$ 877,795	\$ 1,632,643	\$ 1,705,570	\$ 701,305

Source: Borough of Franklin Lakes School District Financial Reports.

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 2,463,235	\$ 3,138,863	\$ 3,352,028	\$ 3,580,390	\$ 3,705,761	\$ 4,940,727	\$ 6,146,555	\$ 7,108,763	\$ 7,233,606	\$ 7,589,573
Assigned	339,719	286,974	329,508	253,177			80,000	30		1,450,987
Unassigned	786,237	706,262	544,977	569,187	569,793	657,126	702,976	1,649,019	1,908,321	951,294
Total General Fund	\$ 3,589,191	\$ 4,132,099	\$ 4,226,513	\$ 4,402,754	\$ 4,275,554	\$ 5,597,853	\$ 6,929,531	\$ 8,757,812	\$ 9,141,927	\$ 9,991,854
Other Governmental Funds:										
Restricted	\$ 55,969						\$ 27,539	\$ 22,773	\$ 847,085	\$ 19,025,172
Committed					\$ 204,217					
Unassigned (Deficit)	(358,549)	(198,549)	(198,549)	(198,549)						
Total Other Governmental Funds	\$ (302,580)	\$ (198,549)	\$ (198,549)	\$ (198,549)	\$ 204,217	\$ - 0 -	\$ 27,539	\$ 22,773	\$ 847,085	\$ 19,025,172
Total Governmental Funds:										
Restricted	\$ 2,519,204	\$ 3,138,863	\$ 3,352,028	\$ 3,580,390	\$ 3,705,761	\$ 4,940,727	\$ 6,174,094	\$ 7,131,536	\$ 8,080,691	\$ 26,614,745
Committed					204,217					
Assigned	339,719	286,974	329,508	253,177			80,000	30		1,450,987
Unassigned	427,688	507,713	346,428	370,638	569,793	657,126	702,976	1,649,019	1,908,321	951,294
Total Governmental Funds	\$ 3,286,611	\$ 3,933,550	\$ 4,027,964	\$ 4,204,205	\$ 4,479,771	\$ 5,597,853	\$ 6,957,070	\$ 8,780,585	\$ 9,989,012	\$ 29,017,026

Source: Borough of Franklin Lakes School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$25,177,461	\$25,177,461	\$25,533,099	\$25,956,748	\$26,432,437	\$27,145,086	\$27,976,261	\$28,835,703	\$29,981,684	\$30,537,836
Other Governmental Units - Restricted	128,383	118,129	143,806	122,902	64,853	66,150				
Tuition Charges	1,926,933	1,750,765	2,016,141	1,744,354	2,126,054	2,290,727	2,458,464	2,095,134	1,814,268	2,553,962
Interest Earnings	11,647	10,205	13,213	15,044	23,148	62,903	77,407	15,318	8,613	658,235
Transportation Fees from Individuals	72,700	77,299	68,010	64,172	61,064	45,450	51,423	17,213	21,345	40,760
Restricted Miscellaneous Revenue								10,965	116,998	132,872
Unrestricted Miscellaneous Revenue	223,968	291,795	86,288	78,566	57,211	64,824	350,717	132,836	43,310	91,601
State Sources	3,634,851	3,814,603	4,186,233	4,686,656	5,576,091	5,911,482	6,143,362	7,141,698	7,513,688	9,563,644
Federal Sources	315,252	329,631	330,792	387,471	390,814	391,383	389,519	456,987	850,094	998,604
Total Revenues	31,491,195	31,569,888	32,377,582	33,055,913	34,731,672	35,978,005	37,447,153	38,705,854	40,350,000	44,577,514
Expenditures:										
Instruction:										
Regular Instruction	8,814,159	8,764,795	9,095,364	8,942,625	8,901,711	8,672,080	9,100,732	8,989,698	10,257,596	10,736,334
Special Education Instruction	3,490,328	3,396,428	3,602,531	3,668,974	3,769,787	3,769,563	4,134,211	4,293,398	4,727,932	4,633,754
Other Special Instruction	409,606	590,989	624,635	606,012	717,743	631,846	735,803	796,923	835,979	591,234
Other Instruction	89,736	123,119	111,792	101,605	104,866	77,948	86,480	23,905	66,240	47,193
Support Services:										
Tuition	926,665	779,729	527,733	786,696	721,217	889,793	761,460	694,627	714,994	848,378
Student & Instruction Related Services	3,188,642	3,220,053	3,383,766	3,376,756	3,427,916	3,198,965	3,546,822	4,022,584	4,079,793	4,526,420
General Administration	522,784	406,327	401,994	383,195	390,437	378,323	364,589	407,488	513,434	450,650
School Administration	1,000,746	1,036,945	1,053,527	1,077,685	1,111,871	1,060,841	1,124,049	1,132,316	1,224,806	1,300,368
Central Services/Administration										
Information Technology	498,821	499,380	465,808	460,585	431,776	421,352	449,523	464,667	445,643	477,425
Operations/Maintenance	2,761,007	2,768,734	2,591,475	2,662,724	2,576,431	2,758,137	3,104,540	2,839,804	2,870,173	3,167,101
Pupil Transportation	820,818	818,637	791,761	795,221	851,977	1,022,954	942,172	919,042	1,016,568	1,388,636
Unallocated Benefits	6,912,571	7,342,692	8,363,369	9,015,836	10,343,872	10,932,636	11,217,418	11,517,735	11,450,316	14,785,290
Capital Outlay	623,557	153,896	798,558	194,458	682,708	285,940	647,732	69,034	237,234	2,846,133

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenditures:										
Debt Service:										
Principal	\$ 819,000	\$ 815,000	\$ 650,000	\$ 640,000	\$ 635,000	\$ 635,000	\$ 630,000	\$ 630,000	\$ 630,000	\$ 625,000
Interest/Other Charges	225,950	206,225	186,650	167,300	145,000	119,600	92,725	64,375	37,600	12,500
Total Expenditures	31,104,390	30,922,949	32,648,963	32,879,672	34,812,312	34,854,978	36,938,256	36,865,596	39,108,308	46,436,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	386,805	646,939	(271,381)	176,241	(80,640)	1,123,027	508,897	1,840,258	1,241,692	(1,858,902)
Other Financing Sources (Uses):										
Bond Proceeds					356,206		464,366			20,916,000
Leases	463,420		365,795							
Transfers In	14,015	55,730	10	12					1,000,000	426,818
Transfers Out	(15)	(55,730)	(10)	(12)	(4,945)	(4,945)	(3,968)	(16,743)	(1,033,265)	(455,902)
Total Other Financing Sources (Uses)	477,420	-0-	365,795	-0-	356,206	(4,945)	460,398	(16,743)	(33,265)	20,886,916
Net Change in Fund Balances	\$ 864,225	\$ 646,939	\$ 94,414	\$ 176,241	\$ 275,566	\$ 1,118,082	\$ 969,295	\$ 1,823,515	\$ 1,208,427	\$ 19,028,014
Debt Service as a Percentage of Noncapital Expenditures	3.5 %	3.4 %	2.6 %	2.5 %	2.3 %	2.2 %	2.0 %	1.9 %	1.7 %	1.5 %

Source: Borough of Franklin Lakes School District Financial Reports.

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Transportation Fees	Cancellation of Prior Year's Accounts Payable	Other	Total
2014	\$ 11,632	\$ 1,926,933	\$ 72,700		\$ 193,351	\$ 2,204,616
2015	10,194	1,750,765	77,299		249,924	2,088,182
2016	13,203	2,016,141	68,010		230,094	2,327,448
2017	15,032	1,744,354	64,172		201,465	2,025,023
2018	23,148	2,126,054	61,064		122,064	2,332,330
2019	62,903	2,290,727	45,450		130,974	2,530,054
2020	77,407	2,458,464	51,423	\$ 286,878	63,839	2,938,011
2021	15,318	2,095,134	17,213	119,286	13,550	2,260,501
2022	8,613	1,814,268	21,345	5,505	37,805	1,887,536
2023	231,417	2,553,962	40,760		29	2,826,168

Source: Borough of Franklin Lakes School District Financial Reports.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$50,565,400	\$ 3,566,930,300	\$ 4,505,500	\$ 23,700	\$405,652,400	\$ 32,285,300	\$ 30,139,400	\$ 4,090,102,000	\$ - 0 -	\$ 4,090,102,000	\$ 193,846,600	0.610	\$ 4,344,917,974
2014	48,992,100	3,584,962,000	3,470,900	18,800	403,843,900	31,751,400	38,139,400	4,111,178,500	- 0 -	4,111,178,500	194,652,600	0.613	4,267,554,280
2015	51,052,600	3,593,943,600	3,470,900	18,800	403,874,900	31,751,400	38,139,400	4,122,251,600	- 0 -	4,122,251,600	199,925,300	0.617	4,358,772,529
2016	56,235,500	3,609,749,700	3,470,900	18,800	381,718,500	30,724,200	38,139,400	4,120,057,000	- 0 -	4,120,057,000	203,901,300	0.625	4,482,738,039
2017	40,151,200	3,648,064,000	3,470,900	18,800	397,446,900	30,424,200	56,562,000	4,176,138,000	- 0 -	4,176,138,000	203,692,200	0.627	4,454,241,736
2018	82,541,900	3,673,967,200	3,470,900	18,800	368,932,500	30,424,200	56,562,000	4,215,917,500	- 0 -	4,215,917,500	205,335,400	0.627	4,481,279,626
2019	98,737,600	3,687,397,300	4,177,300	14,500	368,418,200	30,374,200	56,562,000	4,245,681,100	- 0 -	4,245,681,100	206,449,600	0.650	4,466,941,701
2020	87,722,600	3,752,064,600	2,069,100	13,400	368,820,100	30,374,200	56,562,000	4,297,626,000	- 0 -	4,297,626,000	208,472,300	0.661	4,403,249,770
2021	74,774,200	3,832,547,800	2,069,100	13,400	368,820,100	30,374,200	56,562,000	4,365,160,800	- 0 -	4,365,160,800	208,625,100	0.674	4,413,159,164
2022	58,261,500	3,906,254,900	2,069,100	13,400	387,461,900	30,374,200	56,562,000	4,440,997,000	- 0 -	4,440,997,000	210,157,700	0.682	4,683,803,478

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b Tax rates are per \$100 of assessed value.

* Year in which revaluation/reassessment was effective.

Source: Borough of Franklin Lakes Tax Assessor.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(UNAUDITED)

(Rate per \$100 of Assessed Value)

Year Ended December 31,	Franklin Lakes School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Borough of Franklin Lakes	Ramapo- Indian Hills Regional School	Bergen County	
2013	\$ 0.586	\$ 0.024	\$ 0.610	\$ 0.269	\$ 0.434	\$ 0.244	\$ 1.557
2014	0.588	0.025	0.613	0.272	0.444	0.243	1.572
2015	0.593	0.024	0.617	0.277	0.451	0.254	1.599
2016	0.605	0.020	0.625	0.281	0.467	0.268	1.641
2017	0.607	0.020	0.627	0.282	0.460	0.267	1.636
2018	0.608	0.019	0.627	0.282	0.462	0.260	1.631
2019	0.631	0.019	0.650	0.285	0.451	0.256	1.642
2020	0.643	0.018	0.661	0.291	0.443	0.253	1.648
2021	0.657	0.017	0.674	0.292	0.442	0.254	1.662
2022	0.667	0.015	0.682	0.292	0.457	0.255	1.686

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b Rates for debt service are based on each year's requirements.

* Year in which revaluation/reassessment was effective.

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

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

	2022		2013	
	Taxpayer	Taxable Assessed Value	Taxable Assessed Value	% of Total District Net Valuation Taxable
Becton Dickinson & Company	\$ 156,547,900	3.53 %	\$ 156,547,900	3.83 %
Medco Health Solutions	84,000,000	1.89 %	114,000,000	2.79 %
Urban Farms Acquisition LLC	21,496,300	0.48 %	21,496,300	0.53 %
University Heights LLC	20,000,000	0.45 %	20,000,000	0.49 %
1st Real Estate Investment Trust	19,784,900	0.45 %	19,784,900	0.48 %
Franklin Lakes Realty LLC	18,422,600	0.41 %	18,139,400	0.44 %
East Coast Horizon @ Franklin Lakes	18,139,400	0.41 %	9,000,000	0.22 %
Sunrise of Franklin Lakes	17,485,300	0.39 %	7,480,000	0.18 %
Franklin Manor Properties LLC	16,896,100	0.38 %	6,964,100	0.17 %
Franklin Lakes Towne Square LLC	9,346,600	0.21 %	6,923,600	0.17 %
Total	\$ 382,119,100	8.60 %	\$ 380,336,200	9.30 %

Source: Borough of Franklin Lakes Tax Assessor.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected Within the</u> <u>Fiscal Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2014	\$ 25,177,461	\$ 25,177,461	100.00 %	\$ - 0 -
2015	25,177,461	25,177,461	100.00 %	- 0 -
2016	25,533,099	25,533,099	100.00 %	- 0 -
2017	25,956,748	25,956,748	100.00 %	- 0 -
2018	26,432,437	26,432,437	100.00 %	- 0 -
2019	27,145,086	27,145,086	100.00 %	- 0 -
2020	27,976,261	27,976,261	100.00 %	- 0 -
2021	28,835,703	28,835,703	100.00 %	- 0 -
2022	29,981,684	29,981,684	100.00 %	- 0 -
2023	30,537,836	30,537,836	100.00 %	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Leases			
2014	\$ 5,730,000	\$ 343,670	\$ 6,073,670	0.76 %	564.10
2015	5,075,000	231,653	5,306,653	0.64 %	493.60
2016	4,425,000	388,622	4,813,622	0.57 %	448.74
2017	3,785,000	182,859	3,967,859	0.44 %	358.69
2018	3,150,000	354,730	3,504,730	0.37 %	317.11
2019	2,515,000	168,514	2,683,514	0.27 %	241.24
2020	1,885,000	425,769	2,310,769	0.22 %	206.21
2021	1,255,000	232,123	1,487,123	0.14 %	135.41
2022	625,000	117,376	742,376	0.07 %	67.88
2023	20,916,000	- 0 -	20,916,000	1.96 %	1,912.58

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

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

Source: Borough of Franklin Lakes School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 6,390,000	\$ - 0 -	\$ 6,390,000	0.16 %	\$ 595.30
2014	5,730,000	- 0 -	5,730,000	0.14 %	532.18
2015	5,075,000	- 0 -	5,075,000	0.12 %	472.05
2016	4,425,000	- 0 -	4,425,000	0.11 %	412.51
2017	3,785,000	- 0 -	3,785,000	0.09 %	342.16
2018	3,150,000	- 0 -	3,150,000	0.08 %	285.02
2019	2,515,000	- 0 -	2,515,000	0.06 %	226.09
2020	1,885,000	- 0 -	1,885,000	0.04 %	168.21
2021	1,255,000	- 0 -	1,255,000	0.03 %	114.28
2022	625,000	- 0 -	625,000	0.01 %	57.15
2023	20,916,000	- 0 -	20,916,000	0.47 %	1,912.58

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

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

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

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Borough of Franklin Lakes	\$ 8,481,938	100.00 %	\$ 8,481,938
Ramapo-Indian Hills Regional High School	12,660,000	37.08 %	4,693,741
Bergen County General Obligation Debt	975,645,048	2.40 %	23,440,611
Subtotal, Overlapping Debt			36,616,290
Franklin Lakes Board of Education Direct Debt			20,916,000
Total Direct and Overlapping Debt			<u>\$ 57,532,290</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of Franklin Lakes. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

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

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

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 130,460,856	\$ 129,191,012	\$ 130,630,488	\$ 132,119,809	\$ 133,040,073
Total Net Debt Applicable to Limit	5,730,000	5,075,000	4,425,000	3,785,000	3,150,000
Legal Debt Margin	<u>\$ 124,730,856</u>	<u>\$ 124,116,012</u>	<u>\$ 126,205,488</u>	<u>\$ 128,334,809</u>	<u>\$ 129,890,073</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.39 %	3.93 %	3.39 %	2.86 %	2.37 %

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$ 132,545,979	\$ 132,975,401	\$ 132,334,727	\$ 132,759,704	\$ 137,907,157
Total Net Debt Applicable to Limit	2,515,000	1,885,000	1,255,000	625,000	20,916,000
Legal Debt Margin	<u>\$ 130,030,979</u>	<u>\$ 131,090,401</u>	<u>\$ 131,079,727</u>	<u>\$ 132,134,704</u>	<u>\$ 116,991,157</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.90 %	1.42 %	0.95 %	0.47 %	15.17 %

Legal Debt Margin Calculation for Fiscal Year 2023

Year Ended December 31,	Equalized Valuation Basis
2020	\$ 4,337,093,551
2021	4,596,357,587
2022	4,857,264,574
	<u>\$ 13,790,715,712</u>
Average Equalized Valuation of Taxable Property	<u>\$ 4,596,905,237</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 137,907,157
Net Bonded School Debt at June 30, 2023	<u>20,916,000</u>
Legal Debt Margin	<u>\$ 116,991,157</u>

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

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

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

Year	Borough Population ^a	Bergen County Per Capita Personal Income ^b	Borough Personal Income ^c	Borough Unemployment Rate ^d
2014	10,767	\$ 73,883	\$ 795,498,261	4.10 %
2015	10,751	77,323	831,299,573	3.90 %
2016	10,727	78,836	845,673,772	3.30 %
2017	11,062	81,024	896,287,488	3.30 %
2018	11,052	85,191	941,530,932	3.00 %
2019	11,124	88,241	981,592,884	2.40 %
2020	11,206	91,972	1,030,638,232	7.70 %
2021	10,982	97,343	1,069,020,826	4.80 %
2022	10,936	97,343 *	1,064,543,048 *	3.10 %
2023	10,936 **	97,343 **	1,064,543,048 **	N/A

N/A - Information is not available.

* - Latest Bergen County per capita personal income available (2022) was used for calculation purposes.

** - Latest Borough population available (2021) and Bergen County per capita personal income available (2022) was used for for calculation purposes.

Sources:

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

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

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - BERGEN COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Information was not available as of the date of these financial statements.

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

<u>Function/Program</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:										
Regular	130	130	129	130	130	128	127	129	130	143
Support Services:										
Student & Instruction Related Services	40	40	40	41	41	41	40	41	41	59
General Administrative Services	4	4	4	4	4	4	4	4	4	4
School Administrative Services	13	13	13	13	13	13	13	13	13	13
Central Services	2	2	2	2	2	2	2	2	2	2
Total	189	189	188	190	190	188	186	189	190	221

Source: Borough of Franklin Lakes School District Personnel Records.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2013	1,311	\$ 29,585,168	\$ 22,567	12.08 %	138	1:11	1:12	1,311	1,264	-7.28 %	96.41 %
2014	1,285	29,435,883	22,907	1.51 %	139	1:11	1:12	1,281	1,230	-2.29 %	96.02 %
2015	1,236	29,747,828	24,068	5.07 %	136	1:12	1:12	1,231	1,183	-3.90 %	96.10 %
2016	1,187	31,013,755	26,128	8.56 %	136	1:11	1:12	1,184	1,143	-3.82 %	96.54 %
2017	1,147	31,877,914	27,792	6.37 %	136	1:11	1:12	1,153	1,113	-2.62 %	96.53 %
2018	1,135	33,349,604	29,383	5.72 %	136	1:11	1:12	1,129	1,081	-2.08 %	95.75 %
2019	1,141	33,814,438	29,636	0.86 %	133	1:11	1:12	1,139	1,092	0.89 %	95.87 %
2020	1,136	35,567,799	31,310	5.65 %	132	1:11	1:12	1,157	1,118	1.58 %	96.63 %
2021	1,168	36,102,187	30,909	-1.28 %	134	1:11	1:12	1,171	1,118	1.21 %	95.47 %
2022	1,176	38,203,474	32,486	5.10 %	136	1:11	1:12	1,173	1,120	0.17 %	95.48 %
2023	1,212	42,952,783	35,440	9.09 %	137	1:11	1:12	1,209	1,149	3.07 %	95.04 %

Note: Enrollment based on annual October District count.

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

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

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

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

Source: Borough of Franklin Lakes School District Records.

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

<u>District Building</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Colonial Road School (2004):										
Square Feet	59,645	59,645	59,645	59,645	59,645	59,645	59,645	59,645	59,645	59,645
Capacity (Students)	373	373	373	373	373	373	373	373	373	373
Enrollment	277	267	280	251	260	252	270	247	251	254
High Mountain Road School:										
Square Feet	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173
Capacity (Students)	359	359	359	359	359	359	359	359	359	359
Enrollment	249	227	225	213	200	218	216	275	276	304
Woodside Avenue School:										
Square Feet	53,409	53,409	53,409	53,409	53,409	53,409	53,409	53,409	53,409	53,409
Capacity (Students)	363	363	363	363	363	363	363	363	363	363
Enrollment	286	278	235	247	254	258	246	264	265	272
Franklin Avenue Middle School:										
Square Feet	78,806	78,806	78,806	78,806	78,806	78,806	78,806	78,806	78,806	78,806
Capacity (Students)	540	540	540	540	540	540	540	540	540	540
Enrollment	473	464	447	436	421	413	404	382	384	382

Number of Schools at June 30, 2022:

Elementary = 3

Middle School = 1

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

Source: Borough of Franklin Lakes School District Facilities Office.

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

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

Fiscal Year Ending June 30	Colonial Road Elementary School	High Mountain Road Elementary School	Woodside Avenue Elementary School	Franklin Avenue Middle School	Total School Facilities*
2013	\$ 57,336	\$ 158,111	\$ 248,182	\$ 207,890	\$ 671,519
2014	161,539	195,717	180,141	231,433	768,830
2015	222,767	151,617	204,524	254,963	833,871
2016	63,774	111,494	323,826	151,046	650,140
2017	107,066	129,774	138,239	266,024	641,103
2018	33,144	46,750	89,233	80,927	250,054
2019	63,830	93,825	138,411	163,079	459,145
2020	126,765	133,702	159,241	265,825	685,533
2021	100,786	79,711	90,249	133,163	403,909
2022	81,661	112,656	93,341	114,481	402,139
2023	77,397	64,301	80,812	109,866	332,376

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

Source: Borough of Franklin Lakes School District Records.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2023

(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Insurance Company of Pittsburg, Pa:		
General Liability:		
General Aggregate	\$ 3,000,000	
Each Occurrence	1,000,000	
Production/Completed Operations	3,000,000	
Personal Injury	1,000,000	
Fire Damage	1,000,000	
Medical Expense	10,000	
Employee Benefits Liability	1,000,000	NONE
Commercial Property Coverage:		
Property Building & Contents Replacement		
Cost Values		\$ 103,249,053
Business Income	250,000	72Hr Waiting Period
Extra Expense	3,000,000	72Hr Waiting Period
Earthquake and Volcanic Eruption	5,000,000	100,000
Flood (Outside Zones A, V or B)	5,000,000	50,000
Flood (Zone B)	2,000,000	100,000
Flood (Zones A or V)	1,000,000	500,000
Valuable Papers	250,000	5,000
Electronic Data Processing Equipment	Included in Property Limit	5,000
Software	500,000	5,000
Boiler and Machinery:		
Blanket Property Damage Per Breakdown	76,505,510	5,000
Crime:		
Employee Dishonesty with Faithful Performance	500,000	5,000
Forgery & Alteration	250,000	5,000
Theft - Inside - Money and Securities	250,000	5,000
Theft - Outside - Money and Securities	250,000	5,000
Computer Fraud	250,000	5,000
Money Orders	250,000	5,000
Fraudulent Impersonation	250,000	5,000
Commercial Automobile:		
Automobile Medical Payments	5,000	
Hired/Non-Owned	1,000,000	
Uninsured/Underinsured	1,000,000	
Hired Auto Physical Damage	ACV Basis	1,000
School Board Legal Liability Coverage:		
Each Loss	1,000,000	25,000
Aggregate	3,000,000	
Employment Practices Liability	Included	25,000
Injunctive Relief Expense Each action	100,000	25,000
Injunctive Relief Expense Aggregate	300,000	

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
(UNAUDITED)

	Coverage	Deductible
National Union Fire Insurance Company of Pittsburg, Pa:		
Cyber Liability & Privacy Crisis Management Liability:		
Cyber Liability Occurrence & Aggregate Limit	\$ 1,000,000	\$ 25,000
Privacy Crisis Management Expense	250,000	
Cyber Extortion Expense	20,000	
Privacy Crisis Management & Extortion expense aggregate	250,000	
Catastrophic Liability Coverage - American Guarantee & Liability:		
Per Occurrence	10,000,000	
Aggregate Limit	10,000,000	
Retained Limit	10,000	
Fidelity Bonds - Western Surety Company:		
Board Secretary/Business Administrator:	250,000	
Treasurer of School Monies:	250,000	
Workers' Compensation - Manufacturers Alliance Insurance Co.:		
Covered Payrolls - Professional	21,790,835	

Source: Borough of Franklin Lakes School District Records.

SINGLE AUDIT SECTION



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Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Franklin Lakes Borough School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mount Arlington, New Jersey
January 12, 2024

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Franklin Lakes Borough School District's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

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

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Mount Arlington, New Jersey
January 12, 2024

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Assistance Listing Number	Grant or State Project Number	Grant Period From	Grant Period To	Program or Award Amount	Balance June 30, 2022		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2023		Amount Provided to Sub-recipients	
					Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor					Budgetary (Accounts Receivable)	Due to Grantor		
U.S. Department of Education - Passed-through State Department of Education:														
Special Revenue Fund:														
Special Education Cluster:														
84.027	IDEA-1580-23	07/01/22	09/30/23	\$ 284,067				\$ (254,546)			\$ (254,546)			
84.027	IDEA-1580-22	07/01/21	09/30/22	279,784			\$ 279,784							
84.027	IDEA-1580-21	07/01/20	09/30/21	282,945						\$ (9,026)				
84.173	IDEA-1580-23	07/01/22	09/30/23	18,255				(18,255)			(18,255)			
84.173	IDEA-1580-22	07/01/21	09/30/22	17,487			17,487							
84.027X	IDEA-1580-22	07/01/21	09/30/22	54,463			50,492							
84.173X	IDEA-1580-22	07/01/21	09/30/22	4,652			4,652							
Total Special Education Cluster														
Elementary and Secondary Education Act:														
84.010A	ESEA-1580-23	07/01/22	09/30/23	54,071			49,263	(51,453)			(2,190)			
84.010A	ESEA-1580-22	07/01/21	09/30/22	63,666			27,021	(51,453)			(2,190)		\$ 20,276	
Total Title I, Part A														
84.367A	ESEA-1580-23	07/01/22	09/30/23	20,920			20,920	(20,920)						
84.367A	ESEA-1580-22	07/01/21	09/30/22	17,795			17,795							
84.367A	ESEA-1580-21	07/01/20	09/30/21	22,573						(3,364)				
Total Title II, Part A														
84.365A	ESEA-1580-23	07/01/22	09/30/23	10,000			4,524	(4,524)						
84.365A	ESEA-1580-22	07/01/21	09/30/22	10,000			10,000							
84.365A	ESEA-1580-21	07/01/20	09/30/21	10,000						(58)				
Total Title IV														
Total Elementary and Secondary Education Act														
Education Stabilization Fund:														
COVID-19 ARP Consolidated:														
84.425U	ESSER III	03/13/20	09/30/24	553,029			382,951	(482,855)			(170,078)			
84.425U	Accelerated Learning Coaching and Educator Support	03/13/20	09/30/24	94,694							(52,730)			
84.425U	Evidence-Based Summer Learning and Enrichment Activities	03/13/20	09/30/24	40,000							(11,629)			
84.425U	Evidence-Based Comprehensive Beyond the School Day Activities	03/13/20	09/30/24	40,000							(40,000)			
84.425U	NITSS Mental Health Support Staffing	03/13/20	09/30/24	45,000							(45,000)			
COVID 19 - CRRSA:														
84.425D	ESSER II	03/13/20	09/30/23	246,071			45,741	(80,451)			(600)			
84.425D	COVID 19 - CARES Emergency Relief	03/13/20	09/30/22	64,844										
Total Education Stabilization Fund														
Total U.S. Department of Education														
Total Special Revenue Fund														
TOTAL FEDERAL AWARDS														

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2023		MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
General Fund:													
Special Education Categorical Aid	23-495-034-5120-089	07/01/22	06/30/23	\$ 1,119,755	\$ (89,956)	\$ 1,010,151	\$ (1,119,755)	\$ (109,604)	\$ 1,119,755				
Special Education Categorical Aid	22-495-034-5120-089	07/01/21	06/30/22	922,382		89,956							922,382
Security Aid	23-495-034-5120-084	07/01/22	06/30/23	20,872	(2,036)	18,829	(20,872)	(2,043)	20,872				20,872
Security Aid	22-495-034-5120-084	07/01/21	06/30/22	20,872		2,036							20,872
Transportation Aid	23-495-034-5120-014	07/01/22	06/30/23	230,578	(22,487)	208,008	(230,578)	(22,570)	230,578				230,578
Transportation Aid	22-495-034-5120-014	07/01/21	06/30/22	230,578		22,487							230,578
Nonpublic School Transportation Costs	23-495-034-5120-014	07/01/22	06/30/23	36,149	(27,970)	27,970	(36,149)	(36,149)	36,149				36,149
Nonpublic School Transportation Costs	22-495-034-5120-014	07/01/21	06/30/22	27,970									27,970
Extraordinary Special Education Costs Aid	23-495-034-5120-044	07/01/22	06/30/23	466,788	(688,522)	688,522	(466,788)	(466,788)	466,788				466,788
Extraordinary Special Education Costs Aid	22-495-034-5120-044	07/01/21	06/30/22	688,522									688,522
On-Behalf TPAF Contributions:													
Post-Retirement Medical	23-495-034-5094-001	07/01/22	06/30/23	1,347,165		1,347,165	(1,347,165)		1,347,165				1,347,165
Pension	23-495-034-5094-002	07/01/22	06/30/23	5,058,024		5,058,024	(5,058,024)		5,058,024				5,058,024
Non-Contributory Insurance	23-495-034-5094-004	07/01/22	06/30/23	70,174		70,174	(70,174)		70,174				70,174
Long-Term Disability Insurance	23-495-034-5094-004	07/01/22	06/30/23	1,743		1,743	(1,743)		1,743				1,743
Reimbursed TPAF Social Security Aid	23-495-034-5094-003	07/01/22	06/30/23	1,122,725		1,012,555	(1,122,725)		1,122,725				1,122,725
Reimbursed TPAF Social Security Aid	22-495-034-5094-003	07/01/21	06/30/22	1,077,378	(53,886)	53,886							1,077,378
Total General Fund State Aid					(884,857)	9,611,506	(9,473,973)	(747,324)	12,441,675				
Special Revenue Fund:													
NJ Nonpublic Aid:													
Nursing Services (Chapter 226)	23-100-034-5120-070	07/01/22	06/30/23	11,872		11,872	(11,872)		11,872				11,872
Textbook Aid (Chapter 194)	23-100-034-5120-064	07/01/22	06/30/23	6,996		6,996	(6,850)		6,850				6,850
Textbook Aid (Chapter 194)	22-100-034-5120-064	07/01/21	06/30/22	6,062		\$ 1,021			\$ (1,021)	\$ 146			5,041
Security Aid	23-100-034-5120-509	07/01/22	06/30/23	21,730		21,730	(21,730)		21,730				21,730
Security Aid	22-100-034-5120-509	07/01/21	06/30/22	17,675		17,675			(17,675)				
Technology Initiative	23-100-034-5120-373	07/01/22	06/30/23	4,452		4,452	(789)		789				789
Auxiliary Services (Chapter 192):													
Compensatory Education	23-100-034-5120-067	07/01/22	06/30/23	27,672		27,672	(16,109)		16,109				16,109
Compensatory Education	22-100-034-5120-067	07/01/21	06/30/22	22,395		8,510			(8,510)	11,563			13,885
Handicapped Services (Chapter 193):													
Supplementary Instruction	23-100-034-5120-066	07/01/22	06/30/23	7,434		7,434	(4,213)		4,213				4,213
Supplementary Instruction	22-100-034-5120-066	07/01/21	06/30/22	13,216		5,947			(5,947)	3,221			7,269
Examination and Classification	23-100-034-5120-066	07/01/22	06/30/23	22,366		22,366	(10,803)		10,803				10,803
Examination and Classification	22-100-034-5120-066	07/01/21	06/30/22	19,714		9,105			(9,105)	11,563			10,609
Corrective Speech	23-100-034-5120-066	07/01/22	06/30/23	14,880		14,880	(4,371)		4,371				4,371
Corrective Speech	22-100-034-5120-066	07/01/21	06/30/22	18,600		9,151			(9,151)	10,509			9,449
Climate Change Awareness	23-100-034-5063-359	07/01/22	06/30/23	6,660		6,660	(6,660)		6,660				6,660
Subtotal Special Revenue Fund						51,409	(83,397)	(747,324)	(51,409)	40,665			129,650
Total State Department of Education					(884,857)	9,735,568	(9,557,370)	(613,107)	(51,409)	40,665			12,571,325

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2023		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
New Jersey Schools Development Authority: Special Revenue Fund: Schools Development Authority - Emergent and Capital Maintenance Needs Grant	N/A	07/01/22	06/30/23	\$ 26,012	\$ 26,012	\$ 26,012	\$ (26,012)						\$ 26,012
Subtotal Special Revenue Fund						26,012	(26,012)						26,012
Total Schools Development Authority						26,012	(26,012)						26,012
Total Special Revenue Fund				\$ 51,409	\$ 51,409	150,074	(109,409)	\$ (51,409)	\$ (51,409)	\$ 40,665	\$ 40,665		155,662
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION				\$ (884,857)	\$ 51,409	\$ 9,761,580	\$ (9,583,382)	\$ (51,409)	\$ (51,409)	\$ (613,107)	\$ 40,665	\$ (747,324)	\$ 12,597,337

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

On-Behalf TPAF Pension System Contributions:	Grant Period	Program or Award Amount	Budgetary Expenditures
Post-Retirement Medical	07/01/22 - 06/30/23	1,347,165	1,347,165
Pension	07/01/22 - 06/30/23	5,058,024	5,058,024
Non-Contributory Insurance	07/01/22 - 06/30/23	70,174	70,174
Long-Term Disability Insurance	07/01/22 - 06/30/23	1,743	1,743
Subtotal On-Behalf TPAF Pension System Contributions			6,477,106
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION			\$ (3,106,276)

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state awards activity of the Board of Education, Borough of Franklin Lakes School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the covid Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two current year state aid payments, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two current year state aid payments in the subsequent year.

The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(19,738) for the General Fund and \$(13,331) for the Special Revenue Fund (all of which is attributable to encumbrances for local grants which are not included on the schedules of expenditures of state and federal awards). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

	Federal	State	Total
General Fund		\$ 9,454,235	\$ 9,454,235
Special Revenue Fund	\$ 998,604	109,409	1,108,013
Total Financial Assistance	\$ 998,604	\$ 9,563,644	\$ 10,562,248

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2023.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJ OMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on the major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance or New Jersey's OMB Circular 15-08.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Summary of Auditors' Results: (Cont'd)

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

	<u>Assistance Listing/ State Grant Numbers</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Education Stabilization Fund:				
COVID-19 ARP Consolidated:				
ESSER III	84.425U	3/13/20-9/30/24	\$ 553,029	\$ 482,855
Evidence-Based Comprehensive Beyond the School Day Activities				
	84.425U	3/13/20-9/30/24	40,000	40,000
NJTSS Mental Health Support Staffing				
	84.425U	3/13/20-9/30/24	45,000	45,000
COVID 19 - CRRSA:				
ESSER II	84.425D	3/13/20-9/30/23	246,071	80,451
COVID 19 - CARES				
Emergency Relief	84.425D	3/13/20-9/30/22	64,844	600
<u>State:</u>				
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	1,119,755	1,119,755
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	20,872	20,872
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	230,578	230,578
Nonpublic School Transportation Costs	23-495-034-5120-014	7/1/18-6/30/19	36,149	36,149

- The threshold used for distinguishing between Type A and Type B programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined not to be a "low-risk" auditee for federal programs.
- The District was determined not to be a "low-risk" auditee for state programs.

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

There were no findings or questioned costs for the fiscal year ended June 30, 2022.