

Annual Comprehensive Financial Report

of the

Mountain Lakes School District

Mountain Lakes, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Mountain Lakes School District
Board of Education**

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INTRODUCTORY SECTION

February 1, 2024

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

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Mountain Lakes School District (District) for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY SERVICES: The Mountain Lakes School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 14. All funds and account groups of the District are included in this report. The Mountain Lakes Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular programs, as well as the Lake Drive School for Deaf and Hard of Hearing Children. Lake Drive provides comprehensive educational services to deaf and hard-of-hearing children ranging in age from infants through high school. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment*</u>	<u>Percent Change</u>
2018-2019	1,574	
2019-2020	1,549	-1.59%
2020-2021	1,478	-4.58%
2021-2022	1,413	-4.40%
2022-2023	1,395	-1.30%

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

2. ECONOMIC CONDITION AND OUTLOOK: The Mountain Lakes Public Schools 2023-2024 budget contains all the necessary elements to provide our students with a quality education. The district continues to provide a great diversity of courses at all levels. Consequently, we continue to offer many courses, particularly at the high school level. Every effort, however, has been made to hold staff levels as well as general budget expenditures. The Board of Education recognizes the difficult position of our state and local economy and is making every effort to act responsibly. Despite the pressure on schools to reduce services, our budget supports our educational programs at the same levels as the prior year. No courses are cut from the curriculum and class sizes remain relatively consistent.

3. MAJOR INITIATIVES: The Board and Administration continued to work closely to develop a 2023-2024 budget that reflects strong spending discipline as well as sources of efficiencies. District-wide curriculum review and revision remained a priority, as did staff professional development, safety, and security. Staff across the district were trained using the Atlas Curriculum Management System with an eye toward marrying lesson planning, curriculum development, student achievement, and enhanced staff-supervisor relations. Preparations were made to ensure the MLSD exceeds NJQSAC compliance metrics ahead of their 2023-2024 visit.

The majority of students at Mountain Lakes High School are college-bound following graduation. Therefore, a vital aspect of our focus at MLHS is to ensure our students will successfully navigate their post-secondary pathways. Currently, we offer a variety of Advanced Placement courses at MLHS that allow our students to potentially earn college credit or advanced standing based upon performance on AP exams. The Mountain Lakes School District expanded opportunities to receive college credit or advanced standing for MLHS students outside of our AP programs by expanding our dual enrollment at MLHS.

The Mountain Lakes School District plans for and cherishes opportunities to develop and implement relevant and individually meaningful in-service days, so much so that an additional day was added to the district calendar. Staff members were provided ample opportunity to keep current and improve their pedagogical acumen, a necessary disposition of a progressive and innovative school district. Specifically professional learning opportunities continued to focus on the following areas:

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

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

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

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

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

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

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

7. DEBT ADMINISTRATION: On June 30, 2023, the District's outstanding debt total was \$19,455,000.

8. CASH MANAGEMENT: The investment policy of the District is guided in large parts by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

10. OTHER INFORMATION:

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

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

Respectfully submitted,

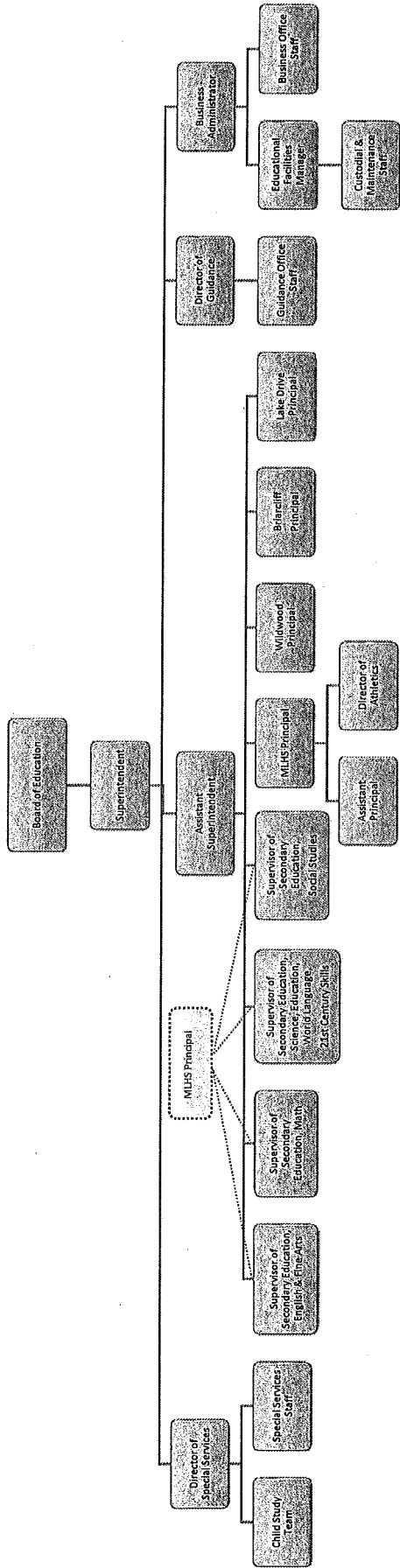


Michael J. Fetherman
Superintendent of Schools



Alex Ferreira
School Business Administrator / Board Secretary

Mountain Lakes School District Organizational Chart



MOUNTAIN LAKES BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. J. Barkauskas	2025
Dr. A. Don	2024
Dr. K. Driscoll	2023
Mrs. S. Forman	2023
Mr. L. Hermey	2023
Dr. J. Hirschfeld	2025
Ms. M. Leininger	2024
Mrs. J. Parker	2023
Ms. L. Silva McIntyre	2025
Mrs. E. Tucker	2024

Other Officials

Mr. Michael J. Fetherman, Superintendent of Schools

Mr. Alex Ferreira, School Business Administrator / Board Secretary

Mrs. Ivonne Ciresi, Assistant Superintendent

Mrs. Lisa Palmieri, Treasurer

**MOUNTAIN LAKES BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

Architect

Di Cara | Rubino Architects
30 Galesi Drive, West Wing
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(973) 256.0202

Audit Firm

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Certified Public Accountants
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(973) 624-6100

Attorney

Fogarty & Hara
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Fair Lawn, New Jersey 07410
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Official Depository

Lakeland Bank
321 West Main Street
Boonton, New Jersey 07005

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mountain Lakes School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Mountain Lakes School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mountain Lakes School District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability, the schedules of the District's contributions, the budgetary comparison information, the schedule of changes in the District's total OPEB liability, related ratios and notes, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, on our consideration of the Mountain Lakes School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mountain Lakes School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mountain Lakes School District's internal control over financial reporting and compliance.



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI
Licensed Public School Accountant #194

Newark, New Jersey
January 19, 2024

REQUIRED SUPPLEMENTARY INFORMATION - PART I

MOUNTAIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The discussion and analysis of the Mountain Lakes School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and other financial statements to enhance their understanding of the District's financial performance.

Using this Comprehensive Annual Financial Report (ACFR)

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially during Fiscal Year 2023". The Statement of Net Assets and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statement

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

MOUNTAIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Governmental Funds

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

Enterprise Fund

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

The District as a Whole

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

Table 1 provides a comparative summary of the District's net assets for 2023 and 2022.

Table 1 - Net Assets

	2023	2022
Assets		
Current and Other Assets	\$ 10,326,892	\$ 9,938,547
Capital Assets	40,067,222	38,051,115
Total Assets	\$ 50,394,114	\$47,989,662
Liabilities		
Long-Term Liabilities	\$ 29,001,885	\$29,363,059
Other Liabilities	3,302,595	5,767,905
Total Liabilities	\$ 32,304,479	\$35,130,964
Net Assets		
Invested in Capital Assets, Net of Debt	\$ 19,369,117	\$38,051,115
Restricted	7,599,369	5,090,904
Unrestricted	(8,878,851)	(30,283,320)
Total Net Position	\$ 18,089,635	\$12,858,698

The District's combined net assets were \$50,394,114 and \$47,989,662 on June 30, 2023 and June 30, 2022, respectively.

MOUNTAIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Table 2 shows the comparative changes in net assets from fiscal year 2023 and 2022.

Table 2 - Comparative Changes in Net Assets

	<u>2023</u>	<u>2022</u>	<u>Total % Change</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 861,429	\$ 1,422,219	-39.43%
Operating Grants and Contributions	13,138,255	16,752,246	-21.57%
General Revenues:			
Property Taxes	24,740,050	24,314,304	1.75%
Grants and Entitlements	1,980,783	1,451,099	36.50%
Tuition	15,086,325	13,048,516	15.62%
Other	581,633	121,858	377.30%
Transfers		(25,774)	
Total Revenues	<u>56,388,474</u>	<u>57,084,468</u>	<u>-1.22%</u>
Program Expenses:			
Instruction	30,203,752	32,112,396	-5.94%
Support Services:			
Tuition/Pupils and Instructional Staff	8,140,846	9,219,753	-11.70%
General Administration, School Administration, Business Operations and Maintenance of Facilities	9,265,712	8,771,432	5.64%
Pupil Transportation	809,496	966,426	-16.24%
Special Schools	461,621	361,040	27.86%
Charter School	16,173	18,223	-11.25%
Debt Service	555,709	605,660	-8.25%
Capital Outlay - Nondepreciable	48,298		
Unallocated Depreciation and Amortization	835,906	835,906	0.00%
Food Service and Community School	820,024	721,986	13.58%
Total Expenses	<u>51,157,537</u>	<u>53,612,823</u>	<u>-4.58%</u>
Increase (Decrease) in Net Assets	5,230,937	3,471,646	
Beginning Net Assets	12,858,698	7,798,182	
Prior Period Adjustments		1,588,544	
Ending Net Assets	<u>\$ 18,089,635</u>	<u>\$ 12,858,372</u>	

MOUNTAIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Government Activities

Property taxes made up 43.92% of revenues for governmental activities for the fiscal year 2023. The District's total revenues were \$56,329,990 for the year ended June 30, 2023. Federal, state and local grants accounted for another 27.56%.

The total cost of all programs and services was \$51,178,106. Instruction comprises 59.06% of the District's expenses.

Business-Type Activities

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

Food service revenues exceeded expenses by \$41,405. Charges for services represent \$861,729 of revenue. This represents the amount paid by patrons for daily food service and catering.

Governmental Activities

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

Table 3 - Comparative Statement of Activities

	Total Cost of Services			Net Cost of Services		
	2022-2023	2021-2022	% Change	2022-2023	2021-2022	% Change
Instruction	\$ 21,213,935	\$ 19,907,266	6.56%	\$ 8,989,817	\$ 12,205,130	-26.34%
Support Services:						
Tuition/Pupils and Instructional Staff	6,036,126	5,731,912	5.31%	2,104,720	3,487,842	-39.66%
General Administration, School Administration, Business Operation and Maintenance of Facilities	7,225,737	7,027,683	2.82%	2,039,975	1,743,749	16.99%
Pupil Transportation	805,754	966,426	-16.63%	3,742		
Special Schools	461,621	361,040	27.86%			
Charter School	16,173	18,223				
Debt Service	555,709	605,660	-8.25%			
Unallocated Depreciation	835,906	835,906	0.00%			
Food Service				861,429	737,745	16.77%
Capital Outlay - Nondepreciable	48,298					
	<u>\$ 37,199,258</u>	<u>\$ 35,454,116</u>	<u>4.92%</u>	<u>\$ 13,999,683</u>	<u>\$ 18,174,465</u>	<u>-22.97%</u>

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

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

MOUNTAIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

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

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

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

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

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

The District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$52,290,323 and expenditures of \$50,613,433.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2023 and June 30, 2022, and the amount and percentage of increases and decreases in relation to prior year revenues.

Comparative Summary of Revenues

Revenue	<u>June 30, 2023</u>	<u>Percent of Total</u>	<u>June 30, 2022</u>	<u>(Decrease) from 2022</u>	<u>Increase (Decrease)</u>
Local Sources	\$ 40,134,224	76.75%	\$ 37,484,678	\$ 2,649,546	7.07%
State Sources	11,552,200	22.09%	11,481,574	70,626	0.62%
Federal Sources	432,567	0.83%	504,157	(71,591)	-14.20%
Private Sources	171,333	0.33%	830,159	(658,826)	-79.36%
	<u>\$ 52,290,323</u>	<u>100.00%</u>	<u>\$ 50,300,569</u>	<u>\$ 1,989,754</u>	<u>3.96%</u>

MOUNTAIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2023 and the amount and percentage of increases (decreases) in relation to prior year amounts.

Comparative Summary of Expenditures

Expenditures	<u>June 30, 2023</u>	<u>Percent of Total</u>	<u>June 30, 2022</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase (Decrease)</u>
Current Expenditures					
Instruction	\$18,746,526	37.04%	\$18,216,198	\$ 530,328	2.91%
Undistributed	27,962,326	55.25%	28,264,735	(302,409)	-1.07%
Capital Outlay	1,501,818	2.97%	2,830,458	(1,328,640)	-46.94%
Special Schools	461,621	0.91%	361,040	100,581	27.86%
Charter School	16,173	0.03%	18,223	(2,050)	-11.25%
Debt Service	1,924,969	3.80%	1,950,745	(25,776)	-1.32%
	<u>\$50,613,433</u>	<u>100.00%</u>	<u>\$51,641,399</u>	<u>\$(1,027,966)</u>	<u>-1.99%</u>

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

General Fund Budgeting Highlights

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

During the course of the fiscal year 2023, the District amended its General Fund budget as needed. The District uses program based budgeting and the budgeting systems are designed to tightly control program budgets, but provide flexibility for program management. Transfers from one program to another must be approved by the Board of Education.

At the end of the fiscal year 2023, the District had \$60,558,128 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

Table 4 - Capital Assets at June 30

	<u>2023</u>	<u>2022</u>
Land/Sites	\$ 300,000	\$ 300,000
Construction in Progress	17,034,867	16,253,261
Site Improvements	678,427	678,427
Buildings and Improvements	38,073,676	37,537,334
Machinery and Equipment	4,471,158	4,335,585
Totals	<u>\$ 60,558,128</u>	<u>\$ 59,104,608</u>

Overall capital assets increased \$1,453,520 from fiscal year 2022 to fiscal year 2023. The increase in capital assets was due primarily to the improvements made in the District during 2022.

MOUNTAIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

For the Future

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

A. DISTRICT-WIDE FINANCIAL STATEMENTS

**MOUNTAIN LAKES SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,179,438.05	\$ 151,657.75	\$ 2,331,095.80
Accounts Receivable, Net	2,360,432.52		2,360,432.52
Inventory		8,132.87	8,132.87
Restricted Assets:			
Cash and Cash Equivalents	4,715,554.31		4,715,554.31
Noncurrent Assets:			
Capital Assets	38,824,117.17		38,824,117.17
Right-of-Use Asset	1,243,105.57		1,243,105.57
Total Current Assets	<u>49,322,647.62</u>	<u>159,790.62</u>	<u>49,482,438.24</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>911,676.00</u>		<u>911,676.00</u>
LIABILITIES			
Current Liabilities:			
Cash Overdrafts:			
Accounts Payable	317,009.59		317,009.59
Payable to Other Governments	67,453.88		67,453.88
Deferred Revenue	613,161.53		613,161.53
Accrued Interest Payable	171,643.77	25,741.13	197,384.90
Total Current Liabilities	<u>1,169,268.77</u>	<u>25,741.13</u>	<u>1,195,009.90</u>
Long-Term Liabilities:			
Due Within One Year	1,300,000.00		1,300,000.00
Due Beyond One Year	19,638,476.00		19,638,476.00
Lease Liability	1,323,145.55		1,323,145.55
Net Pension Liability	6,740,263.00		6,740,263.00
Total Long-Term Liabilities	<u>29,001,884.55</u>		<u>29,001,884.55</u>
Total Liabilities	<u>30,171,153.32</u>	<u>25,741.13</u>	<u>30,196,894.45</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>2,107,585.00</u>		<u>2,107,585.00</u>
NET POSITION			
Investment in Capital Assets, Net of Related Debt	19,369,117.17		19,369,117.17
Restricted for:			
Debt Service	(87.82)		(87.82)
Capital Projects	355,943.56		355,943.56
Capital Reserve	3,733,256.86		3,733,256.86
Unemployment Compensation	372,388.34		372,388.34
Student Activities	522,562.08		522,562.08
Other Purposes	2,615,306.52		2,615,306.52
Unrestricted	<u>(9,012,901.41)</u>	<u>134,049.49</u>	<u>(8,878,851.92)</u>
Total Net Position	<u>\$ 17,955,585.30</u>	<u>\$ 134,049.49</u>	<u>\$ 18,089,634.79</u>

See accompanying notes to financial statements.

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

A-2

Function/Programs	Expenses	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 17,595,460.43	\$ 5,656,824.14	(11,938,636.29)	\$	\$(11,938,636.29)
Special Education Instruction	10,849,623.52	2,891,245.03	(7,958,378.49)		(7,958,378.49)
Support Services:					
Tuition	815,570.97		(815,570.97)		(815,570.97)
Student and Instruction Related Services	7,325,275.05	2,104,720.36	(5,220,554.70)		(5,220,554.70)
General Administration Services	1,117,518.53	205,109.21	(912,409.32)		(912,409.32)
School Administration Services	2,674,178.36	742,834.81	(1,931,343.55)		(1,931,343.55)
Central Services	782,696.56	214,001.88	(568,694.68)		(568,694.68)
Administration of Information Technology	293,463.14	73,241.90	(220,221.24)		(220,221.24)
Plant Operations and Maintenance	4,250,049.30	763,155.30	(3,486,894.00)		(3,486,894.00)
Security	147,806.09	41,632.28	(106,173.81)		(106,173.81)
Pupil Transportation	809,495.75	3,742.21	(805,753.54)		(805,753.54)
Special Schools	461,621.20		(461,621.20)		(461,621.20)
Transfer to Charter School	16,173.00		(16,173.00)		(16,173.00)
Debt Service:					
Interest	555,709.24		(555,709.24)		(555,709.24)
Capital Outlay	48,298.00		(48,298.00)		(48,298.00)
Unallocated Depreciation	680,517.98		(680,517.98)		(680,517.98)
Unallocated Amortization Expense - Leases	155,388.20		(155,388.20)		(155,388.20)
Total Governmental Activities	50,337,512.95	13,138,254.78	(37,199,258.17)	-	(37,199,258.17)
Business-Type Activities:					
Food Services	820,023.66	861,428.70		41,405.04	41,405.04
Total Primary Government	\$ 51,157,536.61	\$ 13,999,683.48	\$ (37,199,258.17)	\$ 41,405.04	\$ (37,157,853.13)
General Revenues:					
Local LEA's Levy			\$ 24,740,050.00		24,740,050.00
Transportation Fees			7,140.00		7,140.00
Restricted Federal and State Aid			193,089.00		193,089.00
Federal and State Aid - Unrestricted			1,787,693.68		1,787,693.68
Tuition Received			15,086,324.77		15,086,324.77
Miscellaneous			566,274.84	8,218.12	574,492.96
Transfers			(33,538.31)	33,538.31	-
Total General Revenues			42,347,033.98	41,756.43	42,388,790.41
Change in Net Position			5,147,775.81	83,161.47	5,230,937.28
Net Position, July 1			12,807,809.49	50,888.02	12,858,697.51
Net Position, June 30			\$ 17,955,585.30	\$ 134,049.49	\$ 18,089,634.79

See accompanying notes to financial statements.

B. FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

MOUNTAIN LAKES SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Cash and Cash Equivalents	\$ 1,461,910.62	\$	\$577,575.06	\$ 139,952.37	\$ 2,179,438.05
Accounts Receivable:					
Federal		466,962.81			466,962.81
State	219,674.17	2,253.15			221,927.32
Tuition	1,651,049.95				1,651,049.95
Other Accounts Receivable		20,491.46		0.98	20,492.44
Interfunds Receivable	140,041.17				140,041.17
Restricted Cash and Cash Equivalents	4,306,326.41	409,227.90			4,715,554.31
Total Assets	\$ 7,779,002.32	\$898,935.32	\$577,575.06	\$ 139,953.35	\$ 9,395,466.05
LIABILITIES					
Accounts Payable:					
Payroll Deductions and Withholdings Payable	\$ 111,117.97	\$	\$	\$	\$ 111,117.97
Unemployment Compensation Claims Payable	89,563.24				89,563.24
Other	105,530.68	10,797.70			116,328.38
Interfunds Payable:					
General Fund				140,041.17	140,041.17
Intergovernmental Accounts Payable:					
State		67,453.88			67,453.88
Deferred Revenue	112,667.81	298,121.66	202,372.06		613,161.53
Total Liabilities	418,879.70	376,373.24	202,372.06	140,041.17	1,137,666.17
FUND BALANCES					
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Years Expenditures					-
Excess Surplus	465,063.66				465,063.66
Capital Reserve	3,733,256.86				3,733,256.86
Capital Projects			19,259.44		19,259.44
Maintenance Reserve	1,470,000.00				1,470,000.00
Scholarship					-
Student Activities		522,562.08			522,562.08
Tuition Reserve - Contract Year	200,000.00				200,000.00
Unemployment Compensation	372,388.34				372,388.34
Debt Service				(87.82)	(87.82)
Committed to:					
Other Purposes	460,983.42				460,983.42
Assigned Fund Balance:					
Capital Projects			355,943.56		355,943.56
Unassigned Fund Balance	658,430.34				658,430.34
Total Fund Balances	7,360,122.62	522,562.08	375,203.00	(87.82)	8,257,799.88
Total Liabilities and Fund Balances	\$ 7,779,002.32	\$898,935.32	\$577,575.06	\$ 139,953.35	\$ 9,395,466.05

Total Fund Balance above: \$ 8,257,799.88

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$60,558,128.17 and the accumulated depreciation is \$21,734,011 (See Note 5). 38,824,117.17

Lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$1,709,270.16 and the accumulated amortization is \$466,164.59. 1,243,105.57

Deferred outflows related to pension contributions subsequent to the net position liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. 911,676.00

**MOUNTAIN LAKES SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

Deferred inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (2,107,585.00)

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

General Obligation Bonds Payable	\$(19,455,000.00)	
Obligations Under Lease Purchase Agreements	(1,323,145.55)	
Compensated Absences	(1,483,476.00)	
Net Pension Liability	(6,740,263.00)	
Accrued Interest	(171,643.77)	
		(29,173,528.32)

Net Position of Governmental Activities (A-1) \$ 17,955,585.30

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

**MOUNTAIN LAKES SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>REVENUES</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Local Sources:					
Local Tax Levy	\$ 23,008,261.00	\$	\$	\$ 1,731,789.00	\$ 24,740,050.00
Tuition Individuals	757,886.00				757,886.00
Tuition LEA's within the State	13,882,365.62				13,882,365.62
Tuition Other Sources	364,684.00				364,684.00
Tuition from Summer School	81,389.15				81,389.15
Transportation Fees from Individuals	7,140.00				7,140.00
Rents and Royalties	41,131.00				41,131.00
Unrestricted Miscellaneous Revenues	259,578.01				259,578.01
Total Revenues - Local Sources	<u>38,402,434.78</u>			<u>1,731,789.00</u>	<u>40,134,223.78</u>
Private Sources		265,565.83			265,565.83
State Sources	11,251,242.06	91,515.10		193,089.00	11,535,846.16
Federal Sources		431,645.58			431,645.58
Total Revenues	<u>49,653,676.84</u>	<u>788,726.51</u>	<u>-</u>	<u>1,924,878.00</u>	<u>52,367,281.35</u>
 <u>EXPENDITURES</u>					
Current:					
Regular Instruction	10,918,901.69	396,520.08			11,315,421.77
Special Education	6,355,884.86				6,355,884.86
Other Instruction	1,072,078.12				1,072,078.12
Support Services and Undistributed Costs:					-
Tuition	815,570.97				815,570.97
Student and Instruction Related	4,202,107.78	313,152.91			4,515,260.69
General and Business Administrative	798,726.04				798,726.04
School Administration Services	1,519,621.94				1,519,621.94
Central Services	450,082.58				450,082.58
Administration of Information Technology	179,626.38				179,626.38
Plant Operations and Maintenance	3,192,105.97				3,192,105.97
Security	83,098.81				83,098.81
Pupil Transportation	803,679.39				803,679.39
Employee Benefits	15,605,599.44				15,605,599.44
Special Schools	461,621.20				461,621.20
Capital Outlay	720,212.43		781,605.90		1,501,818.33
Transfer to Charter School	16,173.00				16,173.00
Debt Service:					-
Principal				1,385,000.00	1,385,000.00
Interest				539,968.76	539,968.76
Total Expenditures	<u>47,195,090.60</u>	<u>709,672.99</u>	<u>781,605.90</u>	<u>1,924,968.76</u>	<u>50,611,338.25</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>2,458,586.24</u>	<u>79,053.52</u>	<u>(781,605.90)</u>	<u>(90.76)</u>	<u>1,755,943.10</u>
Other Financing Sources (Uses):					
Transfer to Enterprise Fund	(33,538.31)				(33,538.31)
	<u>(33,538.31)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,538.31)</u>
Net Change in Fund Balance	2,425,047.93	79,053.52	(781,605.90)	(90.76)	1,722,404.79
Fund Balances, July 1,	4,935,074.69	443,508.56	1,156,808.90	2.94	6,535,395.09
Fund Balances, June 30	<u>\$ 7,360,122.62</u>	<u>\$ 522,562.08</u>	<u>\$ 375,203.00</u>	<u>\$ (87.82)</u>	<u>\$ 8,257,799.88</u>

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

**MOUNTAIN LAKES SCHOOL DISTRICT
RECONCILIATION OF 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**

	<u>Ref.</u>	
Total Net Change in Balances - Governmental Funds	B-2	\$ 1,722,404.79
Amount 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 capital outlays exceeded depreciation in the period.		
Depreciation Expense		\$ (680,517.98)
Capital Outlays (net of lease payments and SDA debt service assessment)		<u>1,453,520.33</u>
		773,002.35
Governmental funds report lease principal payments as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which amortization expense exceeded lease principal payments in the period.		
Amortization Expense		(155,388.20)
Lease Principal Payment		<u>128,196.39</u>
		(27,191.81)
The issuance of long-term debt (e.g. bonds, leases) provide current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
Bonds		1,385,000.00
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest cost, administrative costs, investment returns and experience/assumptions. This is the amount by which net position liability and deferred inflows/outflows relate to pension changes during the period.		
		1,501,616.00
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the expense accrues, regardless of when it is due.		
Accrued Interest Payable:		
Balance June 30, 2022		187,384.25
Balance June 30, 2023		<u>171,643.77</u>
Change in Accrued Interest		15,740.48
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).		
		<u>(222,796.00)</u>
Change in Net Position of Governmental Activities	A-2	<u>\$ 5,147,775.81</u>

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

PROPRIETARY FUNDS

MOUNTAIN LAKES BOARD OF EDUCATION
SCHEDULE OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities Enterprise Fund Food Service
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$151,657.75
Inventories:	
Food	8,132.87
Total Current Assets	<u>159,790.62</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	28,469.30
Less Accumulated Depreciation	<u>(28,469.30)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>\$159,790.62</u>
 LIABILITIES	
Deferred Inflows	<u>\$ 25,741.13</u>
Total Liabilities	<u>\$ 25,741.13</u>
 NET POSITION	
Unrestricted	<u>\$134,049.49</u>
Total Net Position	<u>\$134,049.49</u>

MOUNTAIN LAKES SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	<u>Business-Type Activities Enterprise Fund Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Nonreimbursable Programs	\$ 861,428.70
Total Operating Revenues	<u>861,428.70</u>
Operating Expenses:	
Cost of Sales - Nonreimbursable Programs	312,113.42
Salaries	265,103.05
Personnel Services - Employee Benefits	64,679.70
Purchased Services (Including Fixed Price Contract)	43,427.81
Other Purchased and Technical Service	7,184.77
Cleaning, Repairs and Maintenance Services	57,609.86
Insurance	34,123.61
General Supplies	32,357.95
Miscellaneous	3,423.49
Total Operating Expenses	<u>820,023.66</u>
Operating Income	<u>41,405.04</u>
Nonoperating Revenues (Expenses):	
Interest Income	8,218.12
Total Nonoperating Revenues (Expenses)	<u>8,218.12</u>
Income before Contributions and Transfers	49,623.16
Transfer In	<u>33,538.31</u>
Change in Net Position	83,161.47
Total Net Position - Beginning	<u>50,888.02</u>
Total Net Position - Ending	<u><u>\$ 134,049.49</u></u>

**MOUNTAIN LAKES SCHOOL DISTRICT
SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2023**

**Business-Type
Activities
Enterprise Fund
Food
Service**

Cash Flows from Operating Activities

Receipts from Customers	\$ 861,428.70
Payments to Employees	(265,103.05)
Payments to Vendor	(488,982.91)
Payments for Employee Benefits	(64,679.70)
Payments to Suppliers	(35,781.44)
Net Cash Provided by (Used for) Operating Activities	<u>6,881.60</u>

Cash Flows from Noncapital Financing Activities

Operating Subsidies and Transfers	33,538.31
Interest Income	8,218.12
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>41,756.43</u>

Net Increase in Cash and Cash Equivalents 48,638.03

Balance - Beginning of Year 103,019.72

Balance - End of Year \$ 151,657.75

Reconciliation of Operating Income (Loss) to Net

Cash Provided (Used) by Operating Activities

Operating Income	\$ 41,405.04
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:	
Change in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	(34,523.44)
Total Adjustments	<u>(34,523.44)</u>

Net Cash Used for Operating Activities \$ 6,881.60

FIDUCIARY FUNDS (IF APPLICABLE)

**MOUNTAIN LAKES SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2023**

NOT APPLICABLE

**MOUNTAIN LAKES SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

MOUNTAIN LAKES SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Mountain Lakes School District (the "District") is a Type II District located in the County of Morris, State of New Jersey. As a Type II District, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K - 12. The District had an approximate enrollment at June 30, 2023 of 1,395 students.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

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

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

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

2. Proprietary Fund Type

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

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

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

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

B. **Fund Accounting (Continued)**

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

Enterprise Fund (Continued)

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

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

Food Service Fund:	
Machinery and Equipment	5 - 12 Years

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

3. **Long-Term Debt**

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

C. **Measurement Focus**

1. **Government-Wide Financial Statements**

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

2. **Fund Financial Statements**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus (Continued)

2. Fund Financial Statements (Continued)

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

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

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

E. Budgets/Budgetary Control

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

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

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

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

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

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

E. Budgets/Budgetary Control (Continued)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue from the budgetary comparison schedule.	\$ 49,672,064.84	\$ 807,200.87
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(18,474.36)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	89,760.00	
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>(108,148.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 49,653,676.84</u>	<u>\$ 788,726.51</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 47,195,090.60	\$ 728,147.35
Difference - 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>(18,474.36)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances, governmental funds.	<u>\$ 47,195,090.60</u>	<u>\$ 709,672.99</u>
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.		

F. Encumbrances

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Encumbrances (Continued)

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as deferred inflows at fiscal year end.

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

G. Cash, Cash Equivalents and Investments

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

H. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

I. Allowance for Uncollectible Accounts

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

J. Tuition Receivable

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

K. Tuition Payable

Tuition charges for the fiscal years 2021-22 and 2022-23 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Short-Term Interfund Receivables/Payables

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

M. Capital Assets

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

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

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

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

N. Deferred Outflows/Inflows of Resources

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

O. Compensated Absences

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Accrued Liabilities and Long-Term Obligations

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

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

Q. Net Position

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

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

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

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

R. Deferred Inflows

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

S. Fund Equity

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

T. Fund Balance

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Fund Balance (Continued)

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

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

U. Proprietary Funds Revenues and Expenses

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

V. Rebtable Arbitrage

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

W. Allocation of Expenses

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

X. On-Behalf Payments

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

Y. Extraordinary and Special Items

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

Z. Accounting and Financial Reporting for Pensions

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Z. Accounting and Financial Reporting for Pensions (Continued)

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

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

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

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

AB. GASB Statement No. 84 Fiduciary Activities

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

AC. Other Accounting Standards

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AC. Other Accounting Standards (Continued)

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

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

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

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

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

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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

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

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

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

Lakeland Bank - Checking and Money Market Accounts	<u>\$6,967,596.59</u>
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The carrying amount of the Board's cash and cash equivalents at June, 30, 2023 was \$7,663,314.27. Of the bank balance, \$767,110.24 was covered by Federal Depository Insurance and \$6,896,204.03 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental unit's deposits in excess of the Federal deposit maximums. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

Of the total amount, deposits of \$3,733,256.86 have been earmarked towards the Capital Reserve Account (See Note 4).

The District had no securities as of June 30, 2023 that would be considered investments as defined by GASB No. 3 as amended by GASB No. 40.

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

4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the district. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

4. CAPITAL RESERVE ACCOUNT (Continued)

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

Beginning Balance, July 1, 2022	\$ 1,458,256.86
Increased by:	
Transfer by Board of Education	<u>2,800,000.00</u>
	4,258,256.86
Decreased by:	
Budgeted Transfer to Capital Outlay	<u>525,000.00</u>
Ending Balance, June 30, 2023	<u><u>\$ 3,733,256.86</u></u>

5. CAPITAL ASSETS

Capital Asset Activity for the year ended June 30, 2023 was as follows:

	Beginning Balance <u>June 30, 2022</u>	Additions	Retirements	Ending Balance <u>June 30, 2023</u>
<u>Governmental Activities</u>				
Nondepreciable Assets:				
Sites	\$ 300,000.00			\$ 300,000.00
Construction-in-Progress	16,253,261.32	781,605.90		17,034,867.22
	<u>16,553,261.32</u>	<u>781,605.90</u>		<u>17,334,867.22</u>
Depreciable Assets:				
Site Improvements	678,427.40			678,427.40
Buildings and Improvements	37,537,334.04	536,341.64		38,073,675.68
Machinery and Equipment	4,335,585.08	135,572.79		4,471,157.87
	<u>42,551,346.52</u>	<u>671,914.43</u>		<u>43,223,260.95</u>
Total Assets	59,104,607.84	1,453,520.33		60,558,128.17
Less Accumulated Depreciation:				
Buildings and Improvements	(21,053,493.02)	(680,517.98)		(21,734,011.00)
Governmental Activities - Net Capital Assets	<u>\$ 38,051,114.82</u>	<u>\$ 773,002.35</u>	<u>\$ -</u>	<u>\$ 38,824,117.17</u>

Business-Type Activities

The following is a summary of Proprietary Fund type capital fixed assets at June 30, 2023:

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

6. LONG-TERM DEBT

Long-Term Liability Conversion Schedule - June 30, 2023

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year	Long-Term Portion
Bonds Payable	\$ 20,840,000.00	\$	\$ 1,385,000.00	\$ 19,455,000.00	\$ 1,300,000.00	\$ 18,155,000.00
Capital Leases	1,451,341.94		128,196.39	1,323,145.55		1,323,145.55
Net Pension Liability	5,811,037.00	929,226.00		6,740,263.00		8,007,921.00
Compensated Absences	1,260,680.00	222,796.00		1,483,476.00		1,483,476.00
	<u>\$ 29,363,058.94</u>	<u>\$ 1,152,022.00</u>	<u>\$ 1,513,196.39</u>	<u>\$ 29,001,884.55</u>	<u>\$ 1,300,000.00</u>	<u>\$ 28,969,542.55</u>

6. LONG-TERM DEBT (Continued)

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. Interest rates on outstanding bonds are from 2.00% to 5.00%.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,300,000.00	\$ 473,243.75	\$ 1,773,243.75
2025	1,260,000.00	447,062.50	1,707,062.50
2026	1,200,000.00	421,256.25	1,621,256.25
2027 - Thereafter	<u>15,695,000.00</u>	<u>3,684,871.88</u>	<u>19,379,871.88</u>
	<u>\$ 19,455,000.00</u>	<u>\$ 5,026,434.38</u>	<u>\$ 24,481,434.38</u>

B. Bonds Authorized but Not Issued

As of June 30, 2023, the Board had no authorized but not issued bonds.

7. PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund (TPAF)

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

Public Employees' Retirement System (PERS)

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

7. PENSION PLANS (Continued)

Vesting and Benefit Provisions

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

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

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

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

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

Contribution Requirements

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

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

7. PENSION PLANS (Continued)

Contribution Requirements (Continued)

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

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>
June 30, 2023	\$ 563,322	\$ 563,322	100%
June 30, 2022	574,465	574,465	100%
June 30, 2021	537,196	537,196	100%

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Post- Retirement Medical Benefits</u>	<u>Long-Term Disability Insurance</u>
June 30, 2022	\$6,814,087	100%	\$1,790,044	\$2,110
June 30, 2022	6,977,710	100%	1,630,275	2,344
June 30, 2021	4,961,535	100%	1,554,868	2,554

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$6,814,087 to the TPAF for normal pension, \$1,790,044 for post-retirement medical benefits and \$2,110 for long-term disability insurance On-Behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,380,468.06 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

7. PENSION PLANS (Continued)

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the State's portion of the net pension liability that was associated with the District was \$86,235,596, as measured on June 30, 2022 and \$80,523,883 as measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$2,381,571 and revenue of \$2,381,571 for support provided by the State. The measurement period for the pension expense and revenue reported in the District's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective Deferred Outflows of Resources	\$ 4,885,289,911	\$ 6,230,825,389
Collective Deferred Inflows of Resources	19,563,805,393	27,221,092,460
Collective Net Pension Liability (Nonemployer - State of New Jersey)	51,594,415,806	48,075,188,642
State's Portion of the Net Pension Liability that was Associated with the District	80,523,883	113,259,145
State's Portion of the Net Pension Liability that was Associated with the District as a Percentage of the Collective Net Pension Liability	0.1674957296%	0.1719878940%

Actuarial Assumptions

The total pension liability for the June 30, 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:

7. PENSION PLANS (Continued)

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

Actuarial Assumptions (Continued)

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%

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
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%

7. PENSION PLANS (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

Since the District has no proportionate share of the net pension liability because of the special funding situation, the District would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf23.pdf>.

Pension Plan Fiduciary Net Position

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

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2023, the District reported a liability of \$6,740,263 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 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 total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2021. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District's proportion was 0.0446630097%, which was a decrease of 0.0043897647% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$(949,688). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 48,648	\$ 42,901
Changes of Assumptions	20,833	1,009,284
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	278,973	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions		1,055,400
District Contributions Subsequent to the Measurement Date	<u>563,222</u>	
Total	<u>\$ 911,676</u>	<u>\$ 2,107,585</u>

The \$574,465 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023 the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2023	\$(578,173)
2024	(294,560)
2025	(143,651)
2026	313,392
2027	<u>(688)</u>
	<u>\$ (703,680)</u>

Additional Information:

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

7. **PENSION PLANS (Continued)**

Public Employees' Retirement System (PERS) (Continued)

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

Additional Information: (Continued)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective Deferred Outflows of Resources	\$ 1,715,543,211	\$ 1,164,738,169
Collective Deferred Inflows of Resources	4,112,583,758	8,339,123,762
Collective Net Pension Liability (Nonstate - Local Group)	15,219,184,920	11,972,782,878
District's Portion of Net Pension Liability	6,740,263	5,811,037
District's Proportion Percentage	0.0446630097%	0.0490527744%

Actuarial Assumptions

The collective 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:

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%

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

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

7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 rates of return for each major asset class included in PERS'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>
US 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 nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

	At 1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
District's Proportionate Share of the Collective Net Pension Liability	\$ 8,732,599	\$ 6,740,263	\$ 5,150,368

Pension Plan Fiduciary Net Position

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

8. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

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

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

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

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

General Information about the OPEB Plan (Continued)

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L. 2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 year of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2023 total OPEB liability of \$50,646,462,966 for this special funding situation.

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

Total OPEB Liability

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

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2022 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

8. POST-RETIREMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

Total OPEB Liability (Continued)

Total Nonemployer OPEB Liability (Continued)

Total Nonemployer OPEB Liability	\$50,646,462,966	
	<u>TPA/ABP</u>	<u>PERS</u>
Salary Increases:	2.75% - 4.25%	2.75% - 6.55%
	Based on	Based on
	Service Years	Service Years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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.

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 to June 30, 2021.

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 trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

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

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

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

	<u>Increase/(Decrease)</u>
	<u>Total OPEB Liability</u>
Balance Recognized at June 30, 2022 (Based on June 30, 2021 Measurement Date)	<u>\$ 60,007,650,970</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments ¹	(1,329,476,059)
Contributions from the Employer ¹	N/A
Contributions from Members ¹	42,650,252
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	<u>(9,361,188,004)</u>
Balance Recognized at June 30, 2023 (Based on June 30, 2022 Measurement Date)	<u>\$ 50,646,462,966</u>

¹Data provided by the State.

At June 30, 2022, the State's proportionate share of the OPEB liability attributable to the District is \$79,438,926. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 to the total OPEB liability of the State Health Benefit Program Fund - Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the State's share of the OPEB liability attributable to the District was .15685% , which was an increase of .00032% from its proportionate share measured as of June 30, 2021 of .15156%.

There were no changes of benefit term.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

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

The following presents the total nonemployer OPEB liability as of June 30, 2022 and 2021, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

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

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

	June 30, 2022		
	At 1% Decrease <u>2.54%</u>	At Discount Rate <u>3.54%</u>	At 1% Increase <u>4.54%</u>
Total OPEB Liability (School Retirees)	\$ 93,372,101	\$ 79,438,926	\$ 68,272,183

	June 30, 2021		
	At 1% Decrease <u>1.16%</u>	At Discount Rate <u>2.16%</u>	At 1% Increase <u>3.16%</u>
Total OPEB Liability (School Retirees)	\$ 112,515,948	\$ 93,932,132	\$ 79,289,492

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

The following presents the total nonemployer OPEB liability as of June 30, 2022 and 2021, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022		
	1% <u>Decrease</u>	Healthcare Cost Trend Rate	1% <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 65,661,128	\$ 79,438,926	\$ 97,536,900

	June 30, 2021		
	1% <u>Decrease</u>	Healthcare Cost Trend Rate	1% <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 76,038,366	\$ 93,932,132	\$ 117,962,137

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

For the year ended June 30, 2023, the board of education recognized OPEB expense of \$2,458,252 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB's No. 75 and in which there is a special funding situation. This amount has been included in the District-Wide Statement of Activities (accrual basis) as a Revenue and Expense in accordance with GASB No. 85.

In accordance with GASB's No. 75, the Mountain Lakes Board of Education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

8. POST-RETIREMENT BENEFITS (Continued)

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
(1) Difference Between Actual and Expected Experience	\$ 9,045,886,863	\$ 18,009,362,976
(2) Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	-	-
(3) Assumption Changes	<u>10,179,536,966</u>	<u>6,438,261,807</u>
(4) Sub-Total	19,225,423,829	24,447,624,783
(5) Contributions Made in Fiscal Year Ending 2023 After Measurement Date	<u>TBD</u>	<u>N/A</u>
(6) Total	<u>\$ TBD</u>	<u>\$ 24,447,624,783</u>

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

<u>Fiscal Year Ending June 30,</u>	
2023	\$ (3,948,150)
2024	(3,948,150)
2025	(3,948,150)
2026	(3,412,191)
2027	(1,951,136)
Total Thereafter	<u>(6,150,651)</u>
	<u>\$ (23,358,427)</u>

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

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

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

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

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

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Description of System (Continued)

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

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

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

Contributions Required and Made

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

<u>Year</u>	<u>School District</u>
2023	\$ 47,539.00
2022	46,533.35
2021	26,914.18

10. COMPENSATED ABSENCES

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

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

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

10. COMPENSATED ABSENCES (Continued)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the Proprietary Fund types.

11. DEFERRED COMPENSATION

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

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

13. INTERFUND RECEIVABLES AND PAYABLES

The following are reflected as interfund receivables and payables on the various balance sheets at June 30, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$140,041.17	
Debt Service Fund		140,041.17
	<u>\$140,041.17</u>	<u>\$140,041.17</u>

14. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2023 consisted of Federal Source, State Sources and transportation. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

14. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE (Continued)

	<u>Governmental Fund Financial Statements</u>
State Aid:	
General Fund:	
TPAF FICA Reimbursement	\$111,912.17
Extraordinary Aid	99,338.00
DOE Loan	8,424.00
	<u>\$219,674.17</u>
Special Revenue Fund:	
State Source	\$ 2,253.15
	<u>\$466,962.81</u>
Federal Source	<u>\$466,962.81</u>

15. INVENTORY

Inventory in the Enterprise Fund for regular food and supplies at June 30, 2023 was \$8,132.87 and is stated at lower of cost or market.

16. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$7,360,122.62 General Fund fund balance at June 30, 2023, \$460,983.42 is reserved for encumbrances; \$3,733,256.86 has been reserved in the Capital Reserve Account; \$1,470,000.00 has been reserved in the Maintenance Reserve Account; \$200,000.00 has been reserved in the Tuition Reserve; \$465,063.66 is reserved as excess surplus designated for subsequent years' expenditures; \$372,388.34 is reserved for unemployment compensation and \$658,430.34 is unreserved and undesignated.

Special Revenue Fund - Of the \$552,562.08 Special Revenue Fund fund balance at June 30, 2023, \$69,172.07 is restricted for the scholarship fund and \$453,390.01 for student activities.

Debt Service Fund - Of the \$(87.82) Debt Service Fund balance at June 30, 2023, \$(87.82) is unreserved and undesignated.

Capital Project Fund - Of the \$375,203.00 Capital Projects Fund balance at June 30, 2023, \$355,943.56 is unreserved and undesignated.

17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The reserve balance of \$725,063.66 will be appropriated in the fiscal year 2024-2025.

18. SECONDARY MARKET DISCLOSURE

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

19. CONTINGENT LIABILITIES

A. Litigation

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

B. Federal and State Awards

The School District participates in several federal and state grant and aid programs which are governed by various rules and regulations of the grantor agencies, therefore, to the extent that the School District has not complied with the rules and regulations governing the grants or aid, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In the opinion of the management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provisions have been recorded in the accompanying general purpose financial statements for such contingencies.

20. RECONCILIATION OF FUND BALANCE - GENERAL FUND

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

	<u>Unreserved and Designated</u>
Balance on a Budget Basis on the General Fund Budgetary Basis Comparison	\$7,468,270.62
Less: Allocation of State Aid Payment of Not Recognized on a GAAP Basis	<u>(108,148.00)</u>
Balances on a GAAP Basis on the Governmental Fund Balance Sheet	<u><u>\$7,360,122.62</u></u>

21. TAX ABATEMENTS

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

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

22. LEASES

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

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

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

22. LEASES (Continued)

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

Supplemental balance sheet information related to leases were as follows:

Balance Sheet Supplemental Information:	<u>June 30, 2023</u>
Finance Leases:	
Right-of-Use Assets included in:	
Property, Plant and Equipment, Net	<u>\$ 1,243,106</u>
Lease Obligations Included in:	
Accrued Expenses and Other Liabilities	
Other Noncurrent Liabilities	<u>1,323,146</u>
Total Finance Lease Obligations	<u><u>\$ 1,323,146</u></u>

Average Lease term and discount rates as of June 30, 2023 were as follows:

Weighted Average Terms and Discount Rates:	<u>June 30, 2023</u>
Weighted Average Remaining Lease Terms in Years:	
Finance Leases	2.33
Weighted Average Discount Rate:	
Finance Leases	5.44%

The aggregate future lease payments for operating and finance leases as of June 30, 2023 were as follows:

	<u>Finance Lease</u>
Future Lease Payments (Fiscal Years):	
2024	\$ 165,179
2025	170,099
2026	175,139
Later	<u>947,143</u>
Total Undiscounted Minimum Lease Payments	1,457,560
Less: Present Value Discount	<u>(134,414)</u>
Lease Liability	<u><u>\$1,323,146</u></u>

23. SUBSCRIPTION LEASES

In June 2022, GASB Statement No. 96, Subscription-Based Information Technology Arrangements was implemented providing School Districts guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. Under this new guidance, the District must disclose and report any SBITAs in excess of one year with the following information. A general description of its SBITAs, including the basis, terms, and conditions on which variable payments not included in the measurement of the subscription liability are determined; the total amount of subscription assets, and the related accumulated amortization, disclosed separately from other capital assets; the amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability; the amount of outflows of resources recognized in the reporting period for other payments, such as termination penalties, not previously included in the measurement of the subscription liability, principal and interest requirements to maturity, presented separately, for the subscription liability for each of the five subsequent fiscal years and in five-year increments thereafter and commitments under SBITAs before the commencement of the subscription term; the components of any loss associated with an impairment. The Mountain Lakes School District has reviewed all their SBITAs and determined that they are all considered short-term and require no disclosure under GASB Statement 96.

24. SUBSEQUENT EVENT

The Mountain Lakes School District has evaluated subsequent events that occurred after the balance sheet date, but before January 19, 2024. Based upon this evaluation, the District has determined that the following subsequent event needed to be disclosed:

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. BUDGETARY COMPARISON SCHEDULES

**MOUNTAIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**C-1
Sheet #1**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Positive (Negative)</u>
Revenues					
Local Sources:					
Local Tax Levy	\$ 23,008,261.00	\$	\$ 23,008,261.00	\$ 23,008,261.00	\$
Tuition Individuals	428,310.00		428,310.00	757,886.00	329,576.00
Tuition LEA's within the State	11,157,459.00		11,157,459.00	13,882,365.62	2,724,906.62
Tuition Other Sources	72,100.00		72,100.00	364,684.00	292,584.00
Tuition from Summer School	80,000.00		80,000.00	81,389.15	1,389.15
Transportation Fees from Individuals	9,800.00		9,800.00	7,140.00	(2,660.00)
Rents and Royalties	5,000.00		5,000.00	41,131.00	36,131.00
Interest Deposit to Capital Reserve	100.00		100.00		(100.00)
Unrestricted Miscellaneous Revenues	44,796.00		44,796.00	259,578.01	214,782.01
Total - Local Sources	<u>34,805,826.00</u>		<u>34,805,826.00</u>	<u>38,402,434.78</u>	<u>3,596,608.78</u>
State Sources:					
Security Aid	38,961.00		38,961.00	38,961.00	
Special Educational Categorical Aid	1,057,821.00		1,057,821.00	1,057,821.00	
Transportation Aid	78,377.00		78,377.00	78,377.00	
Non-Public Transportation Aid				8,424.00	8,424.00
Extraordinary Aid	79,549.00		79,549.00	99,338.00	19,789.00
Nonbudgeted:					
On-Behalf Contributions:					
TPAF - Pension Contribution				6,814,087.00	6,814,087.00
TPAF - Long-Term Disability Contribution				2,110.00	2,110.00
TPAF - Post-Retirement Medical Contribution				1,790,044.00	1,790,044.00
Reimbursed TPAF Social Security Contributions				1,380,468.06	1,380,468.06
Total - State Sources	<u>1,254,708.00</u>		<u>1,254,708.00</u>	<u>11,269,630.06</u>	<u>10,014,922.06</u>
Total Revenues	<u>\$ 36,060,534.00</u>	<u>\$ -</u>	<u>\$ 36,060,534.00</u>	<u>\$ 49,672,064.84</u>	<u>\$ 13,611,530.84</u>

MOUNTAIN LAKES SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C-1
 Sheet #2

Expenditures	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual Positive (Negative)
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 294,604.00	\$ (294,604.00)	\$	\$	\$
Kindergarten	299,606.00	3,115.00	302,721.00	302,720.87	0.13
Grades 1 - 5	2,606,133.00	127,086.00	2,733,219.00	2,733,216.93	2.07
Grades 6 - 8	2,317,594.00	(77,002.00)	2,240,592.00	2,240,590.18	1.82
Grades 9 - 12	4,635,509.00	110,359.00	4,745,868.00	4,744,224.06	1,643.94
Home Instruction:					
Salaries of Teachers	20,000.00	(14,550.00)	5,450.00	5,450.00	
Purchased Professional - Educational Services	15,000.00	(13,991.84)	1,008.16	134.34	873.82
Regular Programs Undistributed:					
Other Salaries for Instruction	190,612.00	35,998.00	226,610.00	226,204.06	405.94
Purchased Technical Services	26,500.00	(26,500.00)			
Purchased Professional - Educational Services	22,939.00	22,939.00	22,939.00	22,938.50	0.50
Rentals	35,880.00	5,210.59	41,090.59	21,740.30	19,350.29
Other Purchased Services	234,821.00	46,530.90	281,351.90	260,604.21	20,747.69
General Supplies	656,360.00	(283,123.25)	373,236.75	317,048.28	56,188.47
Textbooks	58,200.00	(22,276.36)	35,923.64	34,045.96	1,877.68
Miscellaneous Expenditures	9,500.00	3,373.09	12,873.09	9,984.00	2,889.09
Total Regular Programs	11,400,319.00	(377,435.87)	11,022,883.13	10,918,901.69	103,981.44
Special Education:					
Visual Impairments - Instruction:					
Salaries of Teachers	13,000.00	(5,395.00)	7,605.00	5,850.00	1,755.00
Total Visual Impairments	13,000.00	(5,395.00)	7,605.00	5,850.00	1,755.00
Auditory Impairments - Instruction:					
Salaries of Teachers	2,878,500.00	395,658.72	3,274,158.72	3,273,330.51	828.21
Other Salaries for Instruction	586,088.00	(4,900.00)	581,188.00	581,186.55	1.45
General Supplies	15,000.00	44,517.22	59,517.22	46,476.61	13,040.61
Textbooks	12,000.00	(12,000.00)			
Miscellaneous Expenditures	17,941.00	17,941.00	17,941.00	6,877.00	11,064.00
Total Auditory Impairments	3,491,588.00	441,216.94	3,932,804.94	3,907,870.67	24,934.27
Emotional Regulation Impairment:					
Salaries of Teachers	66,365.00	63,037.00	129,402.00	129,401.04	0.96
Total Emotional Regulation Impairment	66,365.00	63,037.00	129,402.00	129,401.04	0.96

MOUNTAIN LAKES SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C-1
 Sheet #3

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual Positive (Negative)
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,754,236.00	\$ 88,449.00	\$ 1,842,685.00	\$ 1,842,684.55	\$ 0.45
General Supplies	4,500.00	(385.00)	4,115.00	4,114.96	0.04
Textbooks	1,200.00	(887.00)	313.00	312.18	0.82
Total Resource Room/Resource Center	<u>1,759,936.00</u>	<u>87,177.00</u>	<u>1,847,113.00</u>	<u>1,847,111.69</u>	<u>1.31</u>
Special Education:					
Home Instruction:					
Salaries of Teachers	413,464.00	27,603.00	441,067.00	441,067.00	
Purchased Professional and Technical Service	15,000.00	(9,253.51)	5,746.49	4,738.62	1,007.87
Communications/Telephone	2,000.00	(97.00)	1,903.00	1,902.15	0.85
Travel	15,000.00	2,946.00	17,946.00	17,943.69	2.31
General Supplies	2,000.00	(2,000.00)			
Total Home Instruction	<u>447,464.00</u>	<u>19,198.49</u>	<u>466,662.49</u>	<u>465,651.46</u>	<u>1,011.03</u>
Total Special Education	<u>5,778,353.00</u>	<u>605,234.43</u>	<u>6,383,587.43</u>	<u>6,355,884.86</u>	<u>27,702.57</u>
Bilingual Education - Instruction:					
General Supplies	500.00	(500.00)			
Total Bilingual Education	<u>500.00</u>	<u>(500.00)</u>			
School-Sponsored Cocurricular Activities - Instruction:					
Personnel Services - Salaries	260,000.00	(20,951.00)	239,049.00	226,992.09	12,056.91
Purchased Services		4,695.34	4,695.34	4,695.34	
General Supplies	9,000.00	(2,772.00)	6,228.00	3,966.83	2,261.17
Miscellaneous Expenditures	38,700.00	(28,146.00)	10,554.00	9,250.74	1,303.26
Total School-Sponsored Cocurricular Activities	<u>307,700.00</u>	<u>(47,173.66)</u>	<u>260,526.34</u>	<u>244,905.00</u>	<u>15,621.34</u>
School-Sponsored Athletics:					
Personnel Services - Salaries	664,071.00	(21,341.00)	642,730.00	642,728.32	1.68
Purchased Services	30,000.00	(1,273.17)	28,726.83	28,726.83	
General Supplies	80,000.00	(17,300.60)	62,699.40	59,077.27	3,622.13
Miscellaneous Expenditures	73,400.00	25,285.00	98,685.00	96,640.70	2,044.30
Total School-Sponsored Athletics	<u>847,471.00</u>	<u>(14,629.77)</u>	<u>832,841.23</u>	<u>827,173.12</u>	<u>5,668.11</u>
Total - Instruction	<u>18,334,343.00</u>	<u>165,495.13</u>	<u>18,499,838.13</u>	<u>18,346,864.67</u>	<u>152,973.46</u>
Undistributed Expenditures:					
Instruction:					
Tuition to County Vocational School Districts - Regular	45,000.00		150,361.00	150,361.00	
Tuition to Private Schools for the Disabled W/I State	838,693.00	(79,560.57)	759,132.43	665,209.97	93,922.46
Tuition - Other	152,000.00	(152,000.00)			
Total Instruction	<u>1,035,693.00</u>	<u>(126,199.57)</u>	<u>909,493.43</u>	<u>815,570.97</u>	<u>93,922.46</u>

MOUNTAIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C-1
Sheet #4

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual Positive (Negative)
Health Services:					
Salaries of Other Professional Staff	\$ 712,476.00	\$ 712,476.00	\$ 712,476.00	\$ 712,473.90	2.10
Other Salaries	673,687.00	(672,407.00)	1,280.00	1,280.00	
Other Purchased Professional Services	20,000.00	20,000.00	20,000.00	20,000.00	
Other Purchased Services	285,000.00	(74,167.68)	210,832.32	204,676.16	6,156.16
General Supplies	13,400.00	(9,345.49)	4,054.51	3,952.81	101.70
Miscellaneous Expenditures	85.00	85.00	85.00	85.00	
Total Health Services	972,087.00	(23,359.17)	948,727.83	942,467.87	6,259.96
Speech, OT, PT and Related Services:					
Salaries of Teachers	166,720.00	761.00	167,481.00	167,480.63	0.37
Purchased Professional - Educational Services	9,077.00	9,077.00	9,077.00	9,077.00	
General Supplies	550.00	126.70	676.70	676.20	0.50
Total Speech, OT, PT and Related Services	167,270.00	9,964.70	177,234.70	177,233.83	0.87
Other Support Services - Students - Extraordinary Services:					
Personnel Services - Salaries	422,706.00	(122,787.00)	299,919.00	299,918.98	0.02
Other Salaries for Instruction	15,240.00	15,240.00	15,240.00	15,240.00	
Total Other Support Services - Students - Extraordinary Services	422,706.00	(107,547.00)	315,159.00	315,158.98	0.02
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	856,956.00	(44,059.00)	812,897.00	812,894.77	2.23
Salaries of Secretarial and Clerical Assistants	142,632.00	(34,684.00)	107,948.00	107,947.92	0.08
Other Salaries	1,000.00	(1,000.00)	2,000.00	2,000.00	
Travel	2,806.00	(806.00)	7,503.00	7,501.32	1.68
Supplies and Materials	11,300.00	(3,797.00)	4,162.35	4,162.35	
General Supplies	5,000.00	(837.65)	6,710.00	6,530.00	180.00
Miscellaneous Expenditures	9,600.00	(2,890.00)	941,220.35	941,036.36	183.99
Total Other Support Services - Students - Guidance	1,029,294.00	(88,073.65)	941,220.35	941,036.36	183.99
Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	765,713.00	84,471.50	850,184.50	850,183.57	0.93
Salaries of Secretarial and Clerical Assistants	71,144.00	23,596.00	94,740.00	94,739.64	0.36
Miscellaneous Purchased Services	2,200.00	(1,971.70)	228.30	227.84	0.46
General Supplies	6,080.00	(43.00)	6,037.00	6,036.53	0.47
Total Other Support Services - Students - Child Study Teams	845,137.00	106,052.80	951,189.80	951,187.58	2.22

MOUNTAIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C-1
Sheet #5

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual Positive (Negative)
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 711,244.00	\$ (162,375.00)	\$ 548,869.00	\$ 548,866.15	2.85
Salaries of Other Professional Staff	15,000.00	73,596.00	88,596.00	78,595.38	10,000.62
Other Purchased Professional Services		3,355.00	3,355.00	3,355.00	-
Miscellaneous Purchased Services	50,000.00	(41,099.00)	8,901.00	8,900.27	0.73
Supplies and Materials		5,886.00	5,886.00	5,886.00	-
Travel	2,000.00	(1,314.00)	686.00	685.78	0.22
Miscellaneous Expenditures	5,235.00	(2,175.00)	3,060.00	3,060.00	-
Total Improvement of Instructional Services	783,479.00	(124,126.00)	659,353.00	649,348.58	10,004.42
Educational Media Services/School Library:					
Personnel Salaries	155,061.00	1,938.00	156,999.00	156,998.69	0.31
Other Salaries	36,560.00	4,252.00	40,812.00	40,811.40	0.60
General Supplies	23,590.00	(146.38)	23,443.62	21,710.08	1,733.54
Miscellaneous Expenditures	1,550.00	(1,550.00)	-	-	-
Total Educational Media Services/School Library	216,761.00	4,493.62	221,254.62	219,520.17	1,734.45
Instructional Staff Training Services:					
Other Purchased Professional Services	15,000.00	(15,000.00)	-	-	-
Travel	13,000.00	(6,529.47)	6,470.53	4,874.16	1,596.37
Miscellaneous Expenditures	2,600.00	(1,220.00)	1,380.00	1,280.25	99.75
Total Instructional Staff Training Services	30,600.00	(22,749.47)	7,850.53	6,154.41	1,696.12
Support Services General Administration:					
Personnel Services - Salaries	403,146.00	680.00	403,826.00	403,822.56	3.44
Legal Services	96,000.00	(9,580.50)	86,419.50	80,453.40	5,966.10
Accountants/Audit Fees	40,538.00	(2,138.00)	38,400.00	38,400.00	-
Other Purchased Professional Services	46,300.00	6,594.50	52,894.50	50,793.54	2,100.96
Purchased Technical Services	13,300.00	(2,024.00)	11,276.00	11,275.50	0.50
Communications/Telephone	5,300.00	3,173.77	8,473.77	8,249.47	224.30
Travel		4,877.00	4,877.00	3,719.86	1,157.14
Other Purchased Services		2,100.00	2,100.00	2,100.00	-
Miscellaneous Purchased Service	92,202.00	81,248.95	173,450.95	172,450.10	1,000.85
General Supplies	4,000.00	(2,423.87)	1,576.13	1,168.80	407.33
BOE In-House Training/Meeting Supplies		288.00	288.00	288.00	-
Judgments Against the School District	8,000.00	(5,550.00)	2,450.00	2,450.00	-
Miscellaneous Expenditures		7,334.00	7,334.00	7,006.76	327.24
BOE Membership Fees and Dues		16,548.91	16,548.91	16,548.05	0.86
Total Support Services General Administration	708,786.00	101,128.76	809,914.76	798,726.04	11,188.72

MOUNTAIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C-1
Sheet #6

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual Positive (Negative)
Support Services School Administration:					
Salaries of Principals/Assistant Principals	\$ 807,611.00	\$ 45,674.00	\$ 853,285.00	\$ 843,284.26	\$ 10,000.74
Salaries of Other Professional Staff	140,047.00	2,937.00	142,984.00	142,983.10	0.90
Salaries of Secretarial and Clerical Assistants	395,180.00	81,060.00	476,240.00	476,238.63	1.37
Unused Vacation Payments to Terminated/Retired Staff - Normal Retirements	3,500.00	51,871.00	55,371.00	11,077.77	44,293.23
Travel	6,075.00	(4,475.87)	1,599.13	1,598.40	0.73
Other Purchased Services	2,500.00	11,043.09	13,543.09	7,578.67	5,964.42
Supplies and Materials	52,000.00	(22,584.90)	29,415.10	27,672.21	1,742.89
Miscellaneous Expenditures	14,724.00	(5,002.00)	9,722.00	9,188.90	533.10
Total Support Services School Administration	1,421,637.00	160,522.32	1,582,159.32	1,519,621.94	62,537.38
Central Services:					
Personnel Services - Salaries	376,497.00	44,834.00	421,331.00	421,330.59	0.41
Unused Vacation Payments to Terminated/Retired Staff - Normal Retirements	68,000.00	(40,421.00)	27,579.00	27,579.00	27,579.00
Travel	900.00	826.00	1,726.00	519.00	1,207.00
Miscellaneous Purchased Services		12,005.26	12,005.26	12,004.58	0.68
Supplies and Materials	3,800.00	5,524.74	9,324.74	9,270.74	54.00
Miscellaneous Expenditures	6,000.00	1,052.00	7,052.00	6,957.67	94.33
Total Central Services	455,197.00	23,821.00	479,018.00	450,082.58	28,935.42
Administrative Information Technology:					
Salaries	140,000.00	4,200.00	144,200.00	144,199.92	0.08
Purchased Professional and Technical Services	2,500.00	(1,201.00)	1,299.00	1,246.80	52.20
Other Purchased Services	23,320.00	11,893.50	35,213.50	32,879.80	2,333.70
General Supplies	500.00	800.00	1,300.00	1,299.86	0.14
Miscellaneous Expenditures	750.00	(55.00)	695.00	695.00	695.00
Total Administrative Information Technology	167,070.00	15,637.50	182,707.50	179,626.38	3,081.12
Required Maintenance for School Facilities:					
Personnel Services - Salaries	209,788.00	54,748.80	264,536.80	264,535.15	1.65
Other Salaries		15,040.00	15,040.00	14,747.50	292.50
Unused Vacation Payments to Terminated/Retired Staff - Normal Retirements	2,000.00	(2,000.00)	588,935.85	473,263.91	115,671.94
Cleaning, Repair and Maintenance Services	213,042.00	375,893.85	42,959.71	40,741.13	2,218.58
General Supplies	68,611.00	(25,651.29)	11,409.00	11,408.62	0.38
Miscellaneous Expenditures	6,500.00	4,909.00	922,881.36	804,696.31	118,185.05
Total Required Maintenance for School Facilities	499,941.00	422,940.36	922,881.36	804,696.31	118,185.05

MOUNTAIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C-1
Sheet #7

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual Positive (Negative)
Custodial Services:					
Personnel Services - Salaries	\$ 1,025,394.00	\$ 108,163.00	\$ 1,133,557.00	\$ 1,130,931.35	\$ 2,625.65
Unused Vacation Payments to Terminated/Retired Staff -					
Normal Retirements	25,000.00	(7,308.00)	17,692.00	15,858.99	1,833.01
Rental of Land and Buildings Other than Lease	125,000.00	(57,500.00)	67,500.00	67,500.00	
Cleaning, Repair and Maintenance Services	55,500.00	82,861.44	138,361.44	116,691.85	21,669.59
Lease Purchase Payments - Energy Savings Improvement Program	77,850.00	82,527.00	160,377.00	160,376.09	0.91
Other Purchased Property Services	42,500.00	(23,479.00)	19,021.00	19,020.06	0.94
Insurance	49,757.00	(3,892.00)	45,865.00	45,865.00	
General Supplies	140,000.00	(48,021.17)	91,978.83	84,069.65	7,909.18
Energy (Electricity)	222,000.00	264,765.00	264,765.00	264,762.11	2.89
Energy (Natural Gas)	900.00	47,165.00	269,165.00	269,162.19	2.81
Miscellaneous Expenditures	1,763,901.00	(420.00)	480.00	480.00	
Total Custodial Services	<u>1,763,901.00</u>	<u>444,861.27</u>	<u>2,208,762.27</u>	<u>2,174,717.29</u>	<u>34,044.98</u>
Care and Upkeep of Grounds:					
Salaries	97,205.00	(4,905.00)	92,300.00	92,299.33	0.67
Cleaning, Repair and Maintenance Services	98,000.00	(23,450.00)	74,550.00	74,549.68	0.32
Travel		896.00	896.00	895.90	0.10
General Supplies	15,000.00	23,902.00	38,902.00	38,392.86	509.14
Miscellaneous Expenditures	11,059.00	(3,929.84)	7,129.16	6,554.60	574.56
Total Care and Upkeep of Grounds	<u>221,264.00</u>	<u>(7,486.84)</u>	<u>213,777.16</u>	<u>212,692.37</u>	<u>1,084.79</u>
Security:					
Purchased Professional Services	105,000.00	(23,033.00)	81,967.00	81,966.36	0.64
Cleaning, Repair and Maintenance Services	3,500.00	(3,500.00)			
General Supplies		1,133.00	1,133.00	1,132.45	0.55
Total Security	<u>108,500.00</u>	<u>(25,400.00)</u>	<u>83,100.00</u>	<u>83,098.81</u>	<u>1.19</u>
Total Operation and Maintenance of Plant Services	<u>2,593,606.00</u>	<u>834,914.79</u>	<u>3,428,520.79</u>	<u>3,275,204.78</u>	<u>153,316.01</u>

MOUNTAIN LAKES SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C-1
 Sheet #8

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual Positive (Negative)
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Special Education	\$ 12,000.00	\$ 2,368.00	\$ 14,368.00	\$ 7,367.73	\$ 7,000.27
Contracted Services - Aid in Lieu of Payment for Nonpublic School Students	24,000.00	0.67	24,000.67	23,534.39	466.28
Contracted Services (Between Home and School) - Vendors	95,325.00	(4,524.00)	90,801.00	90,801.00	
Contracted Services (Other Than Between Home and School) - Vendors	160,000.00	128,014.00	288,014.00	199,550.80	88,463.20
Contracted Services - Special Education Students - Vendors	27,000.00	(27,000.00)			
Contracted Services - Special Education Students - Joint Agreement	246,000.00	60,730.00	306,730.00	306,729.18	0.82
Contracted Services (Regular Students) - ECS and CTSA's		117,861.00	117,861.00	117,860.64	0.36
Contracted Services (Special Education Students) - ECS and CTSA's		41,286.00	41,286.00	41,285.40	0.60
Miscellaneous Purchased Services - Transportation	10,209.00	(2,006.00)	8,203.00	8,203.00	
Transportation Supplies	8,600.00	7,264.00	15,864.00	8,097.25	7,766.75
Other Objects	1,600.00	(1,350.00)	250.00	250.00	
Total Student Transportation Services	<u>584,734.00</u>	<u>322,643.67</u>	<u>907,377.67</u>	<u>803,679.39</u>	<u>103,698.28</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	236,126.00	279,298.00	515,424.00	515,423.33	0.67
Other Retirement Contributions - PERS	494,000.00	69,277.00	563,277.00	563,276.09	0.91
Other Retirement Contributions - Regular	32,000.00	3,007.00	35,007.00	35,006.20	0.80
Workers' Compensation	214,199.00	(179,887.00)	34,312.00	34,311.83	0.17
Health Benefits	5,026,338.00	(746,888.00)	4,279,450.00	4,279,449.75	0.25
Tuition Reimbursement	70,000.00	1,176.98	71,176.98	56,986.61	14,190.37
Other Employee Benefits	70,000.00	44,852.00	114,852.00	114,851.57	0.43
Unused Sick Pay to Term/Ret Staff - Normal	55,000.00	(2,705.00)	52,295.00	19,585.00	32,710.00
Total Unallocated Benefits - Employee Benefits	<u>6,197,663.00</u>	<u>(531,869.02)</u>	<u>5,665,793.98</u>	<u>5,618,890.38</u>	<u>46,903.60</u>
Nonbudgeted:					
On-Behalf Contributions:					
Pension Contribution				6,814,087.00	(6,814,087.00)
Long-Term Disability Contribution				2,110.00	(2,110.00)
Post-Retirement Medical Contribution				1,790,044.00	(1,790,044.00)
Reimbursed TPAF Social Security Contributions				1,380,468.06	(1,380,468.06)
Total Nonbudgeted				<u>9,986,709.06</u>	<u>(9,986,709.06)</u>
Total Undistributed Expenditures	<u>17,631,720.00</u>	<u>555,255.28</u>	<u>18,186,975.28</u>	<u>27,650,219.30</u>	<u>(9,463,244.02)</u>
Total Expenditures - Current Expense	<u>35,966,063.00</u>	<u>720,750.41</u>	<u>36,686,813.41</u>	<u>45,997,083.97</u>	<u>(9,310,270.56)</u>

MOUNTAIN LAKES SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C-1
 Sheet #9

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual Positive (Negative)
Capital Outlay:					
Equipment:					
Regular Programs - Instruction:					
Equipment Grades 6 - 8	\$ 2,481.00	\$ 2,481.00	\$ 2,481.00	\$ 2,481.00	
Equipment Grades 9 - 12	9,464.75	9,464.75	9,464.75	9,464.60	0.15
Auditory	42,262.00	42,262.00	42,262.00	42,262.00	
Athletics	30,181.10	30,181.10	30,181.10	30,181.10	
Undistributed Expenditures:					
Custodial	19,900.00	(5,435.00)	14,465.00	14,464.17	0.83
Grounds	22,000.00	21,513.00	43,513.00	23,535.92	19,977.08
Security	13,184.00	13,184.00	13,184.00	13,184.00	
Total Equipment	<u>41,900.00</u>	<u>113,650.85</u>	<u>155,550.85</u>	<u>135,572.79</u>	<u>19,978.06</u>
Facilities Acquisition and Construction Services:					
Construction Services	410,000.00	126,342.00	536,342.00	536,341.64	0.36
Assessment for Debt Service on SDA Funding	48,298.00		48,298.00	48,298.00	
Interest Deposit to Capital Reserve	100.00		100.00	100.00	
Total Facilities Acquisition and Construction Services	<u>458,398.00</u>	<u>126,342.00</u>	<u>584,740.00</u>	<u>584,639.64</u>	<u>100.36</u>
Total Capital Outlay	<u>500,298.00</u>	<u>239,992.85</u>	<u>740,290.85</u>	<u>720,212.43</u>	<u>20,078.42</u>
Special Schools:					
Summer School:					
Instruction:					
Salaries of Teachers	145,000.00	3,225.00	148,225.00	148,224.47	0.53
Other Salaries for Instruction	97,000.00	12,968.00	109,968.00	109,967.61	0.39
Total Instruction	<u>242,000.00</u>	<u>16,193.00</u>	<u>258,193.00</u>	<u>258,192.08</u>	<u>0.92</u>
Total Summer School	<u>242,000.00</u>	<u>16,193.00</u>	<u>258,193.00</u>	<u>258,192.08</u>	<u>0.92</u>

MOUNTAIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C-1
Sheet #10

	<u>Original</u> <u>Budget</u>	<u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Positive (Negative)</u>
Instructional Alternative Education Programs:					
Instruction:					
Salaries of Teachers	\$ 42,000.00	\$ (7,997.00)	\$ 34,003.00	\$ 34,003.00	\$
General Supplies	38,000.00	(33,469.00)	4,531.00	4,530.50	0.50
Miscellaneous Expenditures		1,490.00	1,490.00	1,490.00	
Total Instruction	<u>80,000.00</u>	<u>(39,976.00)</u>	<u>40,024.00</u>	<u>40,023.50</u>	<u>0.50</u>
Total Instructional Alternative Education Programs	<u>80,000.00</u>	<u>(39,976.00)</u>	<u>40,024.00</u>	<u>40,023.50</u>	<u>0.50</u>
Other Supplemental/At-Risk Programs:					
Instruction:					
Salaries of Teachers	152,000.00	4,136.00	156,136.00	155,626.06	509.94
General Supplies	10,000.00	(2,445.40)	7,554.60	7,031.56	523.04
Miscellaneous Expenditures	10,000.00	(9,252.00)	748.00	748.00	
Total Instruction	<u>172,000.00</u>	<u>(7,561.40)</u>	<u>164,438.60</u>	<u>163,405.62</u>	<u>1,032.98</u>
Total Other Supplemental/At-Risk Programs	<u>172,000.00</u>	<u>(7,561.40)</u>	<u>164,438.60</u>	<u>163,405.62</u>	<u>1,032.98</u>
Total Special School	<u>494,000.00</u>	<u>(31,344.40)</u>	<u>462,655.60</u>	<u>461,621.20</u>	<u>1,034.40</u>
Transfer of Funds to Charter Schools	<u>16,173.00</u>		<u>16,173.00</u>	<u>16,173.00</u>	
Total Expenditures	<u>36,976,534.00</u>	<u>929,398.86</u>	<u>37,905,932.86</u>	<u>47,195,090.60</u>	<u>(9,289,157.74)</u>
Other Financing Sources (Uses):					
Operating Transfer Out - Food Service	(40,000.00)	6,461.30	(33,538.70)	(33,538.31)	0.39
	<u>(40,000.00)</u>	<u>6,461.30</u>	<u>(33,538.70)</u>	<u>(33,538.31)</u>	<u>0.39</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(956,000.00)</u>	<u>(922,937.56)</u>	<u>(1,878,937.56)</u>	<u>2,443,435.93</u>	<u>4,322,373.49</u>
Fund Balances, July 1	<u>5,024,834.69</u>		<u>5,024,834.69</u>	<u>5,024,834.69</u>	
Fund Balances, June 30	<u>\$ 4,068,834.69</u>	<u>\$ (922,937.56)</u>	<u>\$ 3,145,897.13</u>	<u>\$ 7,468,270.62</u>	<u>\$ 4,322,373.49</u>

MOUNTAIN LAKES SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Positive (Negative)</u>
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Excess Surplus - Current Year				\$ 465,063.66	
Capital Reserve				3,733,256.86	
Maintenance Reserve				1,470,000.00	
Tuition Reserve				200,000.00	
Unemployment Compensation Claims Reserve				372,388.34	
Committed Fund Balance:					
Year Ended Encumbrances				460,983.42	
Unassigned:					
General Fund			<u>766,578.34</u>	<u>7,468,270.62</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(108,148.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 7,360,122.62</u>	

**MOUNTAIN LAKES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Revenue from Local Sources	\$ 294,162.00	\$ (60,436.80)	\$ 233,725.20	\$ 266,765.83	\$ (33,040.63)
Total - Local Sources	<u>294,162.00</u>	<u>(60,436.80)</u>	<u>233,725.20</u>	<u>266,765.83</u>	<u>(33,040.63)</u>
Federal Sources:					
Title II	9,143.00	6,902.00	16,045.00	7,160.83	8,884.17
Title III	1,021.00	(1,021.00)			
Title IV	8,500.00	(8,500.00)			
IDEA Part B Basic	333,496.00	(32,662.00)	300,834.00	281,913.00	18,921.00
Education Stabilization Fund	525,152.00	(145,682.00)	379,470.00	143,492.70	235,977.30
Total - Federal Sources	<u>877,312.00</u>	<u>(180,963.00)</u>	<u>696,349.00</u>	<u>432,566.53</u>	<u>263,782.47</u>
State Sources:					
Nonpublic Aid	102,940.00	28,810.00	131,750.00	107,868.51	23,881.49
Total - State Sources	<u>102,940.00</u>	<u>28,810.00</u>	<u>131,750.00</u>	<u>107,868.51</u>	<u>23,881.49</u>
	<u>2,445,888.00</u>	<u>(453,989.60)</u>	<u>1,991,898.40</u>	<u>807,200.87</u>	<u>1,184,697.53</u>
Expenditures					
Instruction:					
Salaries of Teachers	515,540.80	(32,160.00)	483,380.80	104,171.30	379,209.50
Other Purchased Services (400-500 Series)	439,178.32	(75,650.00)	363,528.32	241,003.42	122,524.90
Supplies and Materials	214,522.00	(36,942.00)	177,580.00	42,634.02	134,945.98
General Supplies	79,662.00	(75,000.00)	4,662.00	4,605.85	56.15
Textbooks	83,429.00	(76,103.00)	7,326.00	7,246.45	79.55
Total Instruction	<u>1,332,332.12</u>	<u>(295,855.00)</u>	<u>1,036,477.12</u>	<u>399,661.04</u>	<u>636,816.08</u>
Support Services:					
Salaries of Teachers	34,276.00	(15,576.00)	18,700.00	10,700.00	8,000.00
Purchased Professional and Technical Services	348,274.88	(25,118.00)	323,156.88	191,444.00	131,712.88
Purchased Professional - Educational Services	176,724.00	(64,554.00)	112,170.00	73,261.21	103,462.79
Other Purchased Services (400-500 Series)	429,488.00	(52,886.60)	376,601.40	35,402.29	329,531.71
Supplies and Materials	124,793.00	(158,134.60)	(33,341.60)	1,299.54	70,606.86
Scholarship Awards				16,379.27	
Total Support Services	<u>1,113,555.88</u>	<u>(453,989.60)</u>	<u>659,566.28</u>	<u>328,486.31</u>	<u>331,080.00</u>
Total Expenditures	<u>2,445,888.00</u>	<u>(453,989.60)</u>	<u>1,991,898.40</u>	<u>728,147.35</u>	<u>1,263,751.05</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,053.52</u>	<u>\$ (79,053.52)</u>
Fund Balance, July 1				443,508.56	
Fund Balance, June 30				<u>\$ 522,562.08</u>	
Recapitulation:					
Restricted:					
Scholarship Awards				\$ 69,172.07	
Student Activity				453,390.01	
Total Fund Balances				<u>\$ 522,562.08</u>	

**MOUNTAIN LAKES BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 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 the budgetary comparison schedule.	[C-1]	\$ 49,672,064.84	[C-2]	\$	807,200.87
Difference - Budget-to-GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					(18,474.36)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		89,760.00			
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		<u>(108,148.00)</u>			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 49,653,676.84</u>	[B-2]	\$	<u>788,726.51</u>
Uses/Outflows of Resources:					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1]	\$ 47,195,090.60	[C-2]	\$	728,147.35
Difference - 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>(18,474.36)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 47,195,090.60</u>	[B-2]	\$	<u>709,672.99</u>

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.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

MOUNTAIN LAKES SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS
 (Unaudited)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.4466%	0.4905%	0.4950%	0.5009%	0.0528%	0.0571%	0.0550%	0.0555%	0.0543%	5.430%
District's proportionate share of the net pension liability (asset)	\$6,740,263	\$ 5,811,037	\$ 8,007,921	\$ 9,174,241	\$ 10,400,483	\$ 13,293,688	\$ 16,294,752	\$ 12,464,222	\$ 10,158,374	\$ 10,376,078.00
State's proportionate share of the net pension liability (asset) associated with the District		19,689,501,539	16,435,616,426	23,278,401,588	19,689,501,539	23,278,401,588	29,617,131,759	22,447,996,119	18,722,735,003	19,111,986,911
Total	\$6,740,263	\$19,689,501,539	\$16,443,624,347	\$23,287,575,829	\$19,699,902,022	\$23,291,695,276	\$29,633,426,511	\$22,460,460,341	\$18,732,893,377	\$19,122,364,989
District's covered-employee payroll	\$3,317,257	\$ 3,609,667	\$ 3,117,458	\$ 3,785,571	\$ 3,609,667	\$ 3,668,676	\$ 3,758,895	\$ 3,658,221	\$ 3,770,222	
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	203.19%	160.99%	256.87%	242.36%	288.13%	362.36%	433.50%	340.72%	269.44%	
Plan fiduciary net position as a percentage of the total pension liability		53.60%		48.72%	53.60%	48.10%	40.14%	47.93%	52.08%	

*Data was not provided by School District.

MOUNTAIN LAKES SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS
 (Unaudited)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 563,222	\$ 574,465	\$ 537,196	\$ 497,012	\$ 536,505	\$ 538,505	\$ 491,396	\$ 477,365	\$ 447,286	\$ 362,708
Contributions in relation to the contractually required contribution	(563,222)	(574,465)	(537,196)	(497,012)	(536,505)	(538,505)	(491,396)	(477,365)	(447,286)	(362,708)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$3,317,257	\$3,117,458	\$3,367,348	\$3,785,571	\$3,427,056	\$3,609,667	\$3,668,676	\$3,758,895	\$3,658,221	\$3,770,222
Contributions as a percentage of covered-employee payroll	16.98%	18.43%	15.95%	13.13%	15.65%	14.92%	13.39%	12.70%	12.23%	9.62%

MOUNTAIN LAKES SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
 TEACHERS' PENSION AND ANNUITY FUND
 LAST TEN FISCAL YEARS
 (Unaudited)

	For the Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
District's proportion of the net pension liability (asset)	0.1671%	0.1675%	0.1716%	0.1675%	0.1664%	0.1715%	0.1672%	0.1756%	0.1701%	
District's proportionate share of the net pension liability (asset)	\$ 86,235,596	\$ 80,523,883	\$ 113,259,145	\$ 102,777,619	\$ 105,865,857	\$ 115,598,964	\$ 131,496,887	\$ 110,967,658	\$ 90,927,570	
State's proportionate share of the net pension liability (asset) associated with the District	51,676,587,303	48,165,991,182	65,993,498,688	61,370,943,870	63,617,852,031	67,423,605,859	78,666,367,052	63,204,270,305	53,446,745,367	
Total	\$51,762,822,899	\$48,246,515,065	\$66,106,757,833	\$61,473,721,489	\$63,723,717,888	\$67,539,204,823	\$78,797,863,939	\$63,315,237,963	\$53,537,672,937	
District's covered-employee payroll	18,248,504	18,748,206	20,284,832	20,348,119	\$ 17,987,261	\$ 17,624,187	\$ 17,071,700	\$ 17,363,355	\$ 16,954,166	
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	472.56%	429.50%	558.34%	505.10%	588.56%	655.91%	770.26%	639.09%	536.31%	
Plan fiduciary net position as a percentage of the total pension liability			24.60%	33.76%	26.49%	25.41%	22.33%	28.71%	33.84%	

*Data was not provided by School District.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE YEAR ENDED JUNE 30, 2023**

Changes of Benefit Terms and Changes of Assumptions

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

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

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

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

	Measurement Date					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 4,345,712	\$ 5,035,974	\$ 2,501,064	\$ 2,339,847	\$ 2,726,285	\$ 3,283,160
Interest Cost	2,105,219	2,436,698	2,273,764	2,732,421	2,941,885	2,531,093
Change in Benefit Term		(99,979)				
Difference Between Expected and Actual Experiences	2,194,645	(17,821,462)	17,633,493	(10,006,095)	(7,075,888)	-
Change in Assumptions	(21,310,205)	92,671	18,772,455	944,160	(7,940,990)	(10,104,352)
Contributions: Members*	66,897	62,294	54,229	57,621	63,952	68,516
Gross Benefit Payments*	(2,085,282)	(1,919,436)	(1,789,132)	(1,943,846)	(1,850,370)	(1,860,721)
Net Change in Total OPEB Liability	\$ (14,683,014)	\$ (12,213,240)	\$ 39,445,873	\$ (5,875,892)	\$ (11,135,126)	\$ (6,082,304)
Total OPEB Liability (Beginning)	\$ 90,556,253	\$ 102,769,493	\$ 63,323,620	\$ 69,199,512	\$ 80,334,638	\$ 86,416,942
Total OPEB Liability (Ending)	\$ 75,873,239	\$ 90,556,253	\$ 102,769,493	\$ 63,323,620	\$ 69,199,512	\$ 80,334,638
Plan Fiduciary Net Position:						
Plan Fiduciary Net Position (Ending)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability (Ending)	\$ 75,873,239	\$ 90,556,253	\$ 102,769,493	\$ 63,323,620	\$ 69,199,512	\$ 80,334,638
Net Position as a Percentage of OPEB Liability	0%	0%	0%	0%	0%	0%
Covered Employee Payroll	\$ 18,248,504	\$ 18,748,206	\$ 20,284,832	\$ 20,348,119	\$ 18,269,453	\$ 17,987,261
Net OPEB Liability as a Percentage of Payroll	416%	483%	507%	311%	379%	447%

*Data for Measurement Periods Ending June 30 were provided by the State.

Notes to Schedule:

Source: GASB 75 report on State of New Jersey State Health Benefits Program; Districts records
Benefit Changes: None

Changes in Assumptions: Assumptions used in calculating the OPEB liability are presented in Note 10.
This schedule is required by GASB 75 to show information for a 10 year period. However, information is currently only available for seven years, additional years will be presented as they become available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**MOUNTAIN LAKES SCHOOL DISTRICT
COUNTY OF MORRIS**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE YEAR ENDED JUNE 30, 2023**

Changes of Benefit Terms and Changes of Assumptions

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

OTHER SUPPLEMENTARY INFORMATION

D. SCHOOL-BASED BUDGET SCHEDULES (IF APPLICABLE)

E. SPECIAL REVENUE FUND

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

	ESEA Title II-A	IDEA Basic	ARP ESSER III	ARP ESSER Learning	ARP ESSER Beyond School	ARP ESSER Mental Health Support	Final Total
REVENUES							
Total Brought Forward Exhibit E-1A	\$ 7,160.83	\$ 281,913.00	\$ 34,458.40	\$ 58,962.00	\$ 5,072.30	\$ 45,000.00	\$ 432,566.53
Federal Sources	107,868.51						107,868.51
State Sources	266,765.83						266,765.83
Local Sources	\$ 374,634.34	\$ 281,913.00	\$ 34,458.40	\$ 58,962.00	\$ 5,072.30	\$ 45,000.00	\$ 807,200.87
EXPENDITURES							
Instruction: (100)	\$ 99,099.00	\$ 205,125.00	\$ 6,278.40	\$ 51,326.00	\$ 5,072.30	\$ 45,000.00	\$ 104,171.30
Salaries of Teachers (101)	35,878.42						241,003.42
Other Purchased Services (400-500 Series)	36,355.62		6,278.40				42,634.02
Supplies and Materials (600a)	4,605.85						4,605.85
General Supplies (610a)	7,246.45						7,246.45
Textbooks (640a)	183,185.34	205,125.00	6,278.40	-	5,072.30	-	399,661.04
Total Instruction	850.00	76,788.00	17,480.00	51,326.00	45,000.00	45,000.00	10,700.00
Support Services: (200)	5,011.29			7,636.00			191,444.00
Salaries of Teachers	1,299.54						73,261.21
Purchased Professional and Technical Services	16,379.27						35,402.29
Purchased Professional - Educational Services	112,395.48	76,788.00	28,180.00	58,962.00	-	45,000.00	1,299.54
Other Purchased Services (400-500 Series)	295,580.82	281,913.00	34,458.40	58,962.00	5,072.30	45,000.00	16,379.27
Supplies and Materials							328,486.31
General Supplies							728,147.35
Scholarship							79,053.52
Total Support Services	79,053.52						443,508.56
Total Expenditures	\$ 522,562.08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 522,562.08
Excess (Deficiency) of Revenues Over/(Under) Expenditures							
Fund Balance, July 1							
Fund Balance, June 30							

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

	Total Brought Forward Exhibit E-1B	Nonpublic Textbooks	Chapter 192	Nonpublic Nursing Services	Nonpublic Technology	Nonpublic Security	Total Carried Forward
	\$	\$	\$	\$	\$	\$	\$
REVENUES							
Federal Sources	\$						\$
State Sources	266,765.83	7,246.45	33,580.21	12,432.00	4,605.85	22,755.00	107,868.51
Local Sources	<u>266,765.83</u>	<u>7,246.45</u>	<u>33,580.21</u>	<u>12,432.00</u>	<u>4,605.85</u>	<u>22,755.00</u>	<u>266,765.83</u>
Total Revenues	<u>\$ 266,765.83</u>	<u>\$ 7,246.45</u>	<u>\$ 33,580.21</u>	<u>\$ 12,432.00</u>	<u>\$ 4,605.85</u>	<u>\$ 22,755.00</u>	<u>\$ 374,634.34</u>
EXPENDITURES							
Instruction: (100)							
Salaries of Teachers (101)	\$ 99,099.00						\$ 99,099.00
Other Purchased Services (400-500 Series)	35,878.42						35,878.42
Supplies and Materials (600a)	36,355.62				4,605.85		36,355.62
General Supplies (610a)		7,246.45					7,246.45
Textbooks (640a)	<u>171,333.04</u>	<u>7,246.45</u>	<u>-</u>	<u>-</u>	<u>4,605.85</u>	<u>-</u>	<u>183,185.34</u>
Total Instruction	<u>\$ 99,099.00</u>	<u>\$ 7,246.45</u>	<u>\$ 33,580.21</u>	<u>\$ 12,432.00</u>	<u>\$ 4,605.85</u>	<u>\$ -</u>	<u>\$ 99,099.00</u>
Support Services: (200)							
Salaries of Teachers							
Purchased Professional and Technical Services			33,580.21	12,432.00		22,755.00	73,261.21
Other Purchased Professional - Educational Services							22,755.00
Other Purchased Services (400-500 Series)							
Supplies and Materials							
Scholarship	16,379.27						16,379.27
Total Support Services	<u>16,379.27</u>	<u>-</u>	<u>33,580.21</u>	<u>12,432.00</u>	<u>-</u>	<u>22,755.00</u>	<u>112,395.48</u>
Total Expenditures	<u>187,712.31</u>	<u>7,246.45</u>	<u>33,580.21</u>	<u>12,432.00</u>	<u>4,605.85</u>	<u>22,755.00</u>	<u>295,580.82</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	79,053.52						79,053.52
Fund Balance, July 1	443,508.56						443,508.56
Fund Balance, June 30	<u>\$ 522,562.08</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,562.08</u>

**MOUNTAIN LAKES SHOOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30 2023**

	HS Services	Lake Drive Services	Wildwood Supplies	Mountain Lakes Education Foundation Grant Services	Grant Services	Lois Gift Entrepre Sal	Grants and Donations	Scholarship Awards	Student Activity Funds	Total Carried Forward
REVENUES										
Federal Sources	42,236.30	738.00	11,339.98	10,949.60	3,600.00	99,099.00	3,370.16		95,432.79	266,765.83
State Sources										
Local Sources										
Total Revenues	\$ 42,236.30	\$ 738.00	\$ 11,339.98	\$ 10,949.60	\$ 3,600.00	\$ 99,099.00	\$ 3,370.16	\$ -	\$ 95,432.79	\$ 266,765.83
EXPENDITURES										
Instruction: (100)										
Salaries of Teachers (101)						99,099.00				99,099.00
Other Purchased Services (400-500 Series)	26,433.42			5,845.00	3,600.00					35,878.42
Supplies and Materials (600a)	15,802.88	738.00	11,339.98	5,104.60			3,370.16			36,355.62
General Supplies (610a)										
Textbooks (640a)										
Total Instruction	42,236.30	738.00	11,339.98	10,949.60	3,600.00	99,099.00	3,370.16	-	-	171,333.04
Support Services: (200)										
Salaries of Teachers										
Purchased Professional and Technical Services										
Purchased Professional - Educational Services										
Other Purchased Services (400-500 Series)										
Supplies and Materials										
Scholarship								16,379.27		16,379.27
Total Support Services	-	-	-	-	-	-	-	16,379.27	-	16,379.27
Facilities Acquisition and Construction:										
Buildings										
Instructional Equipment										
Noninstructional Equipment										
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 42,236.30	\$ 738.00	\$ 11,339.98	\$ 10,949.60	\$ 3,600.00	\$ 99,099.00	\$ 3,370.16	\$ 16,379.27	\$ -	\$ 187,712.31
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,379.27)	\$ 95,432.79	\$ 79,053.52
Fund Balance, July 1									357,957.22	443,508.56
Fund Balance, June 30								\$ 69,172.07	\$ 453,390.01	\$ 522,562.08

F. CAPITAL PROJECTS FUND

MOUNTAIN LAKES BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Project Title/Issue	Approval Date	Original Budgetary Appropriation	Adjusted	Modified Budgetary Authorization	GAAP Expenditures to Date		Balance June 30, 2023
					Prior Years	Current Year	
Various Improvements to Schools	9/26/2017	\$ 17,216,215.00		\$ 17,216,215.00	\$ 16,798,496.94	\$ 42,300.06	\$ 375,418.00
		\$ 17,216,215.00	\$ -	\$ 17,216,215.00	\$ 16,798,496.94	\$ 42,300.06	\$ 375,418.00

**MOUNTAIN LAKES BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Expenditures and Other Financing Uses:	
Facilities Acquisition and Construction Services	\$ 42,300.06
Purchased Professional and Technical Services	<u>-</u>
Total Expenditures and Other Financing Uses	<u>42,300.06</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(42,300.06)
Fund Balance, July 1, 2022	<u>417,503.06</u>
Fund Balance, June 30, 2023	<u><u>\$ 375,203.00</u></u>
 Reconciliation to Governmental Funds Statements (GAAP Basis)	
Fund Balance (Budgetary Basis)	\$ 375,203.00
Less: Encumbrances	<u>19,259.44</u>
Fund Balance Per Governmental Funds (GAAP Basis)	<u><u>\$ 355,943.56</u></u>

**MOUNTAIN LAKES BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS TO SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond Proceeds	\$ 17,216,000.00	\$ -	\$ 17,216,000.00	\$ 17,216,215.00
Total Revenues	<u>17,216,000.00</u>	<u>-</u>	<u>17,216,000.00</u>	<u>17,216,215.00</u>
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	14,852,222.67	42,300.06	14,894,522.73	15,726,215.00
Purchased Professional and Technical Services	<u>1,946,274.27</u>	<u>-</u>	<u>1,946,274.27</u>	<u>1,490,000.00</u>
Total Expenditures	<u>16,798,496.94</u>	<u>42,300.06</u>	<u>16,840,797.00</u>	<u>17,216,215.00</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 417,503.06</u>	<u>\$ (42,300.06)</u>	<u>\$ 375,203.00</u>	<u>\$ -</u>
Additional Project Information:				
Bond Authorization Date	9/26/2017			
Bonds Authorized	\$ 17,216,215.00			
Bonds Issued	\$ 17,216,000.00			
Original Authorized Cost	\$ 17,216,215.00			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 17,216,215.00			
Percentage Increase Over Original				
Authorized Cost	0%			
Percentage Completion	97.82%			
Original Target Completion Date	9/1/2019			
Revised Target Completion Date	6/30/2023			

G. PROPRIETARY FUNDS

ENTERPRISE FUND

**MOUNTAIN LAKES SCHOOL DISTRICT
SCHEDULE OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

NOT APPLICABLE

**MOUNTAIN LAKES SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

NOT APPLICABLE

**MOUNTAIN LAKES SCHOOL DISTRICT
SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2023**

NOT APPLICABLE

INTERNAL SERVICE FUND

H. FIDUCIARY FUNDS (IF APPLICABLE)

**MOUNTAIN LAKES SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2023**

NOT APPLICABLE

I. LONG-TERM DEBT

MOUNTAIN LAKES SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2023

I-1

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2022	Retired/Refunded	Balance June 30, 2023
			Date	Amount				
Refunding Bonds	3/12/2012	\$7,600,000.00	9/15/2023	\$500,000.00	2.250%	\$ 3,545,000.00	\$ 505,000.00	\$ 3,040,000.00
			9/15/2024	510,000.00	2.375%			
			9/15/2025	500,000.00	2.500%			
			9/15/2026	515,000.00	3.000%			
			9/15/2027	505,000.00	3.000%			
			9/15/2028	510,000.00	2.750%			
Refunding Bonds	10/21/2015	2,975,000.00			480,000.00	480,000.00		
District Bonds	8/1/2019	17,216,000.00	8/01/2023	800,000.00	2.000%	16,815,000.00	400,000.00	16,415,000.00
			8/01/2024	750,000.00	2.000%			
			8/01/2025	700,000.00	2.000%			
			8/01/2026	650,000.00	2.000%			
			8/01/2027	625,000.00	2.000%			
			8/01/2028	600,000.00	2.000%			
			8/01/2029	700,000.00	2.000%			
			8/01/2030	725,000.00	2.130%			
			8/01/2031	740,000.00	2.250%			
			8/01/2032	750,000.00	2.380%			
			8/01/2033	760,000.00	2.500%			
			8/01/2034	775,000.00	2.750%			
			8/01/2035	790,000.00	3.000%			
			8/01/36-8/01/38	800,000.00	3.000%			
			8/1/39-8/1/44	775,000.00	3.000%			
						\$20,840,000.00	\$1,385,000.00	\$19,455,000.00

MOUNTAIN LAKES SCHOOL DISTRICT
 SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
 LONG-TERM DEBT
 JUNE 30, 2023

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Amount Outstanding June 30, 2023</u>
Energy Conservation Measures		\$2,107,530.79	\$1,451,341.94	\$ -	\$128,196.39	\$1,323,145.55
			<u>\$1,451,341.94</u>	<u>\$ -</u>	<u>\$128,196.39</u>	<u>\$1,323,145.55</u>

MOUNTAIN LAKES BOARD OF EDUCATION
 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</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 1,731,789.00	\$ -	\$ 1,731,789.00	\$ 1,731,789.00	\$ -
State Sources:					
Debt Service Aid Type II	<u>193,089.00</u>		<u>193,089.00</u>	<u>193,089.00</u>	
Total Revenues	<u>1,924,878.00</u>	<u>-</u>	<u>1,924,878.00</u>	<u>1,924,878.00</u>	<u>-</u>
<u>Expenditures</u>					
Regular Debt Service:					
Redemption of Principal	1,385,000.00		1,385,000.00	1,385,000.00	0.24
Interest	<u>539,969.00</u>		<u>539,969.00</u>	<u>539,968.76</u>	
	<u>1,924,969.00</u>	<u>-</u>	<u>1,924,969.00</u>	<u>1,924,968.76</u>	<u>0.24</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(91.00)		(91.00)	(90.76)	0.24
Fund Balance, July 1	<u>2.94</u>		<u>2.94</u>	<u>2.94</u>	
Fund Balance, June 30	<u>\$ (88.06)</u>	<u>\$ -</u>	<u>\$ (88.06)</u>	<u>\$ (87.82)</u>	<u>\$ 0.24</u>

STATISTICAL SECTION (UNAUDITED)

INTRODUCTION TO THE STATISTICAL SECTION

FINANCIAL TRENDS

MOUNTAIN LAKES SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 12,013,257	\$ 12,676,217	\$ 13,141,991	\$ 13,324,475	\$ 14,445,347	\$ 15,180,790	\$ 6,087,163	\$ 12,123,106	\$ 38,039,249	\$ 19,369,117
Restricted	2,293,586	1,682,162	1,065,893	1,301,170	708,181	93,062	10,488,485	6,534,500	5,090,903	7,520,316
Unrestricted	307,786	(9,470,439)	(9,931,963)	(10,523,023)	(11,173,458)	(10,519,371)	(12,479,671)	(10,894,227)	(30,334,208)	(9,012,901)
Total Governmental Activities Net Position	\$ 14,614,628	\$ 4,887,940	\$ 4,275,921	\$ 4,102,621	\$ 3,980,070	\$ 4,754,481	\$ 4,095,977	\$ 7,763,379	\$ 12,795,944	\$ 17,876,532
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 12,451	\$ 10,573	\$ 8,694	\$ 6,816	\$ 5,237	\$ 3,658	\$ 2,079	\$ 501	\$ 50,888	\$ 134,049
Unrestricted	42,299	39,450	14,388	63,615	70,051	105,890	94,967	34,302		
Total Business-Type Activities Net Position	\$ 54,751	\$ 50,023	\$ 23,082	\$ 70,431	\$ 75,288	\$ 109,548	\$ 97,046	\$ 34,803	\$ 50,888	\$ 134,049
District-Wide:										
Invested in Capital Assets, Net of Related Debt	\$ 12,025,708	\$ 12,686,790	\$ 13,150,686	\$ 13,331,291	\$ 14,450,584	\$ 15,184,448	\$ 6,089,242	\$ 12,123,607	\$ 38,039,249	\$ 19,369,117
Restricted	2,293,586	1,682,162	1,065,893	1,301,170	708,181	93,062	10,488,485	6,534,500	5,090,903	7,520,316
Unrestricted	350,085	(9,430,989)	(9,917,576)	(10,459,409)	(11,103,408)	(10,413,481)	(12,384,704)	(10,859,925)	(30,283,320)	(8,878,852)
Total District Net Position	\$ 14,669,379	\$ 4,937,963	\$ 4,299,003	\$ 4,173,052	\$ 4,055,357	\$ 4,864,029	\$ 4,193,023	\$ 7,798,192	\$ 12,846,832	\$ 18,010,581

Source: ACFR Schedule A-1.

MOUNTAIN LAKES SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
Instruction:										
Regular	\$ 12,866,416	\$ 13,420,468	\$ 13,878,850	\$ 14,322,609	\$ 18,673,350	\$ 17,643,183	\$ 18,033,834	\$ 18,567,673	\$ 19,242,028	\$ 17,617,076
Other Special Education	8,256,534	7,843,678	7,912,680	8,091,790	10,659,810	8,928,285	9,438,025	11,381,233	11,035,679	10,849,624
Vocational							94,494	637,482	748,892	
Other Instruction	1,432,578	1,353,115	1,405,526	1,586,622	1,997,514	1,766,752	1,549,650	1,016,625	1,085,797	1,758,668
Support Services:										
Tuition	828,648.06	759,225.86	983,299.94	984,259.44	902,498.72	705,469.34	817,961	1,144,741	820,018	815,570.97
Student and Instruction Related Services	6,043,712	5,928,242	6,137,788	6,235,017	8,357,945	7,040,085	6,465,956	7,997,375	8,399,735	7,324,229
School Administrative Services	2,172,219	2,174,485	2,155,164	2,124,464	2,899,647	2,508,055	2,427,032	1,849,748	2,686,300	2,674,178
General and Business Administrative Services	1,003,556	979,134	953,397	1,017,842	1,284,884	1,076,135	885,077	893,702	1,013,801	1,117,519
Central Services							438,463	825,947	709,725	782,697
Administration of Information Technology							210		232,346	293,463
Plant Operations and Maintenance	3,853,025	3,699,776	3,737,666	3,941,452	4,640,435	4,479,223	3,707,318	3,465,635	3,732,778	4,250,049
Care and Upkeep of Grounds							89,172	83,285	391,263	
Security									8,219	147,806
Pupil Transportation	488,677	440,794	572,346	357,988	460,156	639,028	588,556	520,585	966,426	809,496
Special Schools	813,038	819,816	805,415	900,849	1,278,137	1,163,897	627,507	228,676	361,040	461,621
Charter Schools							28,327	12,368	18,223	16,173
Capital Outlay -- Non-depreciable						130,593				
SDA Debt Service Assessment	48,298	48,298	48,298	48,298	48,298					48,298
Interest on Long-Term Debt	380,351	353,153	304,204	272,103	250,107	281,423	339,799	818,117	605,660	555,709
Unallocated depreciation							1,093,031	512,452	680,518	680,518
Unallocated amortization expense-Leases									155,388	155,388
Total Governmental Activities Expenses	38,187,052	37,820,196	38,894,634	39,883,294	51,452,782	46,362,129	46,624,412	49,955,644	52,893,836	50,358,082
Business-Type Activities:										
Food Service	676,888	696,682	714,485	715,901	708,266	770,806	451,435	96,298	721,986	820,024
Total Business-Type Activities Expenses	676,888	696,682	714,485	715,901	708,266	770,806	451,435	96,298	721,986	820,024
Total District Expenses	\$ 38,863,940	\$ 38,516,878	\$ 39,609,119	\$ 40,599,194	\$ 52,161,048	\$ 47,132,934	\$ 47,075,847	\$ 50,051,942	\$ 53,615,822	\$ 51,178,106
Program Revenues										
Governmental Activities:										
Charges for Services:										
Special Schools	\$ 660,411	\$ 701,886	\$ 662,978	\$ 693,389	\$ 945,661	\$ 188,136	\$	\$ 483,109	\$ 684,474	\$
Interest on Long-Term Debt	271,895	244,780	163,851	225,890	151,186					
Operating Grants and Contributions	4,926,177	4,515,431	4,604,244	4,814,404	15,907,764	10,073,226	9,118,665	13,686,339	16,752,246	13,156,729
Total Governmental Activities Program Revenues	5,858,482	5,462,097	5,431,072	5,733,684	17,004,612	10,261,362	9,118,665	14,169,448	17,436,720	13,156,729
Business-Type Activities:										
Charges for Services:										
Food Service	611,325	657,036	633,263	720,917	667,976	752,454	414,365	34,009	737,745	861,429
Operating Grants and Contributions	18,217	7,394	4,259	5,910	5,571					
Total Business-Type Activities Program Revenues	629,542	664,419	637,522	726,827	673,547	752,454	414,365	34,009	737,745	861,429
Total District Program Revenues	\$ 6,488,024	\$ 6,126,516	\$ 6,068,594	\$ 6,460,511	\$ 17,678,159	\$ 11,013,815	\$ 9,533,030	\$ 14,203,457	\$ 18,174,465	\$ 14,018,158
Net (Expense)/Revenue										
Governmental Activities	\$(32,328,570)	\$(32,358,100)	\$(33,463,562)	\$(34,149,610)	\$(34,448,170)	\$(36,100,767)	\$(37,505,747)	\$(35,786,196)	\$(35,457,116)	\$(37,201,353)
Business-Type Activities	(47,346)	(32,262)	(76,963)	10,927	(34,718)	(18,352)	(37,070)	(62,289)	15,759	41,405
Total District-Wide Net Expense	\$(32,375,916)	\$(32,390,362)	\$(33,540,525)	\$(34,138,684)	\$(34,482,889)	\$(36,119,119)	\$(37,542,817)	\$(35,848,485)	\$(35,441,357)	\$(37,159,948)

MOUNTAIN LAKES SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 18,559,578	\$ 18,928,914	\$ 19,307,492	\$ 19,810,179	\$ 20,320,489	\$ 20,872,466	\$ 22,420,836	\$ 22,114,825	\$ 22,557,119	\$ 23,008,261
Property Taxes Levied for Debt Service Principal	801,679	772,161	906,596	886,522	872,442	1,048,384		1,617,941	1,757,185	1,731,789
Federal and State Aid - Unrestricted	18,365	46,206	41,639	54,125	93,615	1,071,564	1,036,973	1,163,365	1,257,925	1,804,968
Payments in Lieu of taxes - State Aid Restricted	12,457,874	12,351,081	12,217,727	13,071,877	12,748,296	13,351,783	99,321	173,541	193,471	193,089
Tuition (Other than Special Schools)	643	15,648		5,594	34,769					
Investment Earnings	194,005	434,166	223,111	184,549	144,470	501,320	264,623	50,305	13,048,516	15,086,325
Miscellaneous Income										479,182
Proceeds of Long-Term Debt (Refunding Bonds)					150,374					
Capital Lease Principal Cancelled		126,140								
NJ Schools Development Authority Grants		(27,535)	(50,023)	(36,303)	(38,837)	29,662	(23,463)	(24,259)	(25,774)	(33,538)
Transfers								(307,054)		
Adjustment to Capital Assets										
Total Governmental Activities	<u>32,032,144</u>	<u>32,646,781</u>	<u>32,851,542</u>	<u>33,976,544</u>	<u>34,325,619</u>	<u>36,875,179</u>	<u>36,847,245</u>	<u>38,642,679</u>	<u>38,910,300</u>	<u>42,270,076</u>
Business-Type Activities:										
Investment Earnings		27,535	50,023	119	739	1,681	1,105	45		8,218
Transfers		27,535	50,023	36,303	38,837	50,931	23,463			33,538
Total Business-Type Activities		<u>55,070</u>	<u>100,046</u>	<u>36,422</u>	<u>39,576</u>	<u>52,612</u>	<u>24,568</u>	<u>45</u>	<u>-</u>	<u>41,756</u>
Total District-Wide	<u>\$ 32,032,144</u>	<u>\$ 32,674,316</u>	<u>\$ 32,901,565</u>	<u>\$ 34,012,965</u>	<u>\$ 34,365,194</u>	<u>\$ 36,927,791</u>	<u>\$ 36,871,813</u>	<u>\$ 38,642,724</u>	<u>\$ 38,910,300</u>	<u>\$ 42,311,832</u>
Change in Net Position										
Governmental Activities	\$ (296,425)	\$ 288,681	\$ (612,019)	\$ (173,067)	\$ (122,552)	\$ 774,412	\$ (658,502)	\$ 2,856,483	\$ 3,453,184	\$ 5,068,722
Business-Type Activities	(47,346)	(4,728)	(26,941)	47,348	4,857	34,260	(12,502)	(62,244)	15,759	83,161
Total District	<u>\$ (343,772)</u>	<u>\$ 283,954</u>	<u>\$ (638,960)</u>	<u>\$ (125,718)</u>	<u>\$ (117,694)</u>	<u>\$ 808,672</u>	<u>\$ (671,004)</u>	<u>\$ 2,794,239</u>	<u>\$ 3,468,943</u>	<u>\$ 5,151,884</u>

Source: ACFR Schedule A-2.

MOUNTAIN LAKES SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Reserved	\$2,613,733	\$2,228,812	\$1,546,687	\$2,079,731	\$2,063,994	\$ 2,473,747	\$ 2,250,255	\$2,548,314	\$3,490,583	\$6,701,692
Unreserved (deficit)	639,847	666,105	593,036	788,315	758,578	774,020	805,709	1,367,500	1,444,492	658,430
Total General Fund	<u>\$3,253,580</u>	<u>\$2,894,917</u>	<u>\$2,139,723</u>	<u>\$2,868,046</u>	<u>\$2,822,572</u>	<u>\$ 3,247,767</u>	<u>\$ 3,055,964</u>	<u>\$3,915,814</u>	<u>\$4,935,075</u>	<u>\$7,360,123</u>
All Other Governmental Funds:										
Restricted:										
Reserved	\$ 65,194	\$ 1,478	\$ 16,754	\$ 15,276	\$ (816,622)	\$ (1,667,440)	\$ 8,238,230	\$3,986,186	\$1,600,320	\$ 818,624
Permanent Fund	(945)	(1,145)	(1,245)							
Total All Other Governmental Funds	<u>\$ 64,249</u>	<u>\$ 333</u>	<u>\$ 15,509</u>	<u>\$ 15,276</u>	<u>\$ (816,622)</u>	<u>\$ (1,667,440)</u>	<u>\$ 8,238,230</u>	<u>\$3,986,186</u>	<u>\$1,600,320</u>	<u>\$ 818,624</u>
Total Fund Balances	<u>\$3,317,829</u>	<u>\$2,895,250</u>	<u>\$2,155,232</u>	<u>\$2,883,322</u>	<u>\$2,005,950</u>	<u>\$ 1,580,327</u>	<u>\$11,294,194</u>	<u>\$7,902,000</u>	<u>\$6,535,395</u>	<u>\$8,178,746</u>

Source: ACFR Schedule B-1.

MOUNTAIN LAKES SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	\$ 19,633,152	\$ 19,945,855	\$ 20,377,939	\$ 20,922,591	\$ 21,344,117	\$ 21,920,850	\$ 22,420,836	\$ 23,732,766	\$ 24,314,304	\$ 24,740,050
Tuition Charges	13,118,285	13,052,967	12,880,705	13,765,267	13,693,958	13,351,783	13,048,955	13,854,015	13,048,516	15,086,325
Interest Earnings	643	15,648		5,594	34,789					
Miscellaneous	500,819	718,195	523,399	531,932	460,782	501,320	264,623	50,305	121,858	307,849
State Sources	4,325,690	3,948,194	4,040,885	4,229,337	6,763,323	7,648,380	8,031,462	9,322,362	11,481,574	11,552,200
Federal Sources	312,039	329,414	304,708	291,810	310,968	310,522	342,992	409,725	504,157	432,567
Private Sources						392,724	483,968	794,290	830,159	171,333
Total Revenue	37,890,626	38,010,272	38,127,637	39,746,530	42,607,917	44,125,579	44,592,836	48,163,463	50,300,568	52,290,323
Expenditures										
Instruction:										
Regular Instruction	9,108,416	9,718,636	9,912,453	9,973,199	10,381,534	10,977,489	11,672,070	11,094,223	10,982,761	11,318,563
Special Education Instruction	5,894,284	5,706,632	5,678,702	5,675,156	5,743,785	5,424,366	5,831,147	6,471,827	6,147,639	6,355,885
Other Special Instruction							58,293			
Other Instruction	1,071,020	1,012,606	1,046,062	1,155,399	1,157,146	1,167,749	1,066,147	1,016,625	1,085,797	1,072,078
Support Services:										
Tuition	828,648	759,226	983,300	984,259	902,499	705,469	817,961	1,144,741	820,018	815,571
Student and Instruction Related Services	4,437,379	4,465,769	4,569,703	4,551,604	4,787,118	4,594,232	4,173,283	4,965,010	5,290,219	4,514,215
School Administrative Services	1,557,992	1,587,942	1,557,096	1,504,745	1,565,857	1,552,037	1,868,024	1,365,470	1,468,267	1,519,622
General and Business Administrative Services	764,829	766,411	737,830	786,287	816,677	882,677	702,776	591,470	702,387	798,726
Central Services							277,569	474,672	449,985	450,083
Administration of Information Technology							210	127,482	179,626	179,626
Plant Operations and Maintenance	3,151,721	3,061,331	3,074,671	3,197,175	3,430,281	3,414,579	3,225,230	2,853,503	2,858,697	3,192,106
Care and Upkeep of Grounds							89,172	83,285	324,131	
Security									8,219	83,099
Pupil Transportation	462,327	418,250	550,573	462,555	426,967	605,850	588,556	520,585	966,426	803,679
Employee Benefits	8,740,558	8,267,332	8,385,282	8,550,030	11,177,058	11,994,296	12,264,766	13,991,960	15,248,895	15,605,599
Special Schools	630,664	636,986	647,066	693,389	838,319	857,285	627,507	228,676	361,040	461,621
Charter School							28,327	12,368	18,223	16,173
Capital Outlay	421,838	1,190,849	3,047,530	289,480	1,081,387	1,316,748	7,654,679	5,429,366	2,830,458	1,501,818
Debt Service:										
Principal	790,000	825,000	850,000	880,000	880,000	915,000	915,000	955,000	1,366,000	1,385,000
Interest and Other Charges	392,030	364,030	327,365	278,625	257,825	233,125	210,788	836,482	584,745	539,969
Total Expenditures	38,251,706	38,781,000	41,367,633	38,981,904	43,446,453	44,580,863	52,071,506	52,035,263	51,641,389	50,613,433
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(361,079)	(770,727)	(3,239,996)	764,626	(838,535)	(455,284)	(7,478,669)	(3,871,800)	(1,340,831)	1,676,890

MOUNTAIN LAKES SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses):										
Capital Leases (Nonbudgeted)	\$	\$ 249,543	\$ 2,550,000	\$	\$	\$ 80,593	\$	\$	\$	\$
NJ Economic Development Authority Grants		126,140					17,216,000			
Bond/Refunding Bond Proceeds		(27,535)	(50,023)	(36,303)	(38,837)	(50,931)	(23,463)	(307,054)	(25,774)	(33,538)
Cancellation of Accounts Receivable - Prior Year Transfers Out								(24,289)		
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ (361,079)	\$ (422,579)	\$ (740,019)	\$ 728,323	\$ (877,372)	\$ (425,621)	\$ 9,713,868	\$ (4,203,113)	\$ (1,366,605)	\$ 1,643,351
Debt Service as a Percentage of Noncapital Expenditures						2.65%	2.60%	2.65%		

Source: School District Financial Statements.

Note: Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Miscellaneous</u>	<u>Rentals</u>	<u>Interest</u>	<u>Hearing</u> <u>Impaired</u> <u>School Tuition</u>	<u>Tuition</u>	<u>Annual</u> <u>Totals</u>
2014	\$ 54,005	\$140,000	\$ 643	\$8,965,093	\$4,153,191	\$13,312,932
2015	32,306	140,000	15,648	8,826,917	4,226,170	13,241,042
2016	70,075	140,000		8,391,079	4,166,884	12,768,038
2017	44,549	140,000	29,744	8,984,091	4,769,196	13,967,580
2018	6,018	140,000	34,769	8,851,108	4,843,046	13,874,941
2019	299,758	140,000	61,562	8,471,644	4,880,138	13,853,103
2020	211,023		53,600	8,127,921	5,921,034	14,313,578
2021	561,294		8,575	8,047,628	5,286,824	13,904,321
2022	121,858				13,048,516	13,170,374
2023	259,578	41,131			15,086,325	15,387,034

Source: District Records

REVENUE CAPACITY

MOUNTAIN LAKES SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm	Commercial	Industrial	Total Assessed Value	Utilities	Net Valuation Taxable	Estimate Actual (County Equalized) Valuation	Total Direct School Tax Rate*
2014	\$19,674,200	\$1,070,204,200	\$2,700	\$ 94,307,800	\$3,226,100	\$1,187,415,000	\$1,284,800	\$1,188,699,800	\$1,323,302,228	\$ 1.662
2015	16,352,300	1,075,076,800	2,700	94,294,700	3,226,100	1,188,952,600	803,200	1,189,755,800	1,319,415,553	1.697
2016	14,105,200	1,081,603,000	2,700	94,161,900	3,226,100	1,193,098,900	803,200	1,193,902,100	1,330,295,840	1.730
2017	10,745,400	1,089,417,800	2,700	93,676,200	3,226,100	1,197,068,200	803,200	1,197,871,400	1,324,676,089	1.765
2018	9,869,400	1,093,227,900	2,700	93,587,200	3,226,100	1,199,913,300	803,200	1,200,716,500	1,353,122,934	1.802
2019	11,969,400	1,088,312,200	1,500	87,913,100	3,226,100	1,191,422,300	803,200	1,192,225,500	1,343,655,471	1.859
2020	11,634,500	1,083,844,800	1,500	85,543,300	3,226,100	1,184,250,200	803,200	1,185,053,400	1,270,912,810	1.947
2021	9,197,100	1,110,953,200	1,400	94,351,900	3,226,100	1,217,662,400	803,200	1,218,465,600	1,315,205,618	1.972
2022	4,474,000	1,166,208,000	1,400	104,817,000	3,393,000	1,278,893,400	803,200	1,279,696,600	1,326,326,175	1.917
2023	4,279,100	1,283,703,500	1,400	121,181,900	3,748,000	1,412,913,900	803,200	1,413,717,100	1,445,988,204	1.774

(1) Revaluation effective

Source: Municipal Tax Assessor; Abstract of Ratables

*Tax rates per \$100

**Data not available

**MOUNTAIN LAKES SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (Rate per \$100 of Assessed Value)
 (Unaudited)**

Calendar Year	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	
2014	\$ 1.562	\$0.100	\$ 1.662	\$ 0.480	\$ 0.290	\$ 2.432
2015	1.597	0.100	1.697	0.490	0.280	2.467
2016	1.630	0.100	1.730	0.510	0.280	2.520
2017	1.668	0.097	1.765	0.520	0.290	2.575
2018	1.707	0.095	1.802	0.530	0.300	2.632
2019			1.859	0.560	0.290	2.709
2020	1.840	0.110	1.950	0.570	0.280	2.800
2021	1.880	0.090	1.970	0.560	0.270	2.800
2022	1.780	0.136	1.917	0.527	0.267	2.711
2023	1.654	0.120	1.774	0.494	0.260	2.528

Source: Municipal Tax Assessor

**Data not available

**MOUNTAIN LAKES SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

	2023		2014	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Sunrise of Mountain Lakes Propco LL	\$ 19,728,200	1.40%		0.00%
Blue 701 LLC	14,533,800	1.03%		0.00%
ETLSLN-US LLC	9,324,400	0.66%		0.00%
Euroimmun US Real Estate, LLC	6,687,000	0.47%		0.00%
Mtn Lakes RTYLLC	5,635,800	0.40%		0.00%
ML Mansion on 46 LLC	4,614,300	0.33%		0.00%
Deluxe Manufacturing Operations Inc	4,259,500	0.30%		0.00%
Zeris Brothers, Inc	4,004,000	0.28%		0.00%
Mountain Lake Trust	2,798,000	0.20%		0.00%
Individual Taxpayer 1	2,756,400	0.19%		0.00%
	<u>\$ 74,341,400</u>	<u>5.26%</u>	<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

**Data not available

**MOUNTAIN LAKES SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected Within the Fiscal of the Levy	
		<u>Amount</u>	<u>Percentage of Levy</u>
2014	\$19,761,187	\$19,761,187	100.00%
2015	20,190,214	20,161,897	99.86%
2016	20,650,265	20,650,265	100.00%
2017	21,139,353	21,133,353	99.97%
2018	21,626,484	21,626,484	100.00%
2019	22,170,843	22,170,843	100.00%
2020	23,076,801	23,076,801	100.00%
2021	24,023,533	24,023,533	100.00%
2022	24,527,177	24,527,177	100.00%
2023	25,081,164	25,081,164	100.00%

Source: District Records

DEBT CAPACITY

**MOUNTAIN 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	Per Capita
	General Obligation Bonds	Certificates Participation	Capital Leases	Bond/Grant Anticipation Notes			
2014	\$ 11,415,000	\$	\$	\$	\$ 11,415,000	3.00%	\$ 2,674
2015	10,590,000		199,634		10,789,634	3.20%	2,532
2016	9,535,000		2,675,148		12,210,148	3.61%	2,848
2017	8,655,000		2,493,186		11,148,186	3.00%	2,573
2018	7,775,000		2,157,439		9,932,439	2.78%	2,286
2019	6,860,000		1,890,646		8,750,646	2.40%	2,014
2020	23,161,000		1,736,098		24,897,098	2.37%	5,896
2021	22,206,000		1,572,068		23,778,068	2.38%	5,665
2022	20,840,000		1,451,342		22,291,342	**	**
2023	19,455,000		1,323,146		20,778,146	**	**

Source: District Records.

MOUNTAIN LAKES SCHOOL DISTRICT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2014	\$ 11,415,000	\$	\$ 11,415,000	0.96%	\$ 2,678
2015	10,590,000		10,590,000	0.89%	2,470
2016	9,535,000		9,535,000	0.80%	2,201
2017	8,655,000		8,655,000	0.72%	1,992
2018	7,775,000		7,775,000	0.65%	1,789
2019	6,860,000		6,860,000	0.58%	1,624
2020	23,161,000		23,161,000	1.95%	5,518
2021	22,206,000		22,206,000	1.82%	4,864
2022	20,840,000		20,840,000	1.63%	4,532
2023	19,455,000		19,455,000	**	**

Source: District Records

**Data not available

**MOUNTAIN LAKES SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVENMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2023
(Unaudited)**

Net Direct Debt of School District as of December 31, 2022*		
Net Overlapping Debt of School District:		
Borough of Mountain Lakes (100%)	\$ 14,452,723	
County of Morris - Borough's Share (1.313%) of \$253,387,954	<u>3,326,983.84</u>	
Total Direct and Overlapping Bonded Debt as of December 31, 2022*		<u>\$ 17,779,706.84</u>

Source: Municipal and County Annual Debt Statements

*Data not available for 2023

**MOUNTAIN LAKES SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST NINE FISCAL YEARS
(Unaudited)**

	Fiscal Year Ending June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 51,934,036	\$52,297,612	\$52,687,105	\$52,752,352	\$53,658,316	\$53,373,917	\$52,253,384	\$51,747,820	\$53,557,385
Total Net Debt Applicable to Limit	11,415,000	10,590,000	9,535,000	8,655,000	7,775,000	6,860,000	23,161,000	22,206,000	20,840,000
Legal Debt Margin	\$ 40,519,036	\$41,707,612	\$43,152,105	\$44,097,352	\$45,883,316	\$46,513,917	\$29,092,384	\$29,541,820	\$32,717,385
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	21.98%	20.25%	18.10%	16.41%	14.49%	12.85%	44.32%	42.91%	38.91%

Legal Debt Margin Calculation for Fiscal Year 2022*

Equalized Valuation Basis:

2020	\$1,270,109,610
2021	1,314,402,418
2022	1,432,291,858

Average Equalized Valuation of Taxable Property

	\$1,338,934,629
--	-----------------

Debt Limit (4% of Average Equalization Value)

	\$ 53,557,385
--	---------------

Total Net Debt Applicable to Limit

	20,840,000
--	------------

Legal Debt Margin

	\$ 32,717,385
--	---------------

*Data not available for 2023

DEMOGRAPHIC AND ECONOMIC INFORMATION

**MOUNTAIN LAKES SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	a <u>Population</u>	b <u>Personal Income</u>	c County <u>Per Capita Personal Income</u>	d <u>Unemployment Rate</u>
2014	4,245	\$357,760,110	\$ 84,278	4.30%
2015	4,245	374,825,010	88,298	3.40%
2016	4,286	391,106,072	91,252	3.00%
2017	4,290	401,303,760	93,544	3.00%
2018	4,261	414,356,684	97,244	3.00%
2019	4,216	417,974,240	99,140	2.40%
2020	4,197	429,046,719	102,227	5.30%
2021	4,565	491,956,355	107,767	3.80%
2022	4,598	**	**	2.70%
2023	**	**	**	**

Source:

a Population information provided by the NJ Department of Labor and Workplace Development.

b Personal income has been estimated based upon the municipal population and per capita personal income presented.

c Per capita personal income by municipality source is U.S. Census Data.

d Unemployment information provided by the NJ Department of Labor and Workplace Development.

**Data not available

MOUNTAIN LAKES SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Employer</u>	<u>2023</u>		<u>2013</u>	
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Employees</u>	<u>Rank (Optional)</u>
	*	*	*	*

Source: Mountain Lakes Borough

**Data not available

OPERATING INFORMATION

**MOUNTAIN LAKES SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

	Fiscal Year Ending June 30,									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Function/Program										
Instruction:										
Regular	114	115	115	118	118	160	113	130	117	113
Special Education	124	125	125	127	127	22	99	87	80	84
Other Instruction						50	2			
Support Services:										
Student and Instruction Related Services	76	81	83	85	85	29	59	80	52	46
School Administrative Services	19	19	19	19	19	28	14	13	12	13
General and Business Administrative Services	9	9	8	8	9	8	19	15	9	10
Plant Operations and Maintenance	26	26	26	26	27	23	25	24	23	24
Total	<u>368</u>	<u>375</u>	<u>376</u>	<u>383</u>	<u>385</u>	<u>320</u>	<u>331</u>	<u>349</u>	<u>293</u>	<u>290</u>

Source: District Personnel Records

**MOUNTAIN LAKES SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	a/b. Operating Expenditures	c. Cost Per Pupil	Percenta Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment	Average Daily Attendance	Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School	High School				
2014	\$ 36,647,838	\$ 23,122	-0.55%	229	1:14	1:11	1:10	1,585	1,514	-3.2%	95.5%
2015	34,894,272	22,426	-3.01%	240	1:14	1:11	1:10	1,556	1,488	-1.8%	95.6%
2016	37,142,739	24,213	7.97%	240	1:14	1:11	1:10	1,534	1,466	-1.4%	95.6%
2017	37,533,800	23,547	-2.75%	245	1:14	1:11	1:10	1,594	1,525	3.9%	95.7%
2018	38,717,153	25,289	7.40%	246	1:14	1:11	1:10	1,531	1,457	-4.0%	95.2%
2019	41,498,671	26,149	3.40%	182	1:11	1:13	1:13	1,574	1,502	2.8%	95.4%
2020	43,291,040	29,774	13.86%	165	1:10	1:19	1:10	1,549	1,491	-1.6%	96.3%
2021	44,814,416	30,321	1.84%	160	1:12	1:10	1:10	1,477	1,434	-4.6%	97.1%
2022	46,860,196	31,684	4.49%	160	1:11	1:9	1:10	1,413	1,329	-4.3%	94.0%
2023	46,474,879	32,891	3.81%	170	**	**	**	1,395	1,330	-1.3%	95.4%

Sources: District Records and NJDOE

- Note:** a. Enrollment based on annual October district count.
 b. Operating expenditures equal total expenditures less debt service and capital outlay.
 c. Cost per pupil represents operating expenditures divided by enrollment.

**Data not available

MOUNTAIN LAKES SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>Elementary</u>										
<u>Wildwood Elementary</u>										
Square Feet	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Capacity (Students)	625	625	625	625	625	625	625	625	625	625
Enrollment	468	456	455	450	465	454	454	441	448	449
<u>Middle School</u>										
<u>Briarcliff Middle School</u>										
Square Feet	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600
Capacity (Students)	269	269	269	269	269	269	269	269	269	269
Enrollment	310	304	317	315	307	292	292	273	262	273
<u>High School</u>										
<u>Mountain Lakes High School</u>										
Square Feet	150,000	150,000	150,000	150,000	150,000	160,000	160,000	160,000	160,000	160,000
Capacity (Students)	750	750	750	750	750	750	750	750	750	750
Enrollment	677	672	672	675	721	726	726	674	622	593
<u>Lake Drive School for Deaf and Hard of Hearing Children</u>										
Square Feet	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500
Capacity (Students)	194	194	194	194	194	194	194	194	194	194
Enrollment	80	123	118	116	115	103	103	91	81	80
<u>Other</u>										
Central Administration Square Feet	1,186	1,186	1,186	1,186	1,186	1,186	1,186	2,040	2,040	2,040
Number of Schools at June 30, 2023										
Elementary = 1										
Middle = 1										
High School = 1										
Special Ed School = 1										

Source: District Records

MOUNTAIN LAKES SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Gross Building Area (SF)										
	Ten Year Total										
		\$ 1,418,892	\$ 1,321,757	\$ 1,342,540	\$ 3,286,689						
		\$ 43,000	\$ 21,600	\$ 14,500	\$ 160,000						
	Pending Projects (w/DOE Project #)										
		\$ 149,416	\$ 125,295	\$ 137,391	\$ 148,714	\$ 151,544	\$ 185,013	\$ 208,697	\$ 91,831	\$ 102,061	\$ 118,930
		92,935	80,719	80,783	104,359	105,076	237,391	193,282	120,350	137,782	169,080
		135,419	90,512	121,260	112,107	141,627	221,149	216,316	81,991	96,915	125,244
		386,888	352,239	387,523	421,874	472,293	243,902	31,170	280,373	318,984	391,443
		\$ 764,658	\$ 648,765	\$ 726,957	\$ 787,054	\$ 870,540	\$ 887,455	\$ 649,465	\$ 574,545	\$ 655,742	\$ 804,697
	Total School Facilities										
		\$ 7,369,878									

School Facilities:
Wildwood Elementary
Briarcliff Middle
Lake Drive School
M. L. High School

Source: District Records

**MOUNTAIN LAKES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group		
School Package Policy:		
Property - Blanket Building and Contents	\$ 72,911,169	\$ 5,000
General Liability Coverage:		
Products Completed Operations Aggregate Limit	3,000,000	
Personal and Advertising Injury Limit	1,000,000	5,000
Each Occurrence Liability	1,000,000	1,000
Damage to Premises Rented to you Limit	1,000,000	
Medical Expense Limit	10,000	
School Leaders Errors and Omissions Liability		5,000 *
Annual Aggregate	3,000,000	-
Employment-Related Practices		5,000 *
Employee Benefit Programs		1,000 *
Cyber Suite		10,000 *
Crime Coverage - Public Employee Dishonesty	100,000	-
Electronic Data Processing	1,450,000	1,000
Automobile	1,000,000	250
Commercial Liability Umbrella	15,000,000	10,000
 Berkeley Life and Health Insurance Company		
Student Accident Insurance - Compulsory Coverage	1,000,000	
 Firemen's Fund Indemnity Corporation		
Excess Umbrella Liability	50,000,000	
 Morris Essex Worker's Compensation Joint Insurance Fund		
Worker's Compensation Insurance	100,000/500,000/100,000	
 Utica National Insurance Group		
Surety Bonds:		
Treasurer	300,000	500
School Business Administrator	120,000	500

*Coverage is included in the General Liability Coverage

Source: District records

SINGLE AUDIT SECTION

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mountain Lakes School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Mountain Lakes School District's basic financial statements, and have issued our report thereon dated January 19, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

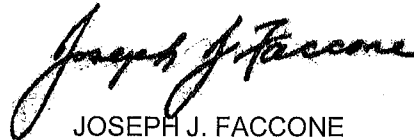
As part of obtaining reasonable assurance about whether the Mountain Lakes School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Purpose of This Report

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



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI
Licensed Public School Accountant #194

Newark, New Jersey
January 19, 2024

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Mountain Lakes School District's compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Mountain Lakes School District's major state programs for the year ended June 30, 2023. The Mountain Lakes School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Mountain Lakes School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 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 as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; and New Jersey's OMB Circular 15-08, *State Grants, and State Aid*. Our responsibilities under those standards, and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

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

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

Other Matters

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

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

Report on Internal Control over Compliance

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

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

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

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



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI
Licensed Public School Accountant #194

Newark, New Jersey
January 19, 2024

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

YEAR ENDED JUNE 30, 2023

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$ (18,388.00) for the general fund and \$ (18,474.36) for the special revenue fund. See Note 2 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 11,251,242.06	\$ 11,251,242.06
Special Revenue Fund	432,566.53	107,868.51	540,435.04
Debt Service		193,089.00	193,089.00
	<hr/>	<hr/>	<hr/>
Totals	<u>\$432,566.53</u>	<u>\$ 11,552,199.57</u>	<u>\$ 11,984,766.10</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans payable outstanding to federal or state entities at June 30, 2023.

6. OTHER

The amount reported as TPAF Post-Retirement Medical Benefit Contributions, Teacher's Pension Contributions and Noncontributory Insurance Contributions represents the amounts paid directly by the State On-Behalf of the District for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023

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

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

8. DE MINIMIS INDIRECT COST RATE

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

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

Section I - Summary of Auditor's Results

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report Issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified _____ Yes √ No

2) Significant deficiencies identified? _____ Yes √ None Reported

Noncompliance material to basis financial statements noted? _____ Yes √ No

State Financial Assistance

Internal control over major programs:

1) Material weakness(es) identified _____ Yes √ No

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes √ None Reported

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

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

Identification of major programs:

<u>State Grant Number(s)</u>	<u>Name of State Program</u>
23-495-034-5120-089	Categorical Special Education Aid
23-495-034-5094-003	Reimbursed TPAF Social Security

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

Auditee qualified as low-risk auditee? _____ Yes √ No

Section II - Financial Statement Findings:

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

Section III - State Financial Assistance Findings and Questioned Costs:

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

**MOUNTAIN LAKES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2023**

There were no prior years' findings.

