

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
COUNTY OF BERGEN
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
COUNTY OF BERGEN
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
General Comments:	2
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
P.L. 2020 Chapter 44	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	3-6
Examination of Claims	3
Payroll Account and Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures - General and Administrative Classifications	3
Board Secretary's Records	4
Treasurer's Records	5
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act.	5
Other Special Federal and/or State Projects	5
T.P.A.F. Reimbursement	5-6
School Purchasing Programs:	6-7
Contracts and Agreements Requiring Advertisement for Bids	6-7
School Food Service Fund	7
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	8
Testing for Lead of all Drinking Water in Educational Facilities	8
Facilities and Capital Assets	8
Travel Expense and Reimbursement Policy	8
Management Suggestions	8-9
Status of Prior Year's Findings/Recommendations	9
Schedule of Milk Count Activity (Not Applicable)	
Schedule of Net Cash Resources (Not Applicable)	
Schedule of Audited Enrollments	10-13
Excess Surplus Calculation	14-15
Summary of Recommendations	16

January 12, 2024

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Borough of Franklin Lakes School District in the County of Bergen for the fiscal year ended June 30, 2023, and have issued our report thereon dated January 12, 2024.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated January 12, 2024, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Borough of Franklin Lakes School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Nisivoccia, LLP
NISIVOC CIA, LLP

Kathryn L. Mantell

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's ACFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Nancy Bucci	Treasurer	\$ 250,000
Trenae Lambkin	Board Secretary/School Business Administrator	250,000

P.L. 2020, Chapter 44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the District.

The District data certification was completed by the chief school administrator and Chapter 44 data was submitted timely.

The data certification date does not reflect a submission date later than 60 days after the end of the enrollment period.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and certified by the President of the Board, the School Business Administrator and the Superintendent.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholdings due to the General Fund.

The required certification (E-Cert1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrator) to the New Jersey Department of Treasury was filed by the March 15th due date.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders as of June 30 was made on a test basis for proper classification of orders a reserve for encumbrances and accounts payable.

Classification of General and Administrative Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no significant transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Finding 2023-001:

During our review of the Board Secretary's records, it was noted that there were certain transactions, including a deposit return item and bond sale activity, which were not posted to the accounting records and transaction adjustments for grant activity were not fully posted to the accounting records. This resulted in reconciling items on the bank reconciliation for the General Operating account and variances between the General Operating and Capital Projects accounts and the Treasurer's records.

Recommendation:

It is recommended that more care be taken to ensure that all General Operating account and Capital Projects account transactions are posted and that General Operating account transaction adjustments are fully posted to the accounting records and that reconciling items on the General Operating account bank reconciliation are resolved in a timely manner.

Management's Response:

The District will implement procedures to ensure that all General Operating account and Capital Projects account transactions are posted and that General Operating account transaction adjustments are fully posted to the accounting records and that reconciling items on the General Operating account bank reconciliation are resolved in a timely manner.

Finding 2023-002:

During our review of the Board Secretary's records, it was noted that there were Net Payroll account reconciling items and a number of Payroll Agency account reconciling items identified on the Treasurer's bank reconciliations which have not yet been resolved.

Recommendation:

It is recommended that the reconciling items identified on the Net Payroll and Payroll Agency bank reconciliations be addressed and resolved and that procedures be implemented to ensure timely resolution in the future.

Management's Response:

The District will address and resolve the reconciling items identified on the Net Payroll and Payroll Agency bank reconciliations and will implement procedures to ensure timely resolution in the future.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)

The E.S.E.A. financial exhibits are contained herein within the Special Revenue Section of the District's ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I, Title II and IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for the E.S.E.A. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the ACFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was not remitted to the State of New Jersey prior to the required deadline of October 1, 2023. The revised form was reviewed, and no exceptions were noted.

Finding 2023-003:

During our audit, we noted that the T.P.A.F. Reimbursement form for Federal salary expenditures was submitted to the State of New Jersey after the required deadline.

Recommendation:

It is recommended that the T.P.A.F. Reimbursement form for Federal salary expenditures is completed and submitted to the State of New Jersey by the required deadline.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures (Cont'd)

Management's Response:

The Business Administrator will ensure that the T.P.A.F. Reimbursement form for Federal salary expenditures is submitted by the required deadline.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L. 1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$20,200 for 2022-23.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service (Milk Fund)

The District does not participate in the Child Nutrition Program.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Student Activities records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2022 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, bilingual and low-income students. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures appear to be adequate for the recording of student enrollment data.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2022-2023 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Facilities and Capital Assets

The District currently has no active capital projects; therefore, our procedures did not include a review of the transfer of local funds from the General Fund or from the Capital Reserve account and awarding of contracts for eligible facilities construction.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred.

Our review of the District's travel policies and records revealed compliance with the travel regulations.

Management Suggestions

COVID-19 Federal Funding

It is likely that the District will undergo some review of its COVID-19 federal funding if only at a desk review level by state and/or federal agencies. We strongly suggest that the District ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement.

Additionally, we strongly suggest that the District ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Management Suggestions (Cont'd)

Federal Grant Reimbursements

The District did not draw down federal grant reimbursements on a regular basis for most federal awards during the fiscal year which resulted in a number of federal grants receivable at June 30, 2023. We suggest that the District submit federal grant reimbursements on a regular monthly basis throughout the year.

Status of Prior Year's Findings/Recommendations

The prior year audit finding regarding the T.P.A.F. Reimbursement form was not resolved and is included as a current year recommendation.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022

	2023-2024 Application for State School Aid				Sample for Verification					
	Reported on Revised ASSA		Reported on Workpapers		Sample Selected from Workpapers		Verified per Registers		Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Years Old	1		1		1		1			
Half Day Preschool 4 Years Old	4		4		4		4			
Full Day Preschool 3 Years Old	8		8		8		8			
Full Day Preschool 4 Years Old	17		17		17		17			
Full Day Kindergarten	103		103		103		103			
Grade One	122		122		122		122			
Grade Two	121		121		121		121			
Grade Three	115		115		115		115			
Grade Four	121		121		121		121			
Grade Five	110		110		110		110			
Grade Six	104		104		104		104			
Grade Seven	110		110		110		110			
Grade Eight	108		108		108		108			
Subtotal	1,044		1,044		1,044		1,044			
Special Education:										
Elementary	85		85		9		9			
Middle	58		58		6		6			
Subtotal	143		143		15		15			
Totals	1,187	- 0 -	1,187	- 0 -	1,059	- 0 -	1,059	- 0 -	- 0 -	- 0 -
Percentage Error			0.00%				0.00%			0.00%

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022

	Private Schools for Disabled				Resident Low Income						
	Reported on ASOA Private Schools	Reported on ASOA Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASOA Low Income	Reported on ASOA Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten											
Grade One						2	2		1	1	
Grade Two						3	3		1	1	
Grade Three						6	6		1	1	
Grade Four						7	7				
Grade Five						5	5		1	1	
Grade Six						3	3				
Grade Seven						6	6		1	1	
Grade Eight						4	4				
Subtotal						40	40		5	5	
Special Education:											
Elementary School	2	2				4	4		1	1	
Middle School	3	3	2	2		1	1		1	1	
Subtotal	5	5	2	2		5	5		2	2	
Totals	5	5	2	2	- 0 -	45	45	- 0 -	7	7	- 0 -
Percentage Error			0.00%					0.00%			0.00%

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022

Resident LEP Low Income						
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	2	2				
Grade One	2	2				
Grade Two	4	4		1	1	
Grade Three	1	1				
Grade Four	1	1				
Subtotal	<u>10</u>	<u>10</u>		<u>1</u>	<u>1</u>	
Special Education:						
Elementary School	2	2		1	1	
Subtotal	<u>2</u>	<u>2</u>		<u>1</u>	<u>1</u>	
Totals	<u>12</u>	<u>12</u>	<u>- 0 -</u>	<u>2</u>	<u>2</u>	<u>- 0 -</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

Resident LEP Not Low Income						
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	2	2				
Grade One	2	2		1	1	
Grade Two	4	4		1	1	
Grade Three	1	1				
Grade Four	2	2		1	1	
Subtotal	<u>11</u>	<u>11</u>		<u>3</u>	<u>3</u>	
Totals	<u>11</u>	<u>11</u>	<u>- 0 -</u>	<u>3</u>	<u>3</u>	<u>- 0 -</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022

	Transportation					Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	
Regular - Public Schools	341	341		13	13	
Regular - Special Education	3	3		1	1	
Transported - Non Public	26	26		2	2	
AIL - Non Public	112	112		6	6	
Special Needs - Public	21	21		2	2	
Special Needs - Private	3	3		1	1	
Totals	506	506	- 0 -	25	25	- 0 -
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.1	4.1
Average Mileage - Regular Excluding Grade PK Students	4.1	4.1
Average Mileage - Special Education with Special Needs	4.4	4.4

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2023

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures per the ACFR, Ex. C-1	<u>\$ 41,728,546</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$</u> (B1b)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 7,599,831</u> (B2a)
Assets Acquired Under Financed Purchases and Leases	<u>\$</u> (B2b)
Adjusted 2022-23 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 34,128,715</u> (B3)
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .02]	<u>\$ 682,574</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 682,574</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 402,937</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 1,085,511</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2023 (Per ACFR Budgetary Comparison Schedule C-1)	<u>\$ 10,126,071</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 133,988</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 500,000</u> (C3)
Other Restricted Fund Balances	<u>\$ 7,089,573</u> (C4)
Assigned Fund Balance:	
Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ 1,316,999</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 1,085,511</u> (U1)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ -0- (E)

Recapitulation of Excess Surplus as of June 30, 2023

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 500,000 (C3)

Restricted Excess Surplus [(E)] \$ -0- (E)

Total Excess Surplus [(C3)+(E)] \$ 500,000 (D)

Detail of Allowable Adjustments

Impact Aid \$ - 0 - (H)

Sale & Lease-back \$ - 0 - (I)

Extraordinary Aid \$ 366,788 (J1)

Additional Nonpublic School Transportation Aid \$ 36,149 (J2)

Current Year School Bus Advertising Revenue Realized \$ - 0 - (J3)

Family Crisis Transportation Aid \$ - 0 - (J4)

Supplemental Stabilization Aid (April 2023) and Maintenance Equity Aid (July 2023) \$ - 0 - (J5)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)] \$ 402,937 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:

Approved Unspent Separate Proposal \$ - 0 -

Sale/Lease-back Reserve \$ - 0 -

Capital Reserve \$ 5,501,116

Maintenance Reserve \$ 842,239

Emergency Reserve \$ 312,233

Tuition Reserve \$ - 0 -

Unemployment Compensation \$ 433,985

Other State/Government Mandated Reserve \$ - 0 -

Other Restricted Fund Balances Not Noted Above \$ - 0 -

Total Other Restricted Fund Balances \$ 7,089,573 (C4)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2023

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2023-001: more care be taken to ensure that all General Operating account and Capital Projects account transactions are posted and that General Operating account transaction adjustments are fully posted to the accounting records and that reconciling items on the General Operating account bank reconciliation are resolved in a timely manner.

2023-002: the reconciling items identified on the Net Payroll and Payroll Agency bank reconciliations be addressed and resolved and that procedures be implemented to ensure timely resolution in the future.

2023-003: The T.P.A.F. Reimbursement form for Federal salary expenditures is completed and submitted to the State of New Jersey by the required deadline.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Travel Expense and Reimbursement Policy

None

10. Status of Prior Year's Findings/Recommendations

The prior year audit finding regarding the T.P.A.F. Reimbursement form was not resolved and is included as a current year recommendation.