

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

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025**

**Annual Comprehensive
Financial Report**

of the

Borough of Franklin Lakes School District

Franklin Lakes, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

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

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

FRANKLIN LAKES PUBLIC SCHOOLS

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www.franklinlakes.k12.nj.us

Gregorio Maceri
Superintendent of Schools

Dina Messery
*Board Secretary and
Business Administrator*

October 1, 2025

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

Dear Board Members:

The annual comprehensive financial report of the Borough of Franklin Lakes School District (the "District") for the fiscal year ended June 30, 2025, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2024-2025 fiscal year with an average daily enrollment of 1,166 students, which is an decrease of 28 students from the previous fiscal year's average daily enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: In 2025, Franklin Lakes net assessed valuations increased from \$4,513,685,700 to \$4,547,845,200 and the projected new home developments are still increasing. Standard & Poor's Ratings Services "AA+" rating reflects the District's sizable property tax base with no concentration among leading taxpayers. With good reserves and sound financial operations, the District's outlook remains very stable.

3) MAJOR INITIATIVES: During the 2024-2025 school year the Franklin Lakes Public Schools began two major facilities projects. Those projects included HVAC systems for the gyms, multi-purpose rooms, and libraries as well as new windows for Franklin Avenue Middle School, High Mountain Road School, and Woodside Avenue School. The district continues to train all Special Education K - 8 teachers on Multisensory Reading through IMSE (30 hours). The district adopted Amplify/CKLA and will provide training in the 2025 - 2026 school year through The Reading League and Amplify for all General Education Teachers, Special Education Teachers, Interventionists, and Administrators.

The district also engaged in Academic Parent Engagement through:

- K-5 Family Literacy and Math night, Camp Out Edition.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2025.

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

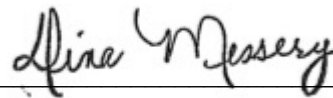
7) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in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

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

Respectfully submitted,

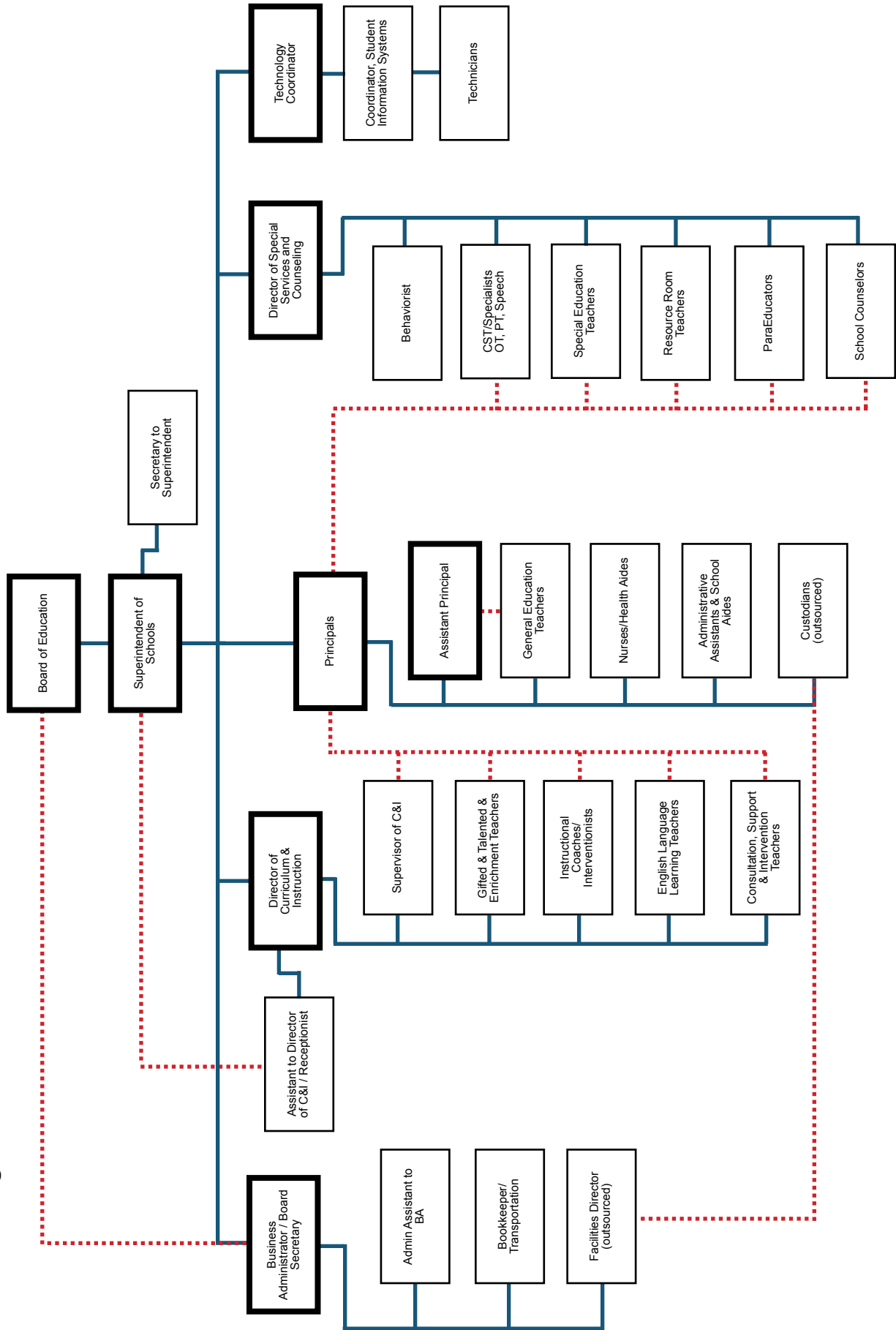


Gregorio Maceri
Superintendent of Schools



Dina Messery
Business Administrator/Board Secretary

Exhibit: Organizational Chart



**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2025**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ari Donio, President	2027
Scott Loia, President	2027
Elisa Billis	2025
Lisa Cardella	2025
Kathryn D'Agostino	2027
SeWhan Kim	2026
Ryan Richman	2026
Carolina Severino	2026
Robert Spiotti	2025

<u>Other Officials</u>	<u>Title</u>
Mr. Gregorio Maceri	Superintendent of Schools
Dina Messery	Board Secretary/School Business Administrator (From September 18, 2024)
Emidio D'Andrea	Interim Board Secretary/School Business Administrator (To September 17, 2024)
Nancy Bucci	Treasurer

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
Consultants and Advisors

Attorney

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

Audit Firm

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

Official Depository

TD Bank
535 East Crescent Avenue
Ramsey, NJ 07446

Bond Counsel

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

Financial Advisor

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, NJ 08505

Investment Advisor

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Franklin Lakes Borough School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the 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, 2025, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
October 1, 2025

Nisivoccia, LLP
NISIVOCIA, LLP

Kathryn L. Mantell

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

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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

This section of the Borough of Franklin Lakes School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the Borough of Franklin Lakes School District’s Financial Report

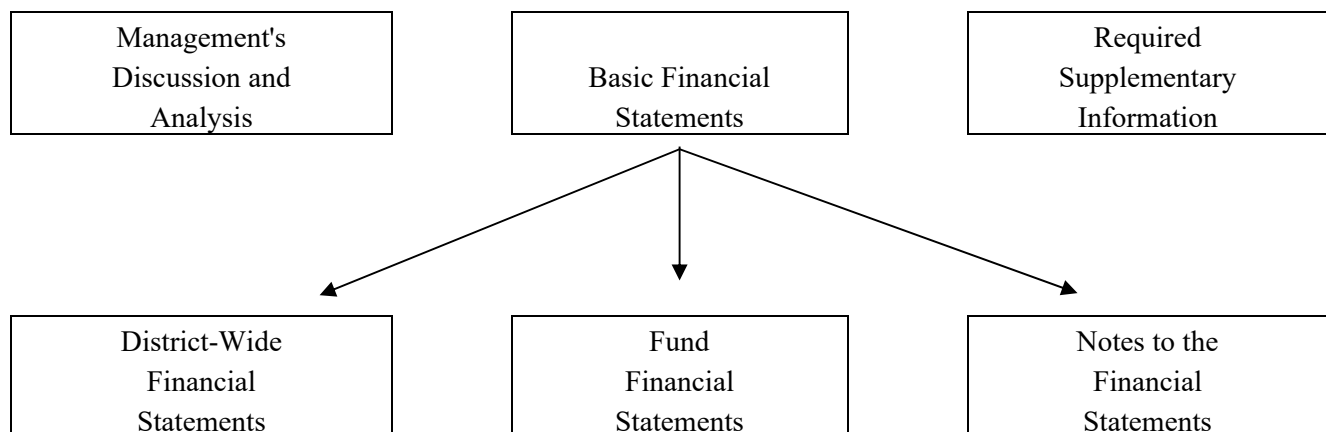


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that not Proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food service
Required Financial Statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$20,981,493 on June 30, 2025, \$407,411 or 1.90% less than it was the year before (See Figure A-3). Net Investment in Capital Assets increased \$73,762, Restricted Net Position decreased \$520,796 and Unrestricted Net Position (Deficit) increased (reduction of deficit) \$39,623.

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

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
Current and Other Assets	\$ 18,046,592	\$ 26,042,758			\$ 18,046,592	\$ 26,042,758	
Capital Assets, Net	30,615,141	24,283,919			30,615,141	24,283,919	
Lease Assets, Net	523,193				523,193		
Total Assets	49,184,926	50,326,677			49,184,926	50,326,677	-2.27%
Deferred Outflows of Resources	1,791,510	1,395,033			1,791,510	1,395,033	28.42%
Other Liabilities	1,991,517	3,084,412			1,991,517	3,084,412	
Long-Term Liabilities	27,615,941	26,705,359			27,615,941	26,705,359	
Total Liabilities	29,607,458	29,789,771			29,607,458	29,789,771	-0.61%
Deferred Inflows of Resources	387,485	543,035			387,485	543,035	-28.64%
Net Position:							
Net Investment in Capital Assets	17,554,114	17,480,352			17,554,114	17,480,352	
Restricted	7,394,706	7,915,502			7,394,706	7,915,502	
Unrestricted (Deficit)	(3,967,327)	(4,006,950)			(3,967,327)	(4,006,950)	
Total Net Position	\$ 20,981,493	\$ 21,388,904	\$ - 0 -	\$ - 0 -	\$ 20,981,493	\$ 21,388,904	-1.90%

Net Investment in Capital Assets increased by \$73,762 primarily due to capital asset additions, reductions in bonds and leases payable and a net increase in lease assets, offset by a new lease payable and depreciation.

Restricted Net Position decreased \$520,796 primarily due to a decrease in Emergency Reserve and net decreases in Maintenance Reserve and Unemployment Compensation, offset by a net increase in Capital Reserve.

Unrestricted Net Position increased \$39,623 primarily due to an excess in anticipated revenue from tuition and interest earnings in the General Fund, interest earnings transferred from the Capital Projects Fund, unexpended budget appropriations and changes in deferred inflows and outflows related to pensions, offset by a net increase in compensated absences payable and an increase in the net pension liability.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
Revenue:							
Program Revenue:							
Charges for Services	\$2,512,476	\$2,662,552	\$ 1,920	\$ 2,385	\$2,514,396	\$2,664,937	
Grants/Contributions:							
Operating	11,906,402	12,452,283			11,906,402	12,452,283	
General Revenue:							
Property Taxes	33,240,472	31,177,701			33,240,472	31,177,701	
Federal/State Aid							
Not Restricted	670,664	655,158			670,664	655,158	
Other	963,736	1,296,536			963,736	1,296,536	
Total Revenue	49,293,750	48,244,230	1,920	2,385	49,295,670	48,246,615	2.17%
Expenses:							
Instruction	30,231,829	29,550,489			30,231,829	29,550,489	
Pupil and Instruction							
Services	7,601,500	8,084,699			7,601,500	8,084,699	
Administrative and							
Business	4,601,327	3,715,796			4,601,327	3,715,796	
Maintenance and							
Operations	4,103,943	3,224,519			4,103,943	3,224,519	
Transportation	1,296,414	1,437,763			1,296,414	1,437,763	
Other	1,838,287	1,904,987	29,781	32,596	1,868,068	1,937,583	
Total Expenses	49,673,300	47,918,253	29,781	32,596	49,703,081	47,950,849	3.65%
Transfers	(27,861)	(30,211)	27,861	30,211			
Increase/(Decrease) in							
Net Position	\$ (407,411)	\$ 295,766	\$ - 0 -	\$ - 0 -	\$ (407,411)	\$ 295,766	-237.75%

Governmental Activities

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

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

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

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other costs.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Governmental Activities

The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

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

	Total Cost of Services		Net Cost of Services	
	2024/2025	2023/2024	2024/2025	2023/2024
Instruction	\$ 30,231,829	\$ 29,550,489	\$ 17,544,207	\$ 15,937,232
Pupil and Instruction Services	7,601,500	8,084,699	6,349,979	6,960,361
Administrative and Business	4,601,327	3,715,796	4,601,327	3,715,796
Maintenance and Operations	4,103,943	3,224,519	4,103,943	3,251,152
Transportation	1,296,414	1,437,763	816,679	1,060,523
Other	1,838,287	1,904,987	1,838,287	1,904,987
	<u>\$ 49,673,300</u>	<u>\$ 47,918,253</u>	<u>\$ 35,254,422</u>	<u>\$ 32,830,051</u>

Business-Type Activities

The District's Business-Type Activities comprise the District's Food Service Enterprise Fund. During the fiscal year, the District collected \$1,920 in milk sales revenue offset by \$29,781 in milk cost of sales which resulted in an operating loss of \$27,861. The Board budgeted a contribution from the General Fund to the Food Service Enterprise Fund to cover the operating loss. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's Fund Balances from its Governmental Funds decreased \$6,876,246 during the fiscal year. The Fund Balance in the General Fund increased \$81,881 primarily due to an excess in anticipated revenue from tuition and interest earnings in the General Fund, interest earnings transferred from the Capital Projects Fund and unexpended budget appropriations. The Fund Balance in the Special Revenue Fund decreased \$5,979. The Fund Balance in the Capital Projects Fund decreased \$(6,952,149) primarily due to project expenditures. The District must continue to practice sound fiscal management and seek alternative revenue sources such as grants and continued support from the Franklin Lakes Education Foundation.

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Allowable and approved appropriation of fund balance for healthcare costs, salaries and special education costs.

The preparation of the 2024/2025 budget was difficult due to rising costs which had to be contained within the maximum 2% CAP increase mandated by the State in the tax levy. This resulted in the need for numerous line-item transfers during the year.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Capital Assets

At year end, the District had \$30,615,141 of capital assets – a \$6,331,222, or 26.07%, increase from last year – as shown in Figure A-6. (More detailed information about the District's capital assets is presented in Note 8 to the Basic Financial Statements).

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

	Governmental Activities		Total School District		Percentage Change
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
Land	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	
Construction in Progress	9,985,020	8,464,567	9,985,020	8,464,567	
Buildings and Building Improvements	18,254,029	13,448,736	18,254,029	13,448,736	
Machinery and Equipment	566,703	561,227	566,703	561,227	
Total Capital Assets (Net of Depreciation)	<u>\$30,615,141</u>	<u>\$24,283,919</u>	<u>\$30,615,141</u>	<u>\$24,283,919</u>	26.07%

During the fiscal year, the District had \$7,425,626 of capital additions, offset by annual depreciation of \$1,094,404.

Long-term Liabilities

At year end, the District had \$27,615,941 of long-term liabilities – an increase of \$910,582, or 3.41% from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 10 to the Basic Financial Statements).

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

	Total School District		Percentage Change
	2024/2025	2023/2024	2024/2025
General Obligation Bonds (Financed with Property Taxes)	\$ 19,400,000	\$ 20,255,000	
Net Pension Liability	6,009,906	5,654,730	
Leases Payable	573,564		
Compensated Absences Payable	1,215,947	489,045	
Arbitrage Rebate Payable	416,524	306,584	
	<u>\$ 27,615,941</u>	<u>\$ 26,705,359</u>	3.41%

The increase in long-term liabilities was primarily due to increases in Leases Payable, the Net Pension Liability, Compensated Absences Payable and Arbitrage Rebate Payable, offset by annual general obligation bond and lease maturities (payments).

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

The driving factors considered by the District's Administration during the process of developing the fiscal year 2024-25 budget were the increase of out-of-district tuition placements for special education students, increasing costs in transportation, health care and custodial (operational) maintenance. The District will have increased demands to properly budget for additional support programs and positions.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 3,856,383	\$ 3,856,383
Investments	6,063,927	6,063,927
Receivable from Federal Government	131,118	131,118
Receivable from State Government	973,812	973,812
Receivable from Local Governments	116,673	116,673
Restricted Assets:		
Cash and Cash Equivalents	6,904,679	6,904,679
Capital Assets:		
Land	1,809,389	1,809,389
Construction-in-Progress	9,985,020	9,985,020
Depreciable Buildings and Building Improvements and Machinery and Equipment	18,820,732	18,820,732
Lease Assets, Net	523,193	523,193
Total Assets	49,184,926	49,184,926
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	1,791,510	1,791,510
Total Deferred Outflows of Resources	1,791,510	1,791,510
LIABILITIES		
Accounts Payable	1,564,397	1,564,397
Payable to State Government	35,158	35,158
Accrued Interest Payable	329,032	329,032
Unearned Revenue	62,930	62,930
Noncurrent Liabilities:		
Due Within One Year	1,062,974	1,062,974
Due Beyond One Year	26,552,967	26,552,967
Total Liabilities	29,607,458	29,607,458
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions	387,485	387,485
Total Deferred Inflows of Resources	387,485	387,485
NET POSITION		
Net Investment in Capital Assets	17,554,114	17,554,114
Restricted for:		
Capital Projects	5,375,000	5,375,000
Debt Service	1	1
Maintenance	1,078,916	1,078,916
Excess Surplus	500,000	500,000
Unemployment Compensation	409,637	409,637
Student Activities	31,152	31,152
Unrestricted (Deficit)	(3,967,327)	(3,967,327)
Total Net Position	\$ 20,981,493	\$ 20,981,493

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

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 20,306,170	\$ 291,688	\$ 5,733,698		\$ (14,280,784)		\$ (14,280,784)
Special Education	8,481,844	2,019,278	4,213,079		(2,249,487)		(2,249,487)
Other Special Instruction	1,247,108		378,112		(868,996)		(868,996)
School-Sponsored Instruction	196,707		51,767		(144,940)		(144,940)
Support Services:							
Tuition	1,829,785		313,567		(1,516,218)		(1,516,218)
Student & Instruction Related Services	5,771,715	156,885	781,069		(4,833,761)		(4,833,761)
General Administrative Services	747,011				(747,011)		(747,011)
School Administrative Services	3,067,134				(3,067,134)		(3,067,134)
Central Services	596,341				(596,341)		(596,341)
Administrative Information Technology	190,841				(190,841)		(190,841)
Plant Operations and Maintenance	4,103,943				(4,103,943)		(4,103,943)
Pupil Transportation	1,296,414	44,625	435,110		(816,679)		(816,679)
Interest and Other Charges	884,672				(884,672)		(884,672)
Unallocated Depreciation	953,615				(953,615)		(953,615)
Total Governmental Activities	49,673,300	2,512,476	11,906,402		(35,254,422)		(35,254,422)

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Business-Type Activities:						
Food Service	\$ 29,781	\$ 1,920			\$ (27,861)	\$ (27,861)
Total Business-Type Activities	29,781	1,920			(27,861)	(27,861)
Total Primary Government	\$ 49,703,081	\$ 2,514,396	\$ 11,906,402	\$ - 0 -	\$ (35,254,422)	(35,282,283)
General Revenue and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net					32,561,322	32,561,322
Taxes Levied for Debt Service					679,150	679,150
Federal and State Aid not Restricted					670,664	670,664
Interest					838,339	838,339
Miscellaneous Income					125,397	125,397
Transfers					(27,861)	27,861
Total General Revenue and Transfers					34,847,011	34,874,872
Change in Net Position					(407,411)	(407,411)
Net Position - Beginning					21,388,904	- 0 -
Net Position - Ending					\$ 20,981,493	\$ - 0 -
					\$ 20,981,493	\$ 20,981,493

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

FUND FINANCIAL STATEMENTS

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 2,683,452		\$ 1,172,930	\$ 1	\$ 3,856,383
Investments			6,063,927		6,063,927
Receivables from Federal Government		\$ 131,118			131,118
Receivables from State Government	973,812				973,812
Receivables from Local Governments	116,673				116,673
Interfund Receivable	525,407				525,407
Restricted Cash and Cash Equivalents	6,863,553	41,126			6,904,679
Total Assets	<u>\$ 11,162,897</u>	<u>\$ 172,244</u>	<u>\$ 7,236,857</u>	<u>\$ 1</u>	<u>\$ 18,571,999</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Interfund Payable		\$ 94,418	\$ 430,989		\$ 525,407
Accounts Payable	\$ 984,572	6,801			991,373
Payable to State Government		35,158			35,158
Unearned Revenue	58,215	4,715			62,930
Total Liabilities	<u>1,042,787</u>	<u>141,092</u>	<u>430,989</u>		<u>1,614,868</u>
Fund Balances:					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures	500,000				500,000
Capital Reserve	5,375,000				5,375,000
Maintenance Reserve	1,078,916				1,078,916
Capital Projects			6,389,344		6,389,344
Debt Service				\$ 1	1
Unemployment Compensation	409,637				409,637
Student Activities		31,152			31,152
Assigned:					
Encumbrances	799,121				799,121
Designated for Subsequent Year's Expenditures	767,066				767,066
Capital Projects			416,524		416,524
Unassigned	<u>1,190,370</u>				<u>1,190,370</u>
Total Fund Balances	<u>10,120,110</u>	<u>31,152</u>	<u>6,805,868</u>	<u>1</u>	<u>16,957,131</u>
Total Liabilities and Fund Balances	<u>\$ 11,162,897</u>	<u>\$ 172,244</u>	<u>\$ 7,236,857</u>	<u>\$ 1</u>	

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

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	30,615,141
Lease Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds	523,193
Certain Amounts Related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows - Pensions	1,218,486
Deferred Inflows - Pensions	(387,485)
Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due.	(329,032)
Long-Term Liabilities, Including Bonds Payable, Leases Payable, the PERS Net Pension Liability, Arbitrage Rebate Liability and Compensated Absences, are not due and payable in the current period and therefore, are not reported as liabilities in the Funds. Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.	(27,615,941)
Net Position of Governmental Activities	<u>\$ 20,981,493</u>

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

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 32,561,322			\$ 679,150	\$ 33,240,472
Tuition from Individuals	291,688				291,688
Tuition from Other LEAs	2,019,278				2,019,278
Transportation Fees	44,625				44,625
Interest Earned on Maintenance Reserve	1,800				1,800
Interest Earned on Capital Reserve Funds	1,800				1,800
Restricted Miscellaneous Revenue		\$ 156,885			156,885
Unrestricted Miscellaneous Revenue	419,207	13,124	\$ 540,929		973,260
Total - Local Sources	35,339,720	170,009	540,929	679,150	36,729,808
State Sources	11,034,144	39,399		555,926	11,629,469
Federal Sources		405,615			405,615
Total Revenues	46,373,864	615,023	540,929	1,235,076	48,764,892
EXPENDITURES:					
Current:					
Regular Instruction	10,384,285	24,932			10,409,217
Special Education Instruction	4,729,839	57,554			4,787,393
Other Special Instruction	641,522				641,522
School-Sponsored/Other Instruction	107,896				107,896
Support Services and Undistributed Costs:					
Tuition	1,516,218	313,567			1,829,785
Student and Other Instruction Related Services	4,695,073	224,949			4,920,022
General Administration Services	558,408				558,408
School Administration Services	1,736,244				1,736,244
Central Services	464,456				464,456
Administrative Information Technology	138,934				138,934
Plant Operations and Maintenance	3,909,651				3,909,651

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Student Transportation	\$ 1,296,414				\$ 1,296,414
Unallocated Benefits	16,001,700				16,001,700
Capital Outlay	114,471		\$ 7,062,089		7,176,560
Debt Service:					
Interest and Other Charges				\$ 780,075	780,075
Principal				855,000	855,000
Total Expenditures	46,295,111	\$ 621,002	7,062,089	1,635,075	55,613,277
Excess/(Deficit) of Revenue Over/(Under) Expenditures	78,753	(5,979)	(6,521,160)	(399,999)	(6,848,385)
OTHER FINANCING SOURCES/(USES):					
Transfers In	430,989			400,000	830,989
Transfers Out	(427,861)		(430,989)		(858,850)
Total Other Financing Sources/(Uses)	3,128	- 0 -	(430,989)	400,000	(27,861)
Net Change in Fund Balances	81,881	(5,979)	(6,952,149)	1	(6,876,246)
Fund Balance - July 1	10,038,229	37,131	13,758,017		23,833,377
Fund Balance - June 30	\$ 10,120,110	\$ 31,152	\$ 6,805,868	\$ 1	\$ 16,957,131

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

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (6,876,246)

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

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

Depreciation Expense	\$ (1,094,404)
Capital Outlays	<u>7,425,626</u>
	6,331,222

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

Amortization expense	(174,397)
Lease asset additions	<u>697,590</u>
	523,193

Leases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term liabilities in the statement of net position and is not reported in the statement of activities.

(697,590)

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

Change in Net Pension Liability
Change in Deferred Outflows
Change in Deferred Inflows

(355,176)
373,453
155,550

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

(726,902)

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Serial Bonds Principal	\$	855,000
Lease Principal	\$	124,026

In the statement of activities, arbitrage rebate liability is accrued, regardless of when due. In the governmental funds, arbitrage rebate payable is reported when due.

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

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

	(4,001)
	<u>\$ (407,411)</u>

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

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Enterprise Funds</u>
	<u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 1,920
Total Operating Revenue	1,920
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	29,781
Total Operating Expenses	29,781
Operating Loss	(27,861)
Change in Net Position Before Transfer	(27,861)
Transfer In - General Fund Board Contribution	27,861
Change in Net Position	- 0 -
Net Position - Beginning of Year	- 0 -
Net Position - End of Year	\$ - 0 -

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

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Enterprise Funds
	<u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,920
Payments to Suppliers	<u>(29,781)</u>
Net Cash Used for Operating Activities	<u>(27,861)</u>
Cash Flows from Noncapital Financing Activities:	
Transfer In - General Fund Board Contribution	<u>27,861</u>
Net Cash Provided by Noncapital Financing Activities	<u>27,861</u>
Net Increase in Cash and Cash Equivalents	- 0 -
Cash and Cash Equivalents, July 1	<u>- 0 -</u>
Cash and Cash Equivalents, June 30	<u><u>\$ - 0 -</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	<u>\$ (27,861)</u>
Net Cash Used for Operating Activities	<u><u>\$ (27,861)</u></u>

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 46,396,046	\$ 615,023
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	162,677	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(184,859)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 46,373,864</u>	<u>\$ 615,023</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 46,295,111</u>	<u>\$ 621,002</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 46,295,111</u>	<u>\$ 621,002</u>

E. Cash and Cash Equivalents and Investments:

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2025.

K. Capital Assets:

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

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

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

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

L. Lease Assets

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

M. Subscription Assets:

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

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District allows employees who provide services to the District over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year and has \$335,117 of accrued salaries and wages for amounts earned but not paid to employees as of June 30, 2025.

P. Compensated Absences:

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

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

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

Q. Leases Payable

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

R. Subscriptions Payable:

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$10,120,110 General Fund fund balance at June 30, 2025 \$5,375,000 is restricted in the capital reserve account; \$1,078,916 is restricted in the maintenance reserve account; \$500,000 is restricted for prior fiscal year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and is appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026; \$409,637 is restricted for unemployment compensation; \$799,121 is assigned for encumbrances; \$767,066 is designated for subsequent year's expenditures; and \$1,190,370 is unassigned which is \$184,859 less than the calculated unassigned fund balance, on a GAAP basis, due to the June state aid payments, which are not recognized until the fiscal year ended June 30, 2026.

Special Revenue Fund: The \$31,152 Special Revenue Fund fund balance at June 30, 2025 is restricted for student activities.

Capital Projects Fund: Of the \$6,805,868 Capital Projects Fund fund balance at June 30, 2025, \$6,389,344 is restricted and \$416,524 is assigned for Arbitrage Rebate Payable.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2025 as outlined above.

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

U. Deficit Net Position:

The District had a \$3,967,327 deficit in unrestricted net position in governmental activities as of June 30, 2025 primarily due to the non-recognition of the June state aid payments as explained in Note 1T above, the accrual of compensated absences payable, accrued interest payable, unassigned and assigned General Fund fund balance, assigned Capital Projects Fund fund balance, deferred outflows and inflows of resources related to pension and the net pension liability. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2025 for the deferred amount with regard to pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2025 related to pensions.

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

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2025.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in the General Fund for year-end encumbrances and for amounts designated for the subsequent year's budget and in the Capital Projects Fund for arbitrage rebate liability at June 30, 2025.

X. Revenue - Exchange and Nonexchange Transactions:

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

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

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

AA. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments

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

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Investments (Cont'd)

- (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) the funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) the designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) the designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) on the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2025, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>		<u>Investments</u>	
	<u>Restricted</u>	<u>Unrestricted</u>	<u>Unrestricted</u>	<u>Total</u>
Checking and Investment Accounts	\$6,904,679	\$ 3,856,383		\$ 10,761,062
NJ/ARM			\$ 6,063,927	6,063,927
	<u>\$6,904,679</u>	<u>\$ 3,856,383</u>	<u>\$ 6,063,927</u>	<u>\$ 16,824,989</u>

During the period ended June 30, 2025, the District held investments in the New Jersey Asset and Rebate Management Program (NJ/ARM). The carrying amount of the District's cash and cash equivalents and investments at June 30, 2025 was \$16,824,989 and the bank balance was \$17,373,959. The \$6,063,927 with NJ/ARM is uninsured and unregistered.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Balance June 30, 2024	\$ 5,273,169
Interest Earnings	1,800
Deposit per Board Resolution (June 2025)	500,031
Budgeted Withdrawal for Debt Service	<u>(400,000)</u>
Balance June 30, 2025	<u>\$ 5,375,000</u>

The June 30, 2025 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District's Long-Range Facilities Plan ("LRFP). Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be reserved and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Balance June 30, 2024	\$ 1,342,239
Interest Earnings	1,800
Deposit per Board Resolution (June 2025)	121,636
Budgeted Withdrawal for Maintenance	<u>(386,759)</u>
Balance June 30, 2025	<u>\$ 1,078,916</u>

NOTE 6: EMERGENCY RESERVE ACCOUNT

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

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

The activity of the emergency reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Balance June 30, 2024	\$ 312,233
Withdrawal by Board Resolution (Commissioner Approved)	<u>(312,233)</u>
Balance June 30, 2025	<u>\$ - 0 -</u>

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2025, the District transferred \$79,555 to the capital outlay accounts; \$44,555 for equipment and \$35,000 for facilities acquisition and construction services. County Superintendent approval was obtained where required.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2025 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,809,389			\$ 1,809,389
Construction in Progress	8,464,567	\$ 7,062,089	\$ (5,541,636)	9,985,020
Total Capital Assets Not Being Depreciated	10,273,956	7,062,089	(5,541,636)	11,794,409
Capital Assets Being Depreciated:				
Buildings and Building Improvements	36,953,546	215,206	5,541,636	42,710,388
Machinery and Equipment	2,066,813	148,331	(88,165)	2,126,979
Total Capital Assets Being Depreciated	39,020,359	363,537	5,453,471	44,837,367
Governmental Activities Capital Assets	49,294,315	7,425,626	(88,165)	56,631,776
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(23,504,810)	(951,549)		(24,456,359)
Machinery and Equipment	(1,505,586)	(142,855)	88,165	(1,560,276)
	(25,010,396)	(1,094,404)	88,165	(26,016,635)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 24,283,919	\$ 6,331,222	\$ - 0 -	\$ 30,615,141

Capital acquisitions totaled \$7,425,626 of current fiscal year capitalized expenditures in the Governmental Activities. As of June 30, 2025, the District had one active construction project for \$21,916,025 with a balance of \$6,389,344, including \$4,548,751 of outstanding construction encumbrances.

Depreciation expense was charged to governmental functions as follows:

Special Education Instruction	\$ 1,142
School-Sponsored Instruction	9,041
Student and Instruction Related Services	34,684
General Administration	54,396
School Administration	10,314
Plant Operations and Maintenance	31,212
Unallocated	953,615
Total Depreciation	\$ 1,094,404

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 9. LEASE ASSETS

Lease asset balances and activity for the fiscal year ended June 30, 2025 were as follows:

	<u>Balance</u> <u>6/30/2024</u>	<u>Increases</u>	<u>Adjustments/</u> <u>Decreases</u>	<u>Balance</u> <u>6/30/2025</u>
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment		\$ 697,590		\$ 697,590
Total Lease Assets Being Amortized		697,590		697,590
Governmental Activities Lease Assets		697,590		697,590
Less Accumulated Amortization for:				
Machinery and Equipment		(174,397)		(174,397)
Governmental Activities Lease Assets, Net of Accumulated Amortization	\$ - 0 -	\$ 523,193	\$ - 0 -	\$ 523,193

Amortization expense was charged to governmental functions as follows:

Regular Instruction	<u>\$ 174,397</u>
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NOTE 10. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2024</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2025</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Serial Bonds Payable	\$ 20,255,000		\$ 855,000	\$ 19,400,000	\$ 875,000
Net Pension Liability	5,654,730	\$ 355,176		6,009,906	
Leases Payable		697,590	124,026	573,564	187,974
Compensated Absences Payable	489,045	746,842	19,940	1,215,947	
Arbitrage Rebate Payable	306,584	109,940		416,524	
	<u>\$ 26,705,359</u>	<u>\$ 1,909,548</u>	<u>\$ 998,966</u>	<u>\$ 27,615,941</u>	<u>\$ 1,062,974</u>

A. Bonds Payable:

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

A. Bonds Payable: (Cont'd)

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

The District had bonds outstanding as of June 30, 2025 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Bonds	08/01/42	3.00-4.00%	<u>\$19,400,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 875,000	\$ 754,125	\$ 1,629,125
2027	885,000	723,300	1,608,300
2028	900,000	687,600	1,587,600
2029	925,000	651,100	1,576,100
2030	950,000	613,600	1,563,600
Thereafter:			
2031-2035	5,115,000	2,471,900	7,586,900
2036-2040	5,845,000	1,378,500	7,223,500
2041-2043	<u>3,905,000</u>	<u>236,100</u>	<u>4,141,100</u>
	<u>\$19,400,000</u>	<u>\$ 7,516,225</u>	<u>\$ 26,916,225</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2025, the Board had \$25 of bonds authorized but not issued associated with the District's January 25, 2022 voter approved bond referendum project.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

C. Compensated Absences:

The liability for compensated absences of the Governmental Fund types is recorded in the current and long-term portions. No portion of compensated absences is currently payable; therefore, the long-term portion of compensated absences is \$1,215,947. The General Fund will be used to liquidate Compensated Absences Payable.

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

D. Leases Payable:

The District had leases outstanding as of June 30, 2025 as follows:

<u>Leases Payable</u>					
Purpose	Date Commenced	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
Computers and Computer Equipment	07/15/24	Annual	07/15/27	1.70%	<u>\$ 573,564</u>

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 187,974	\$ 9,751
2027	191,170	6,555
2028	<u>194,420</u>	<u>3,305</u>
	<u>\$ 573,564</u>	<u>\$ 19,611</u>

E. Unamortized Bond Issuance Premiums:

The District had no unamortized bond issuance premiums at June 30, 2025.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term portions and will be liquidated by the General Fund. No portion of the Net Pension Liability is currently payable; therefore, the long-term portion of the Net Pension Liability is \$6,009,906 at June 30, 2025. See Note 11 for further information on the PERS.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$613,673 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$19,376 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation 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 statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2025, the District reported a liability of \$6,009,906 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.0442% for PERS, which was an increase of 0.0052% from June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension expense of \$428,012. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$19,376 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements. There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

At June 30, 2025, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2020	5.16		\$ 43,674
	2021	5.13	\$ 7,466	
	2022	5.04		24,705
			<u>7,466</u>	<u>68,379</u>
Changes in Proportion	2020	5.16		24,443
	2021	5.13	162,022	
	2022	5.04	118,161	
	2023	5.08	177,613	
	2024	5.08	632,835	
			<u>1,090,631</u>	<u>24,443</u>
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2021	5.00		412,542
	2022	5.00		(654,433)
	2023	5.00		169,706
	2024	5.00		350,848
				<u>278,663</u>
Difference Between Expected and Actual	2020	5.16	2,432	
Experience	2021	5.13		5,938
	2022	5.04		10,062
	2023	5.08	30,915	
	2024	5.08	87,042	
			<u>120,389</u>	<u>16,000</u>
District Contribution Subsequent to the				
Measurement Date	2024	1.00	573,024	
			<u>\$ 1,791,510</u>	<u>\$ 387,485</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ (255,168)
2026	197,440
2027	(113,591)
2028	(65,575)
2029	1,707
	<u>\$ (235,187)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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%

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the noncontributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
District's proportionate share of the			
Net Pension Liability	\$ 7,985,688	\$ 6,009,906	\$ 4,328,527

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

Benefits Provided

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2025, the State of New Jersey contributed \$5,385,786 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of (\$232,241).

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

At June 30, 2025, the District reported a liability of \$63,665,324 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2025, the District's proportion was 0.1288%, which was an increase of 0.0051% from June 30, 2024.

District's Proportionate Share of the Net Pension Liability	\$ - 0 -
State's Proportionate Share of the Net Pension Liability Attributable to the District	<u>63,665,324</u>
Total	<u><u>\$ 63,665,324</u></u>

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of \$232,241 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	8.30		\$480,199,664
	2018	8.29		1,060,765,245
	2019	8.04		1,016,333,107
	2020	7.99	\$603,633,698	
	2021	7.93		7,317,559,989
	2022	7.83	<u>67,989,902</u>	
			<u>671,623,600</u>	<u>9,874,858,005</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2017	8.30	\$8,543,764	
	2018	8.29	186,086,527	
	2019	8.04		\$39,486,140
	2020	7.99		3,217,090
	2021	7.93	97,106,767	
	2022	7.83		12,735,529
	2023	7.93	144,751,819	
	2024	7.84		211,440,707
			<u>436,488,877</u>	<u>266,879,466</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		888,658,452
	2022	5.00		(1,659,667,329)
	2023	5.00		357,972,332
	2024	5.00		816,400,864
				<u>403,364,319</u>
			<u>\$ 1,108,112,477</u>	<u>\$ 10,545,101,790</u>

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

Fiscal Year Ending June 30,	Total
2025	\$ (3,681,028,670)
2026	(1,839,302,001)
2027	(1,977,654,443)
2028	(1,907,819,552)
2029	2,992,761
Thereafter	<u>(34,177,408)</u>
	<u>\$ (9,436,989,313)</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

The actuarial assumptions used in the July 1, 2023 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 pension plan investments (7.00% at June 30, 2024) 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2024 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2024</u>		
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 75,675,251	\$ 63,665,324	\$ 53,550,696

Pension Plan Fiduciary Net Position

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized \$16,757 pension expense for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$21,659 for the year ended June 30, 2025.

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP).

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

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

At June 30, 2023, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	153,556
Active Plan Members	<u>219,185</u>
Total	<u><u>372,741</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

Actuarial Assumptions and Other Inputs

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

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 5.65%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

Balance at June 30, 2023	\$ 53,687,009
Changes for Year:	
Service Cost	2,473,100
Interest	2,063,893
Changes in Assumptions	4,690,698
Differences between Expected and Actual Experience	1,306,279
Member Contributions	53,972
Gross Benefit Payments	<u>(1,576,229)</u>
Net Changes	<u>9,011,713</u>
Balance at June 30, 2024	<u>\$ 62,698,722</u>

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
Total OPEB Liability Attributable to the District	\$ 73,433,631	\$ 62,698,722	\$ 53,971,028

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate (Cont'd)

	June 30, 2024		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 52,228,492	\$ 62,698,722	\$ 76,336,888

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$2,823,428 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

At June 30, 2024 the State had deferred outflows and inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,202,413
	2018	9.51		1,467,951
	2019	9.29	\$ 231,602	
	2020	9.24	5,974,312	
	2021	9.24	35,289	
	2022	9.13		9,588,192
	2023	9.30	87,076	
	2024	9.33	4,187,944	
			<u>10,516,223</u>	<u>12,258,556</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

At June 30, 2024 the State had deferred outflows and inflows of resources related to OPEB associated with the District from the following sources: (Cont'd)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	2018	9.51		\$ 1,387,670
	2019	9.29		2,725,971
	2020	9.24	\$ 5,568,293	
	2021	9.24		6,786,389
	2022	9.13	987,446	
	2023	9.30		808,906
	2024	9.33	149,151	
			<u>6,704,890</u>	<u>11,708,936</u>
Changes in Proportion	N/A	N/A	<u>2,945,795</u>	<u>185,132</u>
			<u>\$ 20,166,908</u>	<u>\$ 24,152,624</u>

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

Fiscal Year Ending June 30,	Total
2025	\$ (2,223,996)
2026	(1,864,834)
2027	(885,737)
2028	232,787
2029	(1,616,302)
Thereafter	<u>(388,297)</u>
	<u>\$ (6,746,379)</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 13. RISK MANAGEMENT

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024-2025	\$ - 0 -	\$ - 0 -	\$ 36,258	\$ 77,351	\$ 409,637
2023-2024	- 0 -	- 0 -	84,936	68,191	450,730
2022-2023	- 0 -	- 0 -	36,028	24,100	433,985

NOTE 14. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 525,407	
Special Revenue Fund		\$ 94,418
Capital Projects Fund		430,989
	<u>\$ 525,407</u>	<u>\$ 525,407</u>

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

During the fiscal year, the General Fund transferred \$27,861 to the Food Service Enterprise Fund for the Board Contribution and \$400,000 to the Debt Service Fund from Capital Reserve for the payment of debt and the Capital Projects Fund transferred \$430,989 of interest earnings to the General Fund.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 15. DEFERRED COMPENSATION

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

AXA Equitable	Mainstay Funds
Valic	Lincoln Investments

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2025:

	<u>Governmental Funds</u>			District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>		
Vendors	\$ 541,659	\$ 6,801	\$ 548,460		\$ 548,460
Payroll Deductions and Withholdings	107,796		107,796		107,796
Accrued Salaries and Wages	335,117		335,117		335,117
Due to State of New Jersey				\$ 573,024	573,024
	<u>\$ 984,572</u>	<u>\$ 6,801</u>	<u>\$ 991,373</u>	<u>\$ 573,024</u>	<u>\$ 1,564,397</u>

NOTE 17. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 17. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2025, there were encumbrances as detailed below in the governmental funds. All the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 799,121	\$ 4,548,751	\$ 5,347,872

The \$4,548,751 of fiscal year-end encumbrances in the Capital Projects Fund are included in the \$6,389,344 restricted fund balance on a GAAP and budgetary basis at June 30, 2025.

NOTE 18. ECONOMIC DEPENDENCY

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

NOTE 19. TAX CALENDAR

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
District's Proportion of the Net Pension Liability	0.0287578055%	0.0289267370%	0.0320458958%	0.0319626397%	0.0358766372%
District's Proportionate Share of the Net Pension Liability	\$ 6,455,551	\$ 8,567,270	\$ 7,459,772	\$ 6,293,284	\$ 6,464,426
District's Covered Employee Payroll	\$ 1,907,591	\$ 2,208,730	\$ 2,171,186	\$ 2,431,573	\$ 2,197,235
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	338.41%	387.88%	343.58%	258.82%	294.21%
Plan Fiduciary Net Position as a % of the Total Pension Liability	47.93%	40.14%	48.10%	53.60%	56.27%

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
District's Proportion of the Net Pension Liability	0.0323751672%	0.0357477756%	0.0374315109%	0.0391884304%	0.0442293633%
District's Proportionate Share of the Net Pension Liability	\$ 5,279,543	\$ 4,234,860	\$ 5,626,452	\$ 5,654,730	\$ 6,009,906
District's Covered Employee Payroll	\$ 2,430,124	\$ 2,686,875	\$ 2,702,459	\$ 3,310,964	\$ 3,269,218
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	217.25%	157.61%	208.20%	170.79%	183.83%
Plan Fiduciary Net Position as a % of the Total Pension Liability	58.32%	70.33%	62.91%	65.23%	68.22%

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 247,240	\$ 256,981	\$ 304,088	\$ 346,264	\$ 351,741
Contributions in relation to the Contractually Required Contribution	(247,240)	(256,981)	(304,088)	(346,264)	(351,741)
Contribution Deficiency/(Excess)	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District's Covered Employee Payroll	\$ 2,208,730	\$ 2,171,186	\$ 2,431,573	\$ 2,197,235	\$ 2,430,124
Contributions as a percentage of Covered Payroll	11.19%	11.84%	12.51%	15.76%	14.47%

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 354,169	\$ 418,648	\$ 470,151	\$ 521,783	\$ 613,673
Contributions in relation to the Contractually Required Contribution	(354,169)	(418,648)	(470,151)	(521,783)	(613,673)
Contribution Deficiency/(Excess)	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District's Covered Employee Payroll	\$ 2,686,875	\$ 2,702,459	\$ 3,310,964	\$ 3,269,218	\$ 3,368,063
Contributions as a percentage of Covered Payroll	13.18%	15.49%	14.20%	15.96%	18.22%

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
State's Proportion of the Net Pension Liability attributable to the District	0.1298212142%	0.1287734377%	0.1310509932%	0.1284517015%	0.1279542263%
State's Proportionate share of the Net Pension Liability attributable to the District	\$ 82,052,551	\$ 101,301,385	\$ 88,359,305	\$ 81,718,213	\$ 78,526,716
District's Covered Employee Payroll	\$ 12,932,849	\$ 13,319,779	\$ 13,290,759	\$ 13,107,406	\$ 12,604,390
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of District's Covered Employee Payroll	634.45%	760.53%	664.82%	623.45%	623.01%
Plan Fiduciary Net Position as a % of the Total Pension Liability	28.71%	22.33%	25.41%	26.49%	26.95%

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
State's Proportion of the Net Pension Liability attributable to the District	0.1240291249%	0.1133397553%	0.1222684250%	0.1237267411%	0.1288117090%
State's Proportionate share of the Net Pension Liability attributable to the District	\$ 81,671,686	\$ 54,488,301	\$ 63,083,680	\$ 63,141,059	\$ 63,665,324
District's Covered Employee Payroll	\$ 13,304,015	\$ 14,120,009	\$ 14,641,735	\$ 15,667,659	\$ 16,335,892
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of District's Covered Employee Payroll	613.89%	385.89%	430.85%	403.00%	389.73%
Plan Fiduciary Net Position as a % of the Total Pension Liability	24.60%	35.52%	32.29%	34.68%	37.99%

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 5,010,047	\$ 7,611,390	\$ 6,121,085	\$ 4,763,886	\$ 4,631,716
Contributions in relation to the Contractually Required Contribution	<u>(1,031,010)</u>	<u>(1,422,524)</u>	<u>(1,891,641)</u>	<u>(2,516,550)</u>	<u>(2,720,433)</u>
Contribution Deficiency/(Excess)	<u>\$ 3,979,037</u>	<u>\$ 6,188,866</u>	<u>\$ 4,229,444</u>	<u>\$ 2,247,336</u>	<u>\$ 1,911,283</u>
District's Covered Employee Payroll	\$ 13,319,779	\$ 13,290,759	\$ 13,107,406	\$ 12,604,390	\$ 13,304,015
Contributions as a percentage of Covered Employee Payroll	37.61%	57.27%	46.70%	37.80%	34.81%

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 5,078,693	\$ 1,282,134	\$ 1,697,758	\$ 1,551,192	\$ (232,241)
Contributions in relation to the Contractually Required Contribution	<u>(3,294,649)</u>	<u>(3,576,967)</u>	<u>(5,058,024)</u>	<u>(5,489,097)</u>	<u>(5,385,786)</u>
Contribution Deficiency/(Excess)	<u>\$ 1,784,044</u>	<u>\$ (2,294,833)</u>	<u>\$ (3,360,266)</u>	<u>\$ (3,937,905)</u>	<u>\$ (5,618,027)</u>
District's Covered Employee Payroll	\$ 14,120,009	\$ 14,641,735	\$ 15,667,659	\$ 16,335,892	\$ 16,908,142
Contributions as a percentage of Covered Employee Payroll	35.97%	8.76%	10.84%	9.50%	-1.37%

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

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

	Fiscal Year Ending June 30,		
	2022	2023	2024
Service Cost	\$ 3,117,949	\$ 2,413,356	\$ 2,473,100
Interest	1,368,888	1,890,791	2,063,893
Changes of Benefit Terms			
Changes in Assumptions	(13,856,651)	108,211	4,690,698
Differences Between Expected and Actual Experience	1,038,853	(953,908)	1,306,279
Member Contributions	43,499	48,454	53,972
Gross Benefit Payments	(1,355,924)	(1,473,902)	(1,576,229)
Net Change in Total OPEB Liability	(9,643,386)	2,033,002	9,011,713
Total OPEB Liability - Beginning	61,297,393	51,654,007	53,687,009
Total OPEB Liability - Ending	<u>\$ 51,654,007</u>	<u>\$ 53,687,009</u>	<u>\$ 62,698,722</u>
District's Covered Employee Payroll *	\$ 16,806,884	\$ 17,344,194	\$ 18,978,623
Total OPEB Liability as a Percentage of Covered Employee Payroll	307%	310%	330%

* - Covered payroll for the fiscal years ending June 30, 2017-2024 is based on the payroll on the June 30, 2016-2023 census data.

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2023 actuarial valuation the salary increases were 2.75 – 5.65% based on years of service while in the July 1, 2022 actuarial valuation the salary increases were 2.75% – 4.25% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2024 was 3.93%. The discount rate for June 30, 2023 was 3.65%, a change of .28%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BUDGETARY COMPARISON SCHEDULES

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 32,561,322		\$ 32,561,322	\$ 32,561,322	
Tuition From Individuals	135,000		135,000	291,688	\$ 156,688
Tuition From Other LEAs Within the State	1,885,457		1,885,457	2,019,278	133,821
Transportation Fees From Individuals	70,000		70,000	44,625	(25,375)
Unrestricted Miscellaneous Revenues	67,241		67,241	419,207	351,966
Interest Earned on Current Expense Emergency Reserve	1,800		1,800		(1,800)
Interest Earned on Maintenance Reserve	1,800		1,800	1,800	
Interest Earned on Capital Reserve Funds	1,800		1,800	1,800	
Total Revenues from Local Sources	34,724,420		34,724,420	35,339,720	615,300
Revenues from State Sources:					
Categorical Transportation Aid	396,954		396,954	396,954	
Extraordinary Aid	300,000		300,000	864,299	564,299
Categorical Special Education Aid	1,377,384		1,377,384	1,377,384	
Categorical Security Aid	115,390		115,390	115,390	
Other State Aids				50,072	50,072
TPAF Post Retirement Contributions (Non-Budgeted)				1,593,225	1,593,225
TPAF Pension Contributions (Non-Budgeted)				5,385,786	5,385,786
TPAF Non-Contributory Insurance (Non-Budgeted)				66,715	66,715
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,097	2,097
Reimbursed TPAF Social Security Contributions				1,204,404	1,204,404
Total Revenues from State Sources	2,189,728		2,189,728	11,056,326	8,866,598
TOTAL REVENUE	36,914,148		36,914,148	46,396,046	9,481,898

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 182,680	\$ 12,697	\$ 195,377	\$ 195,377	
Kindergarten - Salaries of Teachers	738,685	(116,628)	622,057	622,049	\$ 8
Grades 1-5 - Salaries of Teachers	4,547,201	22,097	4,569,298	4,569,157	141
Grades 6-8 - Salaries of Teachers	4,316,766	(20,616)	4,296,150	4,288,910	7,240
Regular Programs - Home Instruction:					
Salaries of Teachers	65,000	(49,950)	15,050	10,246	4,804
Purchased Professional-Educational Services		30,000	30,000	18,826	11,174
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	145,533	29,155	29,155	28,891	264
Other Purchased Services (400-500 series)	795,444	89,217	234,750	234,560	190
General Supplies	65,718	233,451	1,028,895	361,622	667,273
Textbooks		(2,141)	63,577	54,647	8,930
Total Regular Programs - Instruction	10,857,027	227,282	11,084,309	10,384,285	700,024
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	325,364	30,798	356,162	356,162	
Other Salaries for Instruction	476,078	293,684	769,762	739,630	30,132
General Supplies	8,000	(821)	7,179	4,112	3,067
Total Learning and/or Language Disabilities	809,442	323,661	1,133,103	1,099,904	33,199
Resource Room/Resource Center:					
Salaries of Teachers	2,225,113	(80,441)	2,144,672	2,138,944	5,728
General Supplies	4,000	(2,098)	1,902	1,902	
Total Resource Room/Resource Center	2,229,113	(82,539)	2,146,574	2,140,846	5,728

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	\$ 528,320	\$ (47,586)	\$ 480,734	\$ 478,566	\$ 2,168
Other Salaries for Instruction	1,060,388	(385,581)	674,807	671,268	3,539
General Supplies	22,000	(12,070)	9,930	9,929	1
Total Autism	1,610,708	(445,237)	1,165,471	1,159,763	5,708
Preschool Disabilities - Full-Time:					
Salaries of Teachers	289,611	137	289,748	289,747	1
Other Salaries for Instruction		36,049	36,049	36,048	1
General Supplies	1,500	3,100	4,600	3,531	1,069
Total Preschool Disabilities - Full-Time	291,111	39,286	330,397	329,326	1,071
TOTAL SPECIAL EDUCATION - INSTRUCTION	4,940,374	(164,829)	4,775,545	4,729,839	45,706
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	503,246	(245)	503,001	503,000	1
General Supplies	5,000	(5,000)			
Total Basic Skills/Remedial - Instruction	508,246	(5,245)	503,001	503,000	1
Bilingual Education - Instruction:					
Salaries of Teachers	134,458	4,064	138,522	138,522	
General Supplies	5,000	(5,000)			
Total Bilingual Education - Instruction	139,458	(936)	138,522	138,522	
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	86,112	(3,563)	82,549	59,174	23,375
Purchased Services (300-500 series)		4,700	4,700	4,700	
Supplies and Materials	7,030	(7,030)			
Other Objects	400		400		400
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	93,542	(5,893)	87,649	63,874	23,775

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction:					
Salaries	\$ 34,296		\$ 34,296	\$ 28,656	\$ 5,640
Purchased Services (300-500 series)	12,000		12,000	9,307	2,693
Supplies and Materials		\$ 7,030	7,030	6,059	971
Total School-Sponsored Athletics - Instruction	46,296	7,030	53,326	44,022	9,304
TOTAL INSTRUCTION	16,584,943	57,409	16,642,352	15,863,542	778,810
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	481,837	(450,690)	31,147	30,945	202
Tuition to CSSD & Reg. Day Schools		622,906	622,906	582,262	40,644
Tuition to Priv. Sch. for the Handicap. W/I State	1,223,782	(314,064)	909,718	903,011	6,707
Tuition - Other	13,000	(13,000)			
Total Undistributed Expenditures - Instruction	1,718,619	(154,848)	1,563,771	1,516,218	47,553
Undistributed Expend. - Attend. & Social Work:					
Other Purchased Services (400-500 series)	15,750	384	16,134	16,134	
Total Undist. Expend. - Attendance and Social Work	15,750	384	16,134	16,134	
Undistributed Expenditures - Health Services:					
Salaries	392,049	36,916	428,965	421,835	7,130
Purchased Professional and Technical Services		3,325	3,325	3,230	95
Supplies and Materials	72,000	(25,953)	46,047	25,741	20,306
Total Undist. Expenditures - Health Services	464,049	14,288	478,337	450,806	27,531
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	855,963	24,754	880,717	868,397	12,320
Purchased Professional - Educational Services		206,332	206,332	86,873	119,459
Supplies and Materials	2,548	(1,700)	848	142	706
Total Undist. Expend. - Speech, OT, PT, Related Svcs	858,511	229,386	1,087,897	955,412	132,485

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	\$ 173,592	\$ 489,709	\$ 663,301	\$ 643,218	\$ 20,083
Purchased Professional - Educational Services	9,000	56,930	65,930	61,087	4,843
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	182,592	546,639	729,231	704,305	24,926
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	620,897	27,184	648,081	648,081	
Other Purchased Prof. and Tech. Services	38,000	(26,346)	11,654	9,248	2,406
Other Purchased Services (400-500 series)	5,250	85	5,335	5,335	
Supplies and Materials	1,600		1,600		1,600
Total Undist Expend. - Guidance	665,747	923	666,670	662,664	4,006
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	987,777	(36,834)	950,943	918,082	32,861
Salaries of Secretarial and Clerical Assistants	132,546	69	132,615	132,614	1
Other Purchased Prof. and Tech. Services	33,000		33,000	21,150	11,850
Other Purchased Services (400-500 series)		12,215	12,215	5,678	6,537
Supplies and Materials	38,500		38,500	33,724	4,776
Other Objects	4,100		4,100	1,580	2,520
Total Undist Expend. - Child Study Team	1,195,923	(24,550)	1,171,373	1,112,828	58,545
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	20,533	51,690	72,223	72,029	194
Total Undist. Expend. - Improv. of Inst. Serv.	20,533	51,690	72,223	72,029	194

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 533,876	\$ 105,223	\$ 639,099	\$ 639,098	\$ 1
Purchased Professional and Technical Services	12,000	(605)	11,395	10,330	1,065
Other Purchased Services (400-500 series)	15,750	(8,925)	6,825		6,825
Supplies and Materials	33,598		33,598	7,011	26,587
Other Objects	2,140		2,140	2,090	50
Total Undist Expend-Edu. Media Serv./Sch. Library	597,364	95,693	693,057	658,529	34,528
Undist. Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	150,537	(139,403)	11,134	7,581	3,553
Other Purchased Prof. And Tech. Services		30,725	30,725	10,984	19,741
Other Purchased Services (400-500 series)		47,943	47,943	43,778	4,165
Supplies and Materials	2,000		2,000	23	1,977
Total Undist. Expend.-Instructional Staff Training Services	152,537	(60,735)	91,802	62,366	29,436
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	331,089	3,409	334,498	333,924	574
Legal Services	70,000	7,471	77,471	64,497	12,974
Audit Fees	56,000	19,000	75,000	75,000	
Other Purchased Professional Services	29,000	(4,000)	25,000	25,000	
Communications / Telephone	6,500	1,058	7,558	7,161	397
Other Purch. Serv. (400-500 series other than 530 & 585)	33,360	(4,534)	28,826	28,820	6
General Supplies	10,250	(2,578)	7,672	7,058	614
Miscellaneous Expenditures	17,269	(321)	16,948	16,948	
Total Undist. Expend.-Support Serv.-Gen. Admin.	553,468	19,505	572,973	558,408	14,565

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 1,014,298	\$ 205,562	\$ 1,219,860	\$ 1,219,859	\$ 1
Salaries of Other Professional Staff	765	1,609	2,374	2,293	81
Salaries of Secretarial and Clerical Assistants	477,930	4,096	482,026	482,026	
Supplies and Materials	25,150	(6,005)	19,145	18,804	341
Other Objects	19,300	(6,037)	13,263	13,262	1
Total Undist. Expend.-Support Serv.-School Adm.	<u>1,537,443</u>	<u>199,225</u>	<u>1,736,668</u>	<u>1,736,244</u>	<u>424</u>
Undist. Expend. - Central Services:					
Salaries	295,453	44,160	339,613	339,611	2
Purchased Professional Services		87,330	87,330	87,330	
Miscellaneous Purchased Services (400-500 series other than 594)	35,600	(2,649)	32,951	32,910	41
Supplies and Materials	4,689	(84)	4,605	4,605	
Total Undist. Expend. - Central Services	<u>335,742</u>	<u>128,757</u>	<u>464,499</u>	<u>464,456</u>	<u>43</u>
Undist. Expend. - Admin. Info. Technology:					
Salaries	134,550	1,950	136,500	136,500	
Supplies and Materials	6,079	(3,645)	2,434	2,434	
Total Undist. Expend. - Admin. Info. Technology	<u>140,629</u>	<u>(1,695)</u>	<u>138,934</u>	<u>138,934</u>	
Undist. Expend.-Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	278,955	133,256	412,211	385,467	26,744
General Supplies	107,804	2,791	110,595	110,471	124
Other Objects		180	180	180	
Total Undist. Expend. - Required Maint. for School Facilities	<u>386,759</u>	<u>136,227</u>	<u>522,986</u>	<u>496,118</u>	<u>26,868</u>

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries of Non-Instructional Aides	\$ 328,287	\$ 10,215	\$ 338,502	\$ 338,148	\$ 354
Purchased Professional and Technical Services	32,210	17,980	50,190	30,757	19,433
Cleaning, Repair, and Maintenance Services	1,838,112	43,751	1,881,863	1,798,739	83,124
Other Purchased Property Services	50,000	2,600	52,600	51,913	687
Insurance	40,000	224,423	264,423	264,008	415
General Supplies	20,935	3,077	24,012	23,819	193
Energy (Natural Gas)	155,000	(23,270)	131,730	131,322	408
Energy (Electricity)	503,090	(97,462)	405,628	405,337	291
Total Undist. Expend.-Custodial Services	2,967,634	181,314	3,148,948	3,044,043	104,905
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	40,000	(26,700)	13,300	13,300	
Total Care And Upkeep Of Grounds	40,000	(26,700)	13,300	13,300	
Security:					
Purchased Professional and Technical Services		1,000	1,000	987	13
Cleaning, Repair, and Maintenance Services	420,000	(66,377)	353,623	353,623	
General Supplies		1,587	1,587	1,580	7
Total Security	420,000	(63,790)	356,210	356,190	20
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	3,814,393	227,051	4,041,444	3,909,651	131,793
Undist. Expend.-Student Transportation Serv.:					
Management Fee - ESC&CTSA Transportation Program	5,800	6,340	12,140	11,640	500
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	113,191	(184)	113,007	111,419	1,588
Contract. Serv.(Bet. Home & Sch.)-Vendors	655,930	(9,985)	645,945	645,492	453
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	32,000	(8,000)	24,000	23,906	94
Contract. Serv.(Spl. Ed. Students)-Vendors	742,814	(110,473)	632,341	503,957	128,384
Total Undist. Expend.-Student Trans. Serv.	1,549,735	(122,302)	1,427,433	1,296,414	131,019

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 472,500	\$ (47,344)	\$ 425,156	\$ 425,156	
Other Retirement Contributions - PERS	535,000	78,916	613,916	613,673	\$ 243
Other Retirement Contributions - Regular	5,500	11,258	16,758	16,757	1
Workers Compensation	290,000	(76,455)	213,545	213,545	
Health Benefits	5,943,869	585,583	6,529,452	6,418,612	110,840
Tuition Reimbursement	52,000		52,000	31,572	20,428
Other Employee Benefits	68,491	(38,333)	30,158	30,158	
TOTAL UNALLOCATED BENEFITS	<u>7,367,360</u>	<u>513,625</u>	<u>7,880,985</u>	<u>7,749,473</u>	<u>131,512</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,593,225	(1,593,225)
TPAF Pension Contributions (Non-Budgeted)				5,385,786	(5,385,786)
TPAF Non-Contributory Insurance (Non-Budgeted)				66,715	(66,715)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,097	(2,097)
Reimbursed TPAF Social Security Contributions				1,204,404	(1,204,404)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				<u>8,252,227</u>	<u>(8,252,227)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>7,367,360</u>	<u>513,625</u>	<u>7,880,985</u>	<u>16,001,700</u>	<u>(8,120,715)</u>

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 21,170,395	\$ 1,663,036	\$ 22,833,431	\$ 30,317,098	\$ (7,483,667)
TOTAL GENERAL CURRENT EXPENSE	37,755,338	1,720,445	39,475,783	46,180,640	(6,704,857)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures - Admin. Info. Tech.		43,645	43,645		43,645
Undist. Expend. - Required Maint for School Fac.		9,542	9,542		9,542
Undist. Expend. - Custodial Services	67,000	(8,632)	58,368	58,367	1
Total Equipment	67,000	44,555	111,555	58,367	53,188
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services		35,000	35,000	27,070	7,930
Assessment for Debt Service on SDA Funding	29,034		29,034	29,034	
Total Facilities Acquisition and Const. Serv.	29,034	35,000	64,034	56,104	7,930
TOTAL CAPITAL OUTLAY	96,034	79,555	175,589	114,471	61,118
TOTAL EXPENDITURES	37,851,372	1,800,000	39,651,372	46,295,111	(6,643,739)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(937,224)	(1,800,000)	(2,737,224)	100,935	(2,838,159)
Other Financing Sources/(Uses):					
Withdrawal from Capital Reserve - Transfer to Debt Service Fund	(400,000)		(400,000)	(400,000)	
Transfer from Capital Projects Fund - Interest Earnings				430,989	430,989
Transfers to Cover Deficit (Enterprise Fund)	(35,001)		(35,001)	(27,861)	7,140
	(435,001)		(435,001)	3,128	438,129

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,372,225)	\$ (1,800,000)	\$ (3,172,225)	\$ 104,063	\$ 3,276,288
Fund Balance, July 1	10,200,906		10,200,906	10,200,906	
Fund Balance, June 30	<u>\$ 8,828,681</u>	<u>\$ (1,800,000)</u>	<u>\$ 7,028,681</u>	<u>\$ 10,304,969</u>	<u>\$ 3,276,288</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2025-2026				\$ 500,000	
Capital Reserve				5,375,000	
Maintenance Reserve				1,078,916	
Unemployment Compensation				409,637	
Assigned Fund Balance:					
Year End Encumbrances				799,121	
Designated for Subsequent Year's Expenditures				767,066	
Unassigned Fund Balance				<u>1,375,229</u>	
				<u>10,304,969</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(184,859)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 10,120,110</u>	

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 180,703	\$ 180,703	\$ 170,009	\$ (10,694)
State Sources	\$ 129,691	(55,134)	74,557	39,399	(35,158)
Federal Sources	382,008	50,262	432,270	405,615	(26,655)
Total Revenues	511,699	175,831	687,530	615,023	(72,507)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	54,071	10,754	64,825	64,825	
Purchased Professional/Educational Services		18,107	18,107	2,200	15,907
Tuition	294,791	18,856	313,647	313,567	80
General Supplies	10,801	7,972	18,773	14,052	4,721
Textbooks	6,996	(4,439)	2,557	1,409	1,148
Other Objects		1,118	1,118		1,118
Total Instruction	366,659	52,368	419,027	396,053	22,974
Support Services:					
Purchased Professional/Technical Services	4,452	(2,002)	2,450	2,214	236
Purchased Professional/Educational Services	140,588	(54,459)	86,129	42,811	43,318
Other Purchased Services		17,060	17,060	17,060	
Student Activities		162,864	162,864	162,864	
Total Support Services	145,040	123,463	268,503	224,949	43,554
Total Expenditures	511,699	175,831	687,530	621,002	66,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ (5,979)	\$ (5,979)

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from Budgetary Comparison Schedule	\$ 46,396,046	\$ 615,023
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	162,677	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(184,859)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 46,373,864</u>	<u>\$ 615,023</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 46,295,111</u>	<u>\$ 621,002</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 46,295,111</u>	<u>\$ 621,002</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Elementary and Secondary Education Act			
	Title I,	Title II, Part A		Title IV
	Part A	2024-25	2023-24	2023-24
REVENUE:				
Local Sources				
State Sources				
Federal Sources				
Total Revenue	\$ 54,426	\$ 17,322	\$ 998	\$ 408
	54,426	17,322	998	408
EXPENDITURES:				
Instruction:				
Salaries of Teachers	54,426			
Purchased Professional - Educational Services				
Tuition				
General Supplies				408
Textbooks				
Total Instruction	54,426			408
Support Services:				
Purchased Professional and Technical Services		262	998	
Purchased Professional - Educational Services		17,060		
Other Purchased Services				
Student Activities				
Total Support Services		17,322	998	
Total Expenditures	\$ 54,426	\$ 17,322	\$ 998	\$ 408

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	IDEA Part B,		COVID-19		NJ Nonpublic	
	Basic	Preschool	ARP High-Impact Tutoring	Textbook Aid	Nursing Aid	
REVENUE:						
Local Sources						
State Sources						
Federal Sources						
Total Revenue	\$ 319,342	\$ 2,200	\$ 10,399	\$ 1,409	\$ 6,500	
EXPENDITURES:						
Instruction:						
Salaries of Teachers			10,399			
Purchased Professional - Educational Services		2,200				
Tuition	313,567					
General Supplies				1,409		
Textbooks						
Total Instruction	313,567	2,200	10,399	1,409		
Support Services:						
Purchased Professional and Technical Services						6,500
Purchased Professional - Educational Services	5,775					
Other Purchased Services						
Student Activities						
Total Support Services	5,775					6,500
Total Expenditures	\$ 319,342	\$ 2,200	\$ 10,399	\$ 1,409	\$ 6,500	

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	NJ Nonpublic					
	Auxiliary Services			Handicapped Services (Chapter 193)		
	Technology Initiative	Compensatory Education (Chapter 192)	Examination & Classification	Supplementary Instruction	Corrective Speech	
REVENUE:						
Local Sources						
State Sources	\$ 2,214	\$ 4,161	\$ 8,135	\$ 6,030	\$ 7,905	
Federal Sources						
Total Revenue	2,214	4,161	8,135	6,030	7,905	
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional - Educational Services						
Tuition						
General Supplies						
Textbooks						
Total Instruction						
Support Services:						
Purchased Professional and Technical Services	2,214	4,161	8,135	6,030	7,905	
Purchased Professional - Educational Services						
Other Purchased Services						
Student Activities						
Total Support Services	2,214	4,161	8,135	6,030	7,905	
Total Expenditures	\$ 2,214	\$ 4,161	\$ 8,135	\$ 6,030	\$ 7,905	

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Franklin Lakes				
	NJ Nonpublic	Student	Education	Local	
	Security Aid	Activities	Foundation	Sources	Totals
REVENUE:					
Local Sources		\$ 156,885	\$ 7,139	\$ 5,985	\$ 170,009
State Sources	3,045				39,399
Federal Sources					405,615
Total Revenue	3,045	156,885	7,139	5,985	615,023
EXPENDITURES:					
Instruction:					
Salaries of Teachers					64,825
Purchased Professional - Educational Services					2,200
Tuition					313,567
General Supplies			7,139	5,985	14,052
Textbooks					1,409
Total Instruction			7,139	5,985	396,053
Support Services:					
Purchased Professional and Technical Services					2,214
Purchased Professional - Educational Services	3,045				42,811
Other Purchased Services					17,060
Student Activities		162,864			162,864
Total Support Services	3,045	162,864			224,949
Total Expenditures	3,045	162,864	7,139	5,985	621,002

CAPITAL PROJECTS FUND

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Revenue and Other Financing Sources:	
Interest on Investments	\$ 540,929
Total Revenue and Other Financing Sources	540,929
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	191,091
Construction Services	6,870,998
Transfer Out:	
General Fund - Interest Earned	430,989
Total Expenditures	7,493,078
Excess/(Deficit) of Revenue and Other Financing Sources/(Uses)	
Over/(Under) Expenditures	(6,952,149)
Fund Balance - Beginning of Year	13,758,017
Fund Balance - End of Year	\$ 6,805,868
Recapitulation of Fund Balance:	
Restricted Fund Balance	\$ 1,840,593
Restricted - Year-end Encumbrances	4,548,751
Assigned	416,524
Fund Balance per Governmental Funds Budgetary and GAAP	\$ 6,805,868

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ROOF AND MECHANICAL UPGRADES TO THE DISTRICT'S SCHOOL BUILDINGS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 20,916,000		\$ 20,916,000	\$ 20,916,025
Transfer from Capital Reserve	1,000,000		1,000,000	1,000,000
Total Revenue and Other Financing Sources	21,916,000	\$ - 0 -	21,916,000	21,916,025
Expenditures:				
Purchased Professional/Technical Services	1,233,849	191,091	1,424,940	2,373,387
Construction Services	7,230,718	6,870,998	14,101,716	19,542,638
Total Expenditures	8,464,567	7,062,089	15,526,656	21,916,025
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 13,451,433	\$ (7,062,089)	\$ 6,389,344	\$ - 0 -
Additional Project Information:				
Project Number(s)	1580-015-21-1000			
	1580-020-21-1000			
	1580-030-21-1000			
	1580-040-21-1000			
Grant Date(s)	N/A			
Bond Authorization Date	1/25/2022			
Bonds and Notes Authorized	\$ 20,916,025			
Bonds and Notes Issued	\$ 20,916,000			
Original Authorized Cost	\$ 21,916,025			
Change Order Percentage	0%			
Percentage Completion	70.85%			
Original Target Completion Date	8/31/2024			
Revised Target Completion Date	6/30/2026			

PROPRIETARY FUNDS

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Operating Revenue:

Local Sources:

Daily Sales - Non-Reimbursable Programs	\$ 1,920
---	----------

Total Operating Revenue	1,920
-------------------------	-------

Operating Expenses:

Cost of Sales - Non-Reimbursable Programs	29,781
---	--------

Total Operating Expenses	29,781
--------------------------	--------

Operating Loss	(27,861)
----------------	----------

Change in Net Position Before Transfer	(27,861)
--	----------

Transfer In - General Fund Board Contribution	27,861
---	--------

Change in Net Position	- 0 -
------------------------	-------

Net Position - Beginning of Year	- 0 -
----------------------------------	-------

Net Position - End of Year	\$ - 0 -
----------------------------	----------

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,920
Payments to Suppliers	(29,781)
Net Cash Used for Operating Activities	(27,861)
Cash Flows from Noncapital Financing Activities:	
Transfer In - General Fund Board Contribution	27,861
Net Cash Provided by Noncapital Financing Activities	27,861
Net Increase in Cash and Cash Equivalents	- 0 -
Cash and Cash Equivalents, July 1	- 0 -
Cash and Cash Equivalents, June 30	\$ - 0 -
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (27,861)
Net Cash Used for Operating Activities	\$ (27,861)

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM LIABILITIES

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

Maturities of Bonds										
Purpose	Date of Issue	Original Issue	Outstanding		Interest Rate	Balance July 1, 2024	Retired or Matured	Balance June 30, 2025		
			Date	Amount						
School Bonds	11/15/22	\$ 20,916,000	8/1/2025	\$ 875,000	3.00%					
			8/1/2026	885,000	4.00%					
			8/1/2027	900,000	4.00%					
			8/1/2028	925,000	4.00%					
			8/1/2029	950,000	4.00%					
			8/1/2030	970,000	4.00%					
			8/1/2031	1,000,000	4.00%					
			8/1/2032	1,020,000	4.00%					
			8/1/2033	1,050,000	4.00%					
			8/1/2034	1,075,000	4.00%					
			8/1/2035	1,105,000	4.00%					
			8/1/2036	1,135,000	4.00%					
			8/1/2037	1,170,000	4.00%					
			8/1/2038	1,200,000	4.00%					
			8/1/2039	1,235,000	4.00%					
		8/1/2040	1,275,000	4.00%						
		8/1/2041	1,310,000	4.00%						
		8/1/2042	1,320,000	4.00%						
						\$ 20,255,000	\$ 855,000	\$ 19,400,000		
						\$ 20,255,000	\$ 855,000	\$ 19,400,000		

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2024</u>	<u>Issued</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2025</u>
Computers and Computer Equipment	1.70%	\$ 697,590		\$ 697,590	\$ 124,026	\$ 573,564
			\$ - 0 -	\$ 697,590	\$ 124,026	\$ 573,564

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARSION SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 679,150		\$ 679,150	\$ 679,150	
State Sources:					
Debt Service Aid Type II	555,926		555,926	555,926	
Total Revenues	1,235,076		1,235,076	1,235,076	
EXPENDITURES:					
Regular Debt Service :					
Interest	780,076		780,076	780,075	\$ 1
Redemption of Principal	855,000		855,000	855,000	
Total Regular Debt Service	1,635,076		1,635,076	1,635,075	1
Total Expenditures	1,635,076		1,635,076	1,635,075	1
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(400,000)	\$ - 0 -	(400,000)	(399,999)	1
Other Financing Sources:					
Transfer from General Fund: Capital Reserve	400,000		400,000	400,000	
Total Other Financing Sources	400,000		400,000	400,000	
Excess of Revenues and Other Financing Sources Over Expenditures	- 0 -	- 0 -	- 0 -	1	1
Fund Balance, July 1	- 0 -		- 0 -	- 0 -	
Fund Balance, June 30	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 1	\$ 1

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(UNAUDITED)

(Accrual Basis of Accounting)

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 17,671,173	\$ 17,750,489	\$ 17,509,535	\$ 17,417,512	\$ 17,551,192	\$ 17,499,793	\$ 17,230,227	\$ 17,771,750	\$ 17,480,352	\$ 17,554,114
Restricted	3,352,028	3,580,390	3,705,761	4,940,727	6,174,094	7,131,536	8,080,691	7,619,586	7,915,502	7,394,706
Unrestricted (Deficit)	(5,744,529)	(6,536,760)	(6,598,510)	(6,804,518)	(6,903,848)	(5,945,066)	(4,919,085)	(4,298,198)	(4,006,950)	(3,967,327)
Total Governmental										
Activities Net Position	\$ 15,278,672	\$ 14,794,119	\$ 14,616,786	\$ 15,553,721	\$ 16,821,438	\$ 18,686,263	\$ 20,391,833	\$ 21,093,138	\$ 21,388,904	\$ 20,981,493
Business-Type Activities:										
Unrestricted	\$ 1,483	\$ 734	\$ 1,334	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
Total Business-Type										
Activities Net Position	\$ 1,483	\$ 734	\$ 1,334	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District-Wide:										
Net Investment in										
Capital Assets	\$ 17,671,173	\$ 17,750,489	\$ 17,509,535	\$ 17,417,512	\$ 17,551,192	\$ 17,499,793	\$ 17,230,227	\$ 17,771,750	\$ 17,480,352	\$ 17,554,114
Restricted	3,352,028	3,580,390	3,705,761	4,940,727	6,174,094	7,131,536	8,080,691	7,619,586	7,915,502	7,394,706
Unrestricted (Deficit)	(5,743,046)	(6,536,026)	(6,597,176)	(6,804,518)	(6,903,848)	(5,945,066)	(4,919,085)	(4,298,198)	(4,006,950)	(3,967,327)
Total District-Wide Net Position	\$ 15,280,155	\$ 14,794,853	\$ 14,618,120	\$ 15,553,721	\$ 16,821,438	\$ 18,686,263	\$ 20,391,833	\$ 21,093,138	\$ 21,388,904	\$ 20,981,493

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(UNAUDITED)

(Accrual Basis of Accounting)

Fiscal Year Ending June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 16,320,528	\$ 17,670,259	\$ 18,989,979	\$ 16,668,286	\$ 17,366,699	\$ 17,854,795	\$ 17,098,678	\$ 17,398,461	\$ 20,609,818	\$ 20,306,170
Special Education	6,280,209	7,001,062	7,382,611	6,910,092	7,475,298	7,952,005	7,099,369	7,018,137	8,026,523	8,481,844
Other Special Instruction	1,176,165	1,279,602	1,588,672	1,282,379	1,490,981	1,682,115	1,442,316	995,987	789,951	1,247,108
School-Sponsored Instruction	201,257	197,636	216,466	148,087	166,271	46,627	105,769	72,810	124,197	196,707
Support Services:										
Tuition	527,733	786,696	721,217	889,793	761,460	694,627	714,994	848,378	1,325,371	1,829,785
Student & Instruction Related Services	4,523,346	4,788,068	4,841,577	4,497,594	4,972,438	5,190,394	4,870,920	5,703,938	6,759,328	5,771,715
General Administrative Services	548,147	539,252	548,517	502,010	487,951	549,171	637,344	592,345	720,534	747,011
School Administrative Services	1,800,803	2,030,641	2,170,418	1,967,457	2,058,495	2,135,739	1,906,862	2,023,375	2,391,385	3,067,134
Central Services/Admin. Technology	623,656	658,966	631,313	610,140	644,616	634,948	529,859	615,153	603,877	787,182
Plant Operations and Maintenance	3,790,330	3,632,523	3,635,415	4,002,222	3,478,171	3,922,067	3,876,257	4,190,963	3,224,519	4,103,943
Pupil Transportation	799,309	808,209	864,249	1,039,839	960,282	933,892	1,026,138	1,388,636	1,437,763	1,296,414
Interest on Long-Term Debt	166,898	150,103	121,179	96,588	73,532	45,782	15,388	498,104	1,095,792	884,672
Unallocated Depreciation	9,036	6,315	5,801	6,105	15,688	3,058	1,767	4,182	809,195	953,615
Total Governmental Activities Expenses	36,767,417	39,549,332	41,717,414	38,620,592	39,951,882	41,645,220	39,325,661	41,350,469	47,918,253	49,673,300
Business-Type Activities:										
Food Service Enterprise Fund	16,545	10,171	10,266	9,819	6,981	16,743	36,889	31,792	32,596	29,781
Total Business-Type Activities Expenses	16,545	10,171	10,266	9,819	6,981	16,743	36,889	31,792	32,596	29,781
Total District Expenses	36,783,962	39,559,503	41,727,680	38,630,411	39,958,863	41,661,963	39,362,550	41,382,261	47,950,849	49,703,081

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(UNAUDITED)

(Accrual Basis of Accounting)

Fiscal Year Ending June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular					\$ 220,524	\$ 138,841	\$ 224,020	\$ 303,111	\$ 414,709	\$ 291,688
Special Education	\$ 2,016,141	\$ 1,744,354	\$ 2,126,054	\$ 2,290,727	2,237,940	1,956,293	1,590,248	2,250,851	1,999,719	2,019,278
Student and Instruction Related Services						10,965	13,885	16,109	188,649	156,885
Pupil Transportation	68,010	64,172	61,064	45,450	51,423	17,213	21,345	40,760	59,475	44,625
Operating Grants and Contributions	8,441,077	11,194,439	12,122,809	9,861,901	9,898,527	12,166,567	9,135,461	8,227,050	12,452,283	11,906,402
Capital Grants and Contributions			402,766				25,067	26,012		
Total Governmental Activities Program Revenues	10,525,228	13,002,965	14,712,693	12,198,078	12,408,414	14,289,879	11,010,026	10,863,893	15,114,835	14,418,878
Business-Type Activities:										
Charges for Services:										
Food Service Enterprise Fund	3,908	3,410	3,981	3,540	3,013		3,624	2,708	2,385	1,920
Operating Grants and Contributions	6,968	6,012	6,885							
Total Business-Type Activities Revenues	10,876	9,422	10,866	3,540	3,013		3,624	2,708	2,385	1,920
Total District Program Revenues	10,536,104	13,012,387	14,723,559	12,201,618	12,411,427	14,289,879	11,013,650	10,866,601	15,117,220	14,420,798
Net (Expense)/Revenue:										
Governmental Activities	(26,242,189)	(26,546,367)	(27,004,721)	(26,422,514)	(27,543,468)	(27,355,341)	(28,315,635)	(30,486,576)	(32,803,418)	(35,254,422)
Business-Type Activities	(5,669)	(749)	600	(6,279)	(3,968)	(16,743)	(33,265)	(29,084)	(30,211)	(27,861)
Total District Net (Expense)/Revenue	(26,247,858)	(26,547,116)	(27,004,121)	(26,428,793)	(27,547,436)	(27,372,084)	(28,348,900)	(30,515,660)	(32,833,629)	(35,282,283)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(UNAUDITED)

(Accrual Basis of Accounting)

Fiscal Year Ending June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 24,696,449	\$ 25,149,448	\$ 25,652,437	\$ 26,390,486	\$ 27,253,536	\$ 28,141,328	\$ 29,314,084	\$ 29,900,336	\$ 30,498,343	\$ 32,561,322
Taxes Levied for Debt Service	836,650	807,300	780,000	754,600	722,725	694,375	667,600	637,500	679,358	679,150
Federal and State Aid not Restricted	54,985	68,554	69,739	25,431	20,846	20,870	20,863	20,865	655,158	670,664
Interest and Miscellaneous Income	243,307	216,512	145,212	193,877	428,124	148,154	51,923	658,264	1,296,536	963,736
Transfers				(4,945)	(3,968)	(16,743)	(33,265)	(29,084)	(30,211)	(27,861)
Total Governmental Activities	25,831,391	26,241,814	26,647,388	27,359,449	28,421,263	28,987,984	30,021,205	31,187,881	33,099,184	34,847,011
Business-Type Activities:										
Investment Earnings				4,945	3,968	16,743	33,265	29,084	30,211	27,861
Transfers				4,945	3,968	16,743	33,265	29,084	30,211	27,861
Total Business-Type Activities										
Total District General Revenues and Other Changes in Net Position	25,831,391	26,241,814	26,647,388	27,364,394	28,425,231	29,004,727	30,054,470	31,216,965	33,129,395	34,874,872
Change in Net Position:										
Governmental Activities	(410,798)	(304,553)	(357,333)	936,935	877,795	1,632,643	1,705,570	701,305	295,766	(407,411)
Business-Type Activities	(5,669)	(749)	600	(1,334)						
Total District Change in Net Position	\$ (416,467)	\$ (305,302)	\$ (356,733)	\$ 935,601	\$ 877,795	\$ 1,632,643	\$ 1,705,570	\$ 701,305	\$ 295,766	\$ (407,411)

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(UNAUDITED)

(Modified Accrual Basis of Accounting)

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Restricted	\$ 3,352,028	\$ 3,580,390	\$ 3,705,761	\$ 4,940,727	\$ 6,146,555	\$ 7,108,763	\$ 7,233,606	\$ 7,589,573	\$ 7,878,371	\$ 7,363,553
Assigned	329,508	253,177			80,000	30		1,450,987	590,866	1,566,187
Unassigned	544,977	569,187	569,793	657,126	702,976	1,649,019	1,908,321	951,294	1,568,992	1,190,370
Total General Fund	\$ 4,226,513	\$ 4,402,754	\$ 4,275,554	\$ 5,597,853	\$ 6,929,531	\$ 8,757,812	\$ 9,141,927	\$ 9,991,854	\$ 10,038,229	\$ 10,120,110
Other Governmental Funds:										
Restricted					\$ 27,539	\$ 22,773	\$ 847,085	\$ 19,025,172	\$ 13,488,564	\$ 6,420,497
Assigned									306,584	416,524
Committed			\$ 204,217							
Unassigned (Deficit)	\$ (198,549)	\$ (198,549)								
Total Other Governmental Funds	\$ (198,549)	\$ (198,549)	\$ 204,217	\$ - 0 -	\$ 27,539	\$ 22,773	\$ 847,085	\$ 19,025,172	\$ 13,795,148	\$ 6,837,021
Total Governmental Funds:										
Restricted	\$ 3,352,028	\$ 3,580,390	\$ 3,705,761	\$ 4,940,727	\$ 6,174,094	\$ 7,131,536	\$ 8,080,691	\$ 26,614,745	\$ 21,366,935	\$ 13,784,050
Committed			204,217							
Assigned	329,508	253,177			80,000	30		1,450,987	897,450	1,982,711
Unassigned	346,428	370,638	569,793	657,126	702,976	1,649,019	1,908,321	951,294	1,568,992	1,190,370
Total Governmental Funds	\$ 4,027,964	\$ 4,204,205	\$ 4,479,771	\$ 5,597,853	\$ 6,957,070	\$ 8,780,585	\$ 9,989,012	\$ 29,017,026	\$ 23,833,377	\$ 16,957,131

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(UNAUDITED)

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Tax Levy	\$25,533,099	\$25,956,748	\$26,432,437	\$27,145,086	\$27,976,261	\$28,835,703	\$29,981,684	\$30,537,836	\$31,177,701	\$33,240,472
Other Governmental Units - Restricted	143,806	122,902	64,853	66,150						
Tuition Charges	2,016,141	1,744,354	2,126,054	2,290,727	2,458,464	2,095,134	1,814,268	2,553,962	2,414,428	2,310,966
Interest Earnings	13,213	15,044	23,148	62,903	77,407	15,318	8,613	658,235	1,200,671	838,339
Transportation Fees from Individuals	68,010	64,172	61,064	45,450	51,423	17,213	21,345	40,760	59,475	44,625
Restricted Miscellaneous Revenue						10,965	116,998	132,872	188,649	156,885
Unrestricted Miscellaneous Revenue	86,288	78,566	57,211	64,824	350,717	132,836	43,310	91,601	127,452	138,521
State Sources	4,186,233	4,686,656	5,576,091	5,911,482	6,143,362	7,141,698	7,513,688	9,563,644	11,969,771	11,629,469
Federal Sources	330,792	387,471	390,814	391,383	389,519	456,987	850,094	998,604	598,280	405,615
Total Revenues	32,377,582	33,055,913	34,731,672	35,978,005	37,447,153	38,705,854	40,350,000	44,577,514	47,736,427	48,764,892

Expenditures:

Instruction:

Regular Instruction	9,095,364	8,942,625	8,901,711	8,672,080	9,100,732	8,989,698	10,257,596	10,736,334	11,193,388	10,409,217
Special Education Instruction	3,602,531	3,668,974	3,769,787	3,769,563	4,134,211	4,293,398	4,727,932	4,633,754	4,639,709	4,787,393
Other Special Instruction	624,635	606,012	717,743	631,846	735,803	796,923	835,979	591,234	413,602	641,522
Other Instruction	111,792	101,605	104,866	77,948	86,480	23,905	66,240	47,193	73,033	107,896
Support Services:										
Tuition	527,733	786,696	721,217	889,793	761,460	694,627	714,994	848,378	1,325,371	1,829,785
Student & Instruction Related Services	3,383,766	3,376,756	3,427,916	3,198,965	3,546,822	4,022,584	4,079,793	4,526,420	4,900,053	4,920,022
General Administration	401,994	383,195	390,437	378,323	364,589	407,488	513,434	450,650	551,957	558,408
School Administration	1,053,527	1,077,685	1,111,871	1,060,841	1,124,049	1,132,316	1,224,806	1,300,368	1,386,665	1,736,244
Central Services/Administration										
Information Technology	465,808	460,585	431,776	421,352	449,523	464,667	445,643	477,425	466,698	603,390
Operations/Maintenance	2,591,475	2,662,724	2,576,431	2,758,137	3,104,540	2,839,804	2,870,173	3,167,101	3,065,006	3,909,651
Pupil Transportation	791,761	795,221	851,977	1,022,954	942,172	919,042	1,016,568	1,388,636	1,437,763	1,296,414
Unallocated Benefits	8,363,369	9,015,836	10,343,872	10,932,636	11,217,418	11,517,735	11,450,316	14,785,290	15,982,394	16,001,700
Capital Outlay	798,558	194,458	682,708	285,940	647,732	69,034	237,234	2,846,133	5,818,835	7,176,560

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(UNAUDITED)

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenditures:										
Debt Service:										
Principal	\$ 650,000	\$ 640,000	\$ 635,000	\$ 635,000	\$ 630,000	\$ 630,000	\$ 630,000	\$ 625,000	\$ 661,000	\$ 855,000
Interest/Other Charges	186,650	167,300	145,000	119,600	92,725	64,375	37,600	12,500	974,391	780,075
Total Expenditures	32,648,963	32,879,672	34,812,312	34,854,978	36,938,256	36,865,596	39,108,308	46,436,416	52,889,865	55,613,277
Excess (Deficiency) of Revenues Over (Under) Expenditures	(271,381)	176,241	(80,640)	1,123,027	508,897	1,840,258	1,241,692	(1,858,902)	(5,153,438)	(6,848,385)
Other Financing Sources (Uses):										
Bond Proceeds								20,916,000		
Leases	365,795		356,206		464,366					
Transfers In	10	12					1,000,000	426,818	948,055	830,989
Transfers Out	(10)	(12)		(4,945)	(3,968)	(16,743)	(1,033,265)	(455,902)	(978,266)	(858,850)
Total Other Financing Sources (Uses)	365,795	- 0 -	356,206	(4,945)	460,398	(16,743)	(33,265)	20,886,916	(30,211)	(27,861)
Net Change in Fund Balances	\$ 94,414	\$ 176,241	\$ 275,566	\$ 1,118,082	\$ 969,295	\$ 1,823,515	\$ 1,208,427	\$ 19,028,014	\$ (5,183,649)	\$ (6,876,246)
Debt Service as a Percentage of Noncapital Expenditures	2.6 %	2.5 %	2.3 %	2.2 %	2.0 %	1.9 %	1.7 %	1.5 %	3.6 %	3.5 %

Source: Borough of Franklin Lakes School District Financial Reports.

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Transportation Fees	Cancellation of Prior Year's Accounts Payable	Other	Total
2016	\$ 13,203	\$ 2,016,141	\$ 68,010		\$ 230,094	\$ 2,327,448
2017	15,032	1,744,354	64,172		201,465	2,025,023
2018	23,148	2,126,054	61,064		122,064	2,332,330
2019	62,903	2,290,727	45,450		130,974	2,530,054
2020	77,407	2,458,464	51,423	\$ 286,878	63,839	2,938,011
2021	15,318	2,095,134	17,213	119,286	13,550	2,260,501
2022	8,613	1,814,268	21,345	5,505	37,805	1,887,536
2023	231,417	2,553,962	40,760		29	2,826,168
2024	346,032	2,414,428	59,475	2,253	93,612	2,915,800
2025	297,410	2,310,966	44,625	1,995	123,402	2,778,398

Source: Borough of Franklin Lakes School District Financial Reports.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Direct School Tax Rate ^b	Actual (County Equalized Value)
2015	\$51,052,600	\$ 3,593,943,600	\$ 3,470,900	\$ 18,800	\$403,874,900	\$ 31,751,400	\$38,139,400	\$ 4,122,251,600	\$ - 0 -	\$ 4,122,251,600	\$ 199,925,300	0.617	\$ 4,358,772,529
2016	56,235,500	3,609,749,700	3,470,900	18,800	381,718,500	30,724,200	38,139,400	4,120,057,000	- 0 -	4,120,057,000	203,901,300	0.625	4,482,738,039
2017	40,151,200	3,648,064,000	3,470,900	18,800	397,446,900	30,424,200	56,562,000	4,176,138,000	- 0 -	4,176,138,000	203,692,200	0.627	4,454,241,736
2018	82,541,900	3,673,967,200	3,470,900	18,800	368,932,500	30,424,200	56,562,000	4,215,917,500	- 0 -	4,215,917,500	205,335,400	0.627	4,481,279,626
2019	98,737,600	3,687,397,300	4,177,300	14,500	368,418,200	30,374,200	56,562,000	4,245,681,100	- 0 -	4,245,681,100	206,449,600	0.650	4,466,941,701
2020	87,722,600	3,752,064,600	2,069,100	13,400	368,820,100	30,374,200	56,562,000	4,297,626,000	- 0 -	4,297,626,000	208,472,300	0.661	4,403,249,770
2021	74,774,200	3,832,547,800	2,069,100	13,400	368,820,100	30,374,200	56,562,000	4,365,160,800	- 0 -	4,365,160,800	208,625,100	0.674	4,413,159,164
2022	58,261,500	3,906,254,900	2,069,100	13,400	387,461,900	30,374,200	56,562,000	4,440,997,000	- 0 -	4,440,997,000	210,157,700	0.682	4,683,803,478
2023	48,635,300	3,971,651,400	2,069,100	16,300	387,481,300	30,374,200	73,458,100	4,513,685,700	- 0 -	4,513,685,700	206,382,500	0.691	4,944,492,082
2024	44,103,400	4,010,796,200	2,069,100	16,300	387,027,900	30,374,200	73,458,100	4,547,845,200	- 0 -	4,547,845,200	207,039,200	0.702	5,562,460,285

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

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

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

Source: Borough of Franklin Lakes Tax Assessor.

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

(Rate per \$100 of Assessed Value)

Year Ended December 31,	Franklin Lakes School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Borough of Franklin Lakes	Ramapo- Indian Hills Regional School	Bergen County	
2015	\$ 0.593	\$ 0.024	\$ 0.617	\$ 0.277	\$ 0.451	\$ 0.254	\$ 1.599
2016	0.605	0.020	0.625	0.281	0.467	0.268	1.641
2017	0.607	0.020	0.627	0.282	0.460	0.267	1.636
2018	0.608	0.019	0.627	0.282	0.462	0.260	1.631
2019	0.631	0.019	0.650	0.285	0.451	0.256	1.642
2020	0.643	0.018	0.661	0.291	0.443	0.253	1.648
2021	0.657	0.017	0.674	0.292	0.442	0.254	1.662
2022	0.666	0.016	0.682	0.292	0.457	0.255	1.686
2023	0.676	0.015	0.691	0.304	0.474	0.261	1.730
2024	0.686	0.016	0.702	0.319	0.490	0.285	1.796

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

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

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

* Year in which revaluation/reassessment was effective.

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

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

	2024			2015		
	Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable	Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable
	Becton Dickinson & Company	\$ 156,547,900	3.44 %	Becton Dickinson & Company	\$ 156,547,900	3.80 %
	Medco Health Solutions	84,000,000	1.85 %	Medco Health Solutions	85,000,000	2.06 %
	Urban Farms Acquisition LLC	21,496,300	0.47 %	Urban Farms Acquisition	21,496,300	0.52 %
	University Heights LLC	20,000,000	0.44 %	University Heights LLC	20,000,000	0.49 %
	1st Real Estate Investment Trust	19,784,900	0.44 %	1st Real Estate Invest Trust	19,784,900	0.48 %
	Franklin Lakes Realty LLC	18,422,600	0.41 %	East Coast Horizon	18,139,400	0.44 %
	East Coast Horizon @ Franklin Lakes	18,139,400	0.40 %	FL Storage LLC	9,000,000	0.22 %
	Sunrise of Franklin Lakes	17,485,300	0.38 %	Franklin Lakes Realty, LLC	7,480,000	0.18 %
	Franklin Manor Properties LLC	16,896,100	0.37 %	LD Management LLC	6,964,100	0.17 %
	Franklin Lakes Towne Square LLC	9,346,600	0.21 %	Individual Taxpayer #1	6,923,600	0.17 %
Total		\$ 382,119,100	8.41 %	Total	\$ 351,336,200	8.53 %

Source: Borough of Franklin Lakes Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 25,533,099	\$ 25,533,099	100.00 %	\$ - 0 -
2017	25,956,748	25,956,748	100.00 %	- 0 -
2018	26,432,437	26,432,437	100.00 %	- 0 -
2019	27,145,086	27,145,086	100.00 %	- 0 -
2020	27,976,261	27,976,261	100.00 %	- 0 -
2021	28,835,703	28,835,703	100.00 %	- 0 -
2022	29,981,684	29,981,684	100.00 %	- 0 -
2023	30,537,836	30,537,836	100.00 %	- 0 -
2024	31,177,701	31,177,701	100.00 %	- 0 -
2025	33,240,472	33,240,472	100.00 %	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases			
2016	\$ 4,425,000	\$ - 0 -	\$ 4,425,000	0.54 %	\$ 412.51
2017	3,785,000	- 0 -	3,785,000	0.44 %	342.16
2018	3,150,000	- 0 -	3,150,000	0.34 %	285.02
2019	2,515,000	- 0 -	2,515,000	0.26 %	226.09
2020	1,885,000	- 0 -	1,885,000	0.19 %	168.21
2021	1,255,000	- 0 -	1,255,000	0.12 %	114.28
2022	625,000	- 0 -	625,000	0.06 %	57.15
2023	20,916,000	- 0 -	20,916,000	1.86 %	1,897.83
2024	20,255,000	- 0 -	20,255,000	1.76 %	1,800.28
2025	19,400,000	- 0 -	19,400,000	1.69 %	1,724.29

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

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

Source: Borough of Franklin Lakes School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$ 4,425,000	\$ - 0 -	\$ 4,425,000	0.11 %	\$ 412.51
2017	3,785,000	- 0 -	3,785,000	0.09 %	342.16
2018	3,150,000	- 0 -	3,150,000	0.08 %	285.02
2019	2,515,000	- 0 -	2,515,000	0.06 %	226.09
2020	1,885,000	- 0 -	1,885,000	0.04 %	168.21
2021	1,255,000	- 0 -	1,255,000	0.03 %	114.28
2022	625,000	- 0 -	625,000	0.01 %	57.15
2023	20,916,000	- 0 -	20,916,000	0.47 %	1,897.83
2024	20,255,000	- 0 -	20,255,000	0.45 %	1,800.28
2025	19,400,000	- 0 -	19,400,000	0.43 %	1,724.29

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

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

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

Source: Borough of Franklin Lakes School District Financial Reports.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2024
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Franklin Lakes	\$ 7,920,086	100.00 %	\$ 7,920,086
Ramapo-Indian Hills Regional High School	10,165,000	38.58 %	3,922,063
Bergen County General Obligation Debt	1,042,720,595	2.45 %	25,497,694
Subtotal, Overlapping Debt			37,339,843
Franklin Lakes Board of Education Direct Debt			19,400,000
Total Direct and Overlapping Debt			<u>\$ 56,739,843</u>

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

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

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

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 129,191,012	\$ 130,630,488	\$ 132,119,809	\$ 133,040,073	\$ 132,545,979
Total Net Debt Applicable to Limit	4,425,000	3,785,000	3,150,000	2,515,000	1,885,000
Legal Debt Margin	<u>\$ 124,766,012</u>	<u>\$ 126,845,488</u>	<u>\$ 128,969,809</u>	<u>\$ 130,525,073</u>	<u>\$ 130,660,979</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.43 %	2.90 %	2.38 %	1.89 %	1.42 %

	Fiscal Year				
	2021	2022	2023	2024	2025
Debt Limit	\$ 132,975,401	\$ 132,334,727	\$ 132,759,704	\$ 149,661,841	\$ 165,447,691
Total Net Debt Applicable to Limit	1,255,000	625,000	20,916,000	20,255,000	19,400,000
Legal Debt Margin	<u>\$ 131,720,401</u>	<u>\$ 131,709,727</u>	<u>\$ 111,843,704</u>	<u>\$ 129,406,841</u>	<u>\$ 146,047,691</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.94 %	0.47 %	15.75 %	13.53 %	11.73 %

Legal Debt Margin Calculation for Fiscal Year 2025	
Year Ended December 31,	Equalized Valuation Basis
2022	\$ 4,857,264,574
2023	5,512,561,920
2024	6,174,942,566
	<u>\$ 16,544,769,060</u>
Average Equalized Valuation of Taxable Property	<u>\$ 5,514,923,020</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 165,447,691
Net Bonded School Debt at June 30, 2025	<u>19,400,000</u>
Legal Debt Margin	<u>\$ 146,047,691</u>

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

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

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

Year	Borough Population ^a	Borough County Per Capita Personal Income ^b	Borough Personal Income ^c	Borough Unemployment Rate ^d
2016	10,727	\$ 76,367	\$ 819,188,809	3.50 %
2017	11,062	78,611	869,594,882	3.50 %
2018	11,052	82,731	914,343,012	3.20 %
2019	11,124	86,871	966,353,004	2.60 %
2020	11,206	88,256	988,996,736	8.00 %
2021	10,982	94,342	1,036,063,844	5.40 %
2022	10,936	96,434	1,054,602,224	3.40 %
2023	11,021	102,229	1,126,665,809	3.50 %
2024	11,251	102,229 **	1,150,178,479	3.40 %
2025	11,251 *	102,229 **	1,150,178,479	N/A

N/A - Information is not available.

* - Latest Borough population available (2024) was used for calculation purposes.

** - Latest Bergen County per capita personal income available (2023) was used for calculation purposes.

*** - Latest Borough population available (2024) and Bergen County per capita personal income available (2024) was used for calculation purposes.

Sources:

- ^a Population information provided by the US Department of Census - Population Division.
- ^b Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- ^c Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

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

Employer	2024		
	Number of Employees	Rank	Percentage of Total Employment
Hackensack University Medical Center	N/A	1	N/A
Valley Health Systems, Inc.	N/A	2	N/A
Bio-Reference Laboratories	N/A	3	N/A
Express Scripts	N/A	4	N/A
Quest Diagnostics	N/A	5	N/A
KPMG LLP	N/A	6	N/A
Englewood Hospital and Medical Center	N/A	7	N/A
Englewood Hospital Home Health Care	N/A	8	N/A
Unilever Best Foods	N/A	9	N/A
Stryker	N/A	10	N/A
Total	N/A		N/A
Total Employment	494,480		N/A

Employer	2015		
	Number of Employees	Rank	Percentage of Total Employment
Hackensack University Medical Center	N/A	1	N/A
Valley Health Systems, Inc.	N/A	2	N/A
Medico Solutions, Inc.	N/A	3	N/A
Quest Diagnostics	N/A	4	N/A
Bio-Reference Laboratories	N/A	5	N/A
Englewood Hospital and Medical Center	N/A	6	N/A
Becton Dickinson and Company	N/A	7	N/A
Englewood Hospital Home Health Care	N/A	8	N/A
Unilever Best Foods	N/A	9	N/A
Stryker	N/A	10	N/A
Total	N/A		N/A
Total Employment	453,688		N/A

N/A - Information is not available.

Source: County of Bergen.

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

<u>Function/Program</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>	<u>2024</u>	<u>2025</u>
Instruction:										
Regular	129	130	130	128	127	129	130	143	146	102.5
Special Education										82
Other Instruction										7
Support Services:										
Student & Instruction Related Services	40	41	41	41	40	41	41	59	105	54.3
General Administrative Services	4	4	4	4	4	4	4	4	2	2
School Administrative Services	13	13	13	13	13	13	13	13	13	15
Central Services	2	2	2	2	2	2	2	2	5	5
Total	188	190	190	188	186	189	190	221	271	267.8

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2016	1,187	\$ 31,013,755	\$ 26,128	8.56 %	136	1:11	1:12	1,184	1,143	-3.82 %	96.54 %
2017	1,147	31,877,914	27,792	6.37 %	136	1:11	1:12	1,153	1,113	-2.62 %	96.53 %
2018	1,135	33,349,604	29,383	5.72 %	136	1:11	1:12	1,129	1,081	-2.08 %	95.75 %
2019	1,141	33,814,438	29,636	0.86 %	133	1:11	1:12	1,139	1,092	0.89 %	95.87 %
2020	1,136	35,567,799	31,310	5.65 %	132	1:11	1:12	1,157	1,118	1.58 %	96.63 %
2021	1,168	36,102,187	30,909	-1.28 %	134	1:11	1:12	1,171	1,118	1.21 %	95.47 %
2022	1,176	38,203,474	32,486	5.10 %	136	1:11	1:12	1,173	1,120	0.17 %	95.48 %
2023	1,212	42,952,783	35,440	9.09 %	137	1:11	1:12	1,209	1,149	3.07 %	95.04 %
2024	1,201	45,435,639	37,832	6.75 %	143	1:11	1:12	1,194	1,134	-1.24 %	94.97 %
2025	1,164	46,801,642	40,208	6.28 %	141	1:11	1:12	1,166	1,111	-2.35 %	95.28 %

Note: Enrollment based on annual October District count.

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

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

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

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

Source: Borough of Franklin Lakes School District Records.

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

<u>District Building</u>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Colonial Road School (2004):										
Square Feet	59,645	59,645	59,645	59,645	59,645	59,645	59,645	59,645	59,645	59,645
Capacity (Students)	373	373	373	373	373	373	373	373	373	373
Enrollment	280	251	260	252	270	247	251	254	246	230
High Mountain Road School:										
Square Feet	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173
Capacity (Students)	359	359	359	359	359	359	359	359	359	359
Enrollment	225	213	200	218	216	275	276	304	297	301
Woodside Avenue School:										
Square Feet	53,409	53,409	53,409	53,409	53,409	53,409	53,409	53,409	53,409	53,409
Capacity (Students)	363	363	363	363	363	363	363	363	363	363
Enrollment	235	247	254	258	246	264	265	272	281	264
Franklin Avenue Middle School:										
Square Feet	78,806	78,806	78,806	78,806	78,806	78,806	78,806	78,806	78,806	78,806
Capacity (Students)	540	540	540	540	540	540	540	540	540	540
Enrollment	447	436	421	413	404	382	384	382	377	369

Number of Schools at June 30, 2025:

Elementary = 3

Middle School = 1

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

Source: Borough of Franklin Lakes School District Facilities Office.

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

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

Fiscal Year Ending June 30	Colonial Road Elementary School	High Mountain Road Elementary School	Woodside Avenue Elementary School	Franklin Avenue Middle School	Total School Facilities*
2016	\$ 63,774	\$ 111,494	\$ 323,826	\$ 151,046	\$ 650,140
2017	107,066	129,774	138,239	266,024	641,103
2018	33,144	46,750	89,233	80,927	250,054
2019	63,830	93,825	138,411	163,079	459,145
2020	126,765	133,702	159,241	265,825	685,533
2021	100,786	79,711	90,249	133,163	403,909
2022	81,661	112,656	93,341	114,481	402,139
2023	77,397	64,301	80,812	109,866	332,376
2024	66,112	54,239	59,015	91,078	270,444
2025	123,793	97,907	110,850	163,568	496,118

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

Source: Borough of Franklin Lakes School District Records.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Insurance Company of Pittsburgh, PA:		
General Liability:		
General Aggregate	\$ 3,000,000	
Each Occurrence	1,000,000	
Production/Completed Operations	3,000,000	
Personal Injury	1,000,000	
Fire Damage	1,000,000	
Medical Expense	10,000	
Employee Benefits Liability	1,000,000	NONE
Commercial Property Coverage:		
Property Building & Contents Replacement		
Cost Values		\$ 107,379,015
Business Income	250,000	72Hr Waiting Period
Extra Expense	3,000,000	72Hr Waiting Period
Earthquake and Volcanic Eruption	5,000,000	100,000
Flood (Outside Zones A, V or B)	5,000,000	50,000
Flood (Zone B)	2,000,000	100,000
Flood (Zones A or V)	1,000,000	500,000
Valuable Papers	250,000	5,000
Electronic Data Processing Equipment	Included in Property Limit	5,000
Software	500,000	5,000
Boiler and Machinery:		
Blanket Property Damage Per Breakdown	76,505,510	5,000
Crime:		
Employee Dishonesty with Faithful Performance	500,000	5,000
Forgery & Alteration	250,000	5,000
Theft - Inside - Money and Securities	250,000	5,000
Theft - Outside - Money and Securities	250,000	5,000
Computer Fraud	100,000	5,000
Money Orders	250,000	5,000
Fraudulent Impersonation	250,000	5,000
Commercial Automobile:		
Automobile Medical Payments	5,000	
Hired/Non-Owned	1,000,000	
Uninsured/Underinsured	1,000,000	
Hired Auto Physical Damage	ACV Basis	1,000

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Insurance Company of Pittsburgh, PA:		
School Board Legal Liability Coverage:		
Each Loss	\$ 1,000,000	\$ 25,000
Aggregate	3,000,000	
Employment Practices Liability	Included	25,000
Injunctive Relief Expense Each action	100,000	25,000
Injunctive Relief Expense Aggregate	300,000	
National Union Fire Insurance Company of Pittsburgh, PA:		
Cyber Liability & Privacy Crisis Management Liability:		
Cyber Liability Occurrence & Aggregate Limit	1,000,000	25,000
Privacy Crisis Management Expense	250,000	
Cyber Extortion Expense	20,000	
Privacy Crisis Management & Extortion Expense		
Aggregate	250,000	
Catastrophic Liability Coverage - American Guarantee & Liability:		
Per Occurrence	10,000,000	
Aggregate Limit	10,000,000	
Retained Limit	10,000	
Fidelity Bonds - Western Surety Company:		
Board Secretary/Business Administrator:	275,000	
Treasurer of School Monies:	275,000	
Workers' Compensation - Manufacturers Alliance Insurance Co.:		
Covered Payrolls - Professional	21,790,835	

Source: Borough of Franklin Lakes School District Records.

SINGLE AUDIT SECTION



Mount Arlington, NJ
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Independent Member
BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Franklin Lakes Borough School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
October 1, 2025

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

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



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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance Required by NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Franklin Lakes Borough School District's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2025. The District's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major State Program

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

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

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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 the Uniform Guidance or New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
October 1, 2025

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2024		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2025		Amount Provided to Sub- recipients
			From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				Budgetary (Accounts Receivable)	Due to Grantor	
U.S. Department of Education - Passed-through State Department of Education: Special Revenue Fund:													
Special Education Cluster (IDEA):													
IDEA-1580-25	84.027	IDEA-1580-25	07/01/24	09/30/25	\$ 328,491			\$ 236,024	\$ (319,342)		\$ (83,318)		
IDEA-1580-24	84.027	IDEA-1580-24	07/01/23	09/30/24	318,027	\$ (92,562)		92,562					
IDEA-1580-25	84.173	IDEA-1580-25	07/01/24	09/30/25	18,107			2,200	(2,200)				
COVID-19 ARP:													
IDEA-1580-22	84.027X	IDEA-1580-22	07/01/21	09/30/23	54,463		\$ 3,971			\$ (3,971)			
Total Special Education Cluster (IDEA)						(92,562)	3,971	330,786	(321,542)	(3,971)	(83,318)		
Elementary and Secondary Education Act:													
Title I, Part A	84.010A	ESEA-1580-25	07/01/24	09/30/25	55,544			17,025	(54,426)		(37,401)		
Title I, Part A	84.010A	ESEA-1580-24	07/01/23	09/30/24	53,976	(16,701)		16,701					
Total Title I, Part A						(16,701)		33,726	(54,426)		(37,401)		
Title II, Part A	84.367A	ESEA-1580-25	07/01/24	09/30/25	17,797			17,322	(17,322)				
Title II, Part A	84.367A	ESEA-1580-24	07/01/23	09/30/24	18,918			998	(998)				
Total Title II, Part A								18,320	(18,320)				
Title IV	84.365A	ESEA-1580-25	07/01/24	09/30/25	414			408	(408)				
Title IV	84.365A	ESEA-1580-24	07/01/23	09/30/24	520			520	(520)				
Total Title IV								928	(928)				
Total Elementary and Secondary Education Act						(16,701)		52,974	(73,674)		(37,401)		
Education Stabilization Fund:													
COVID-19 ARP Consolidated:													
Accelerated Learning Coaching and Educator Support	84.425U	S425U210027	03/13/20	09/30/24	94,694	(94,694)		94,694					
NJTSS Mental Health Support Staffing	84.425U	S425U210027	03/13/20	09/30/24	45,000	(45,000)		45,000					
COVID-19 ARP GEER: High-Impact Tutoring	84.425C	E2400369	10/11/23	08/31/24	125,399	(36,445)		36,445	(10,399)		(10,399)		
Total Education Stabilization Fund						(176,139)		176,139	(10,399)		(10,399)		
Total U.S. Department of Education/Special Revenue Fund						(285,402)	3,971	559,899	(405,615)	(3,971)	(131,118)		
TOTAL FEDERAL AWARDS						\$ (285,402)	\$ 3,971	\$ 559,899	\$ (405,615)	\$ (3,971)	\$ (131,118)	\$ - 0 -	\$ - 0 -

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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2024			Repayment of Prior Years' Balances	Balance June 30, 2025		MEMO			
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Unearned Revenue	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:														
General Fund:														
Special Education Categorical Aid	25-495-034-5120-089	07/01/24	06/30/25	\$ 1,377,384		\$ 1,242,644	\$ (1,377,384)				\$ (134,740)	\$ 1,377,384		
Special Education Categorical Aid	24-495-034-5120-089	07/01/23	06/30/24	1,267,178		125,126						1,267,178		
Security Aid	25-495-034-5120-084	07/01/24	06/30/25	115,390		104,102	(115,390)					115,390		
Security Aid	24-495-034-5120-084	07/01/23	06/30/24	107,718		10,636						107,718		
Transportation Aid	25-495-034-5120-014	07/01/24	06/30/25	396,954		358,123	(396,954)					396,954		
Transportation Aid	24-495-034-5120-014	07/01/23	06/30/24	272,571		26,915						272,571		
Nonpublic School Transportation Costs	25-495-034-5120-014	07/01/23	06/30/25	50,072			(50,072)		\$ (50,072)			(50,072)		
Nonpublic School Transportation Costs	24-495-034-5120-014	07/01/23	06/30/24	49,539		49,539						49,539		
Extraordinary Special Education Costs Aid	25-495-034-5120-044	07/01/24	06/30/25	864,299			(864,299)					864,299		
Extraordinary Special Education Costs Aid	24-495-034-5120-044	07/01/23	06/30/24	1,450,208		1,450,208						1,450,208		
On-Behalf TPAF Contributions:														
Post-Retirement Medical	25-495-034-5094-001	07/01/24	06/30/25	1,593,225		1,593,225	(1,593,225)					1,593,225		
Pension	25-495-034-5094-002	07/01/24	06/30/25	5,385,786		5,385,786	(5,385,786)					5,385,786		
Non-Contributory Insurance	25-495-034-5094-004	07/01/24	06/30/25	66,715		66,715	(66,715)					66,715		
Long-Term Disability Insurance	25-495-034-5094-004	07/01/24	06/30/25	2,097		2,097	(2,097)					2,097		
Reimbursed TPAF Social Security Aid	25-495-034-5094-003	07/01/24	06/30/25	1,204,404		1,144,963	(1,204,404)		(59,441)			(59,441)		
Reimbursed TPAF Social Security Aid	24-495-034-5094-003	07/01/23	06/30/24	1,172,280		57,516						1,172,280		
Total General Fund State Aid														
				(1,719,940)		11,617,595	(11,056,326)		(973,812)			(1,158,671)	15,375,820	
Special Revenue Fund:														
NJ Nonpublic Aid:														
Nursing Services (Chapter 226)	25-100-034-5120-070	07/01/24	06/30/25	6,500		6,500	(6,500)						6,500	
Textbook Aid (Chapter 194)	25-100-034-5120-064	07/01/24	06/30/25	2,557		2,557	(1,409)		\$ 1,148				1,409	
Textbook Aid (Chapter 194)	24-100-034-5120-064	07/01/23	06/30/24	3,642				\$ (10)					3,632	
Security Aid	25-100-034-5120-509	07/01/24	06/30/25	10,250		10,250	(3,045)			7,205			3,045	
Security Aid	24-100-034-5120-509	07/01/23	06/30/24	13,120				(13,120)					2,214	
Technology Initiative	25-100-034-5120-373	07/01/24	06/30/25	2,450		2,450	(2,214)			236			248	
Technology Initiative	24-100-034-5120-373	07/01/23	06/30/24	3,087				(2,839)						
Auxiliary Services (Chapter 192):														
Compensatory Education	25-100-034-5120-067	07/01/24	06/30/25	17,339		17,339	(4,161)			13,178			4,161	
Compensatory Education	24-100-034-5120-067	07/01/23	06/30/24	14,385				(5,214)					9,171	
Handicapped Services (Chapter 193):														
Supplementary Instruction	25-100-034-5120-066	07/01/24	06/30/25	10,490		10,490	(6,030)			4,460			6,030	
Supplementary Instruction	24-100-034-5120-066	07/01/23	06/30/24	8,260				(3,386)					4,874	
Examination and Classification	25-100-034-5120-066	07/01/24	06/30/25	12,323		12,323	(8,135)			4,188			8,135	
Examination and Classification	24-100-034-5120-066	07/01/23	06/30/24	15,359				(11,373)					3,986	
Corrective Speech	25-100-034-5120-066	07/01/24	06/30/25	12,648		12,648	(7,905)			4,743			7,905	
Corrective Speech	24-100-034-5120-066	07/01/23	06/30/24	11,160				(9,300)					1,860	
Total Special Revenue Fund														
					45,242	74,557	(39,399)	(45,242)		35,158			63,170	
Total State Department of Education														
				(1,719,940)	45,242	11,692,152	(11,095,725)	(45,242)	(973,812)	35,158		(1,158,671)	15,438,990	

Total Special Revenue Fund

Total State Department of Education

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2024				Repayment of Prior Years' Balances	Balance June 30, 2025		MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures		GAAP (Accounts Receivable)	Due to Grantor	Budgetary Unearned Revenue	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
Debt Service Fund:	25-495-034-5120-017	07/01/24	06/30/25	\$ 555,926		\$ 555,926	\$ (555,926)						\$ 555,926	
Total Debt Service Fund						555,926	(555,926)						555,926	
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION														
					\$ (1,719,940)	\$ 45,242	\$ 12,248,078	\$ (11,651,651)	\$ (45,242)	\$ (973,812)	\$ 35,158	\$ -0-	\$ (1,158,671)	\$ 15,994,916
Less - State Awards Not Subject to Single Audit Major Program Determination:														
On-Behalf TPAF Pension System Contributions:														
Post-Retirement Medical	25-495-034-5094-001	07/01/24	06/30/25	1,593,225			1,593,225							
Pension	25-495-034-5094-002	07/01/24	06/30/25	5,385,786			5,385,786							
Non-Contributory Insurance	25-495-034-5094-004	07/01/24	06/30/25	66,715			66,715							
Long-Term Disability Insurance	25-495-034-5094-004	07/01/24	06/30/25	2,097			2,097							
Subtotal On-Behalf TPAF Pension System Contributions							7,047,823							
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION							\$ (4,603,828)							

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state awards activity of the Board of Education, Borough of Franklin Lakes School District under programs of the federal and state governments for the fiscal year ended June 30, 2025. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(22,182) for the General Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 11,034,144	\$11,034,144
Special Revenue Fund	\$ 405,615	39,399	445,014
Debt Service Fund		555,926	555,926
Total Financial Assistance	<u>\$ 405,615</u>	<u>\$11,629,469</u>	<u>\$12,035,084</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2025.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	_____	Yes	_____	X	No
2.) Significant deficiencies identified?	_____	Yes	_____	X	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____	X	No

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2025 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

State Awards

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

Unmodified

Internal control over major programs:

1.) Material weakness identified?	_____	Yes	_____	X	No
2.) Significant deficiencies identified?	_____	Yes	_____	X	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____	X	No
Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?					
	_____	Yes	_____	X	No

Identification of major programs:

Program Name or Cluster	State Grant No.	<u>Grant Period</u>		Award Amount	Budgetary Expenditures
		Start	End		
State Department of Education:					
Special Education Categorical Aid	25-495-034-5120-089	7/1/24	6/30/25	\$ 1,377,384	\$ 1,377,384
Security Aid	25-495-034-5120-084	7/1/24	6/30/25	115,390	115,390
Dollar threshold used to distinguish between Type A and B programs				<u>\$ 750,000</u>	
Auditee qualified as low-risk auditee?		_____	X	Yes	No

Section II - Financial Statement Findings - N/A

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings:

There were no findings or questioned costs for the fiscal year ended June 30, 2024.