

**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, 2024**

**Annual Comprehensive
Financial Report**

of the

Borough of Franklin Lakes School District

Franklin Lakes, New Jersey

For the Fiscal Year Ended June 30, 2024

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*

November 29, 2024

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

Dear Board Members:

The annual comprehensive financial report of the Borough of Franklin Lakes School District (the "District") for the fiscal year ended June 30, 2024, 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 2023-2024 fiscal year with an average daily enrollment of 1,194 students, which is an decrease of 15 students from the previous fiscal year's average daily enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: In 2024, 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 2023-2024 school year the Franklin Lakes Public Schools completed two major facilities projects. Those projects included new roofs for Franklin Avenue Middle School, High Mountain Road School, and Woodside Avenue School and a new boiler for High Mountain Road School. The district trained all Special Education and K - 5 Interventionist teachers on Comprehensive Orton-Gillingham Plus (30 hours). Through the works of our coaches, math coordinator and literacy specialty, the district engaged in professional development inclusive off:

- K-3 & 4-8 Literacy Training: Unlocking Reading Success: Proven Strategies for Literacy Excellence
- Evidence-Based Literacy and Introduction to 2023 ELA Standards
- Job-embedded professional development through building-based coaches, including coaching cycles and monthly team meetings

The district also engaged in Academic Parent Engagement through:

- K-2 Parent Literacy: Empowering Your Child as a Lifelong Reader: Tips for Home (HMR only)
- K-5 Parent Math: The "Why" Behind the When : Teaching Methodology for Algorithms and Conceptual Understanding of Mathematics

Select teachers also participated in NJDOE's Reading Acceleration Professional Integrated (RAPID) Initiative K-3 and 4-6 (professional development sessions).

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.

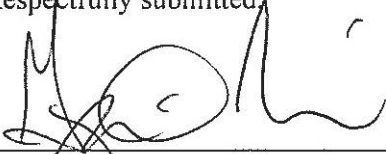
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2024.

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,

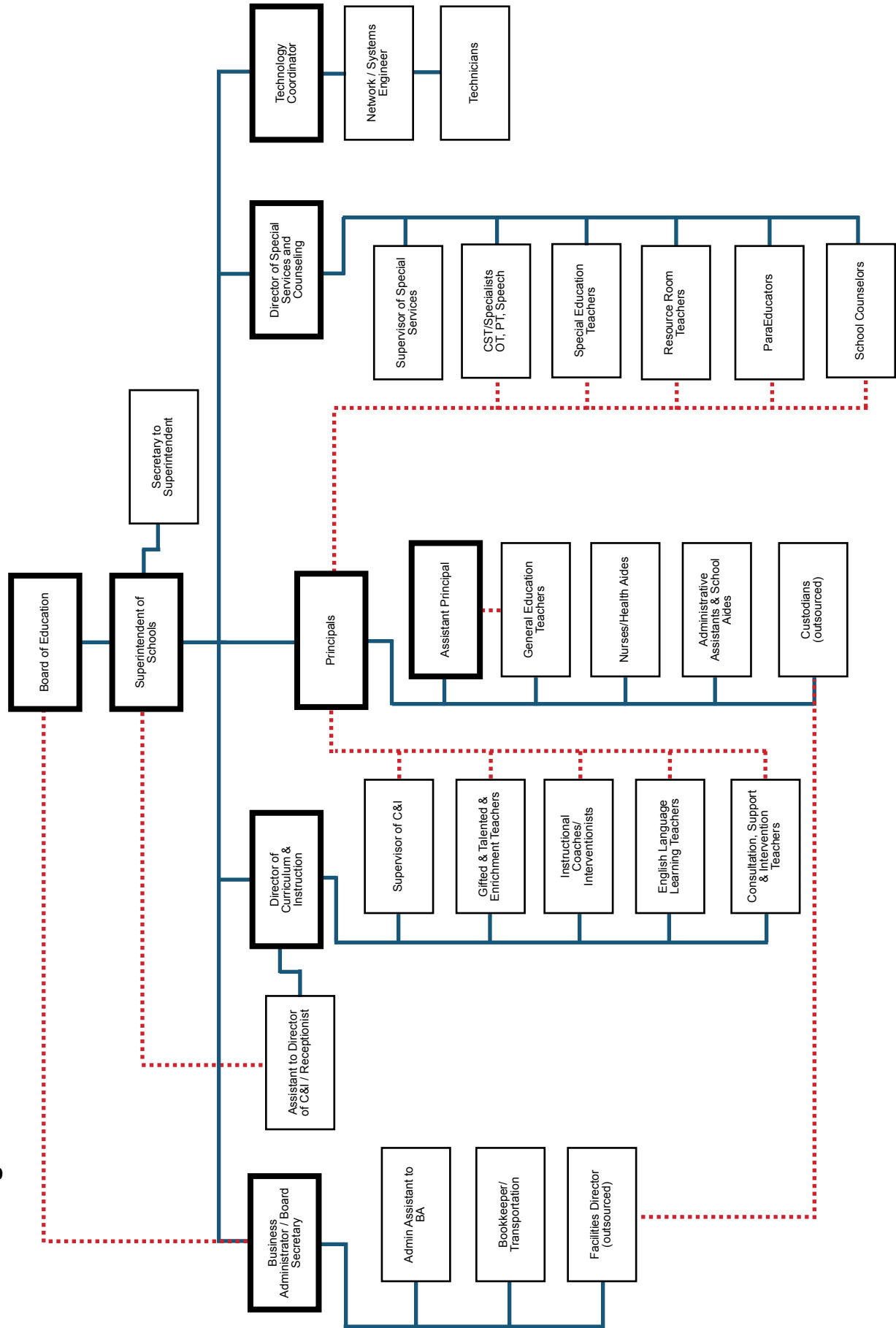


Gregorio Maceri
Superintendent of Schools



Dina Messery
Business Administrator/Board Secretary

Exhibit: Organizational Chart



**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2024**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ari Donio, President	2024
Scott Loia, Vice President	2024
Elisa Billis	2025
Lisa Cardella	2025
Kathryn D'Agostino	2024
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
Trenae Lambkin	Board Secretary/School Business Administrator
Nancy Bucci	Treasurer

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
Consultants and Advisors

Attorney

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

Audit Firm

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

Official Depository

TD Bank
535 East Crescent Avenue
Ramsey, NJ 07446

Bond Counsel

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

Financial Advisor

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, NJ 08505

Investment Advisor

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Franklin Lakes Borough School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2024, 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 November 29, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 29, 2024

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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

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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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, 2024. 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

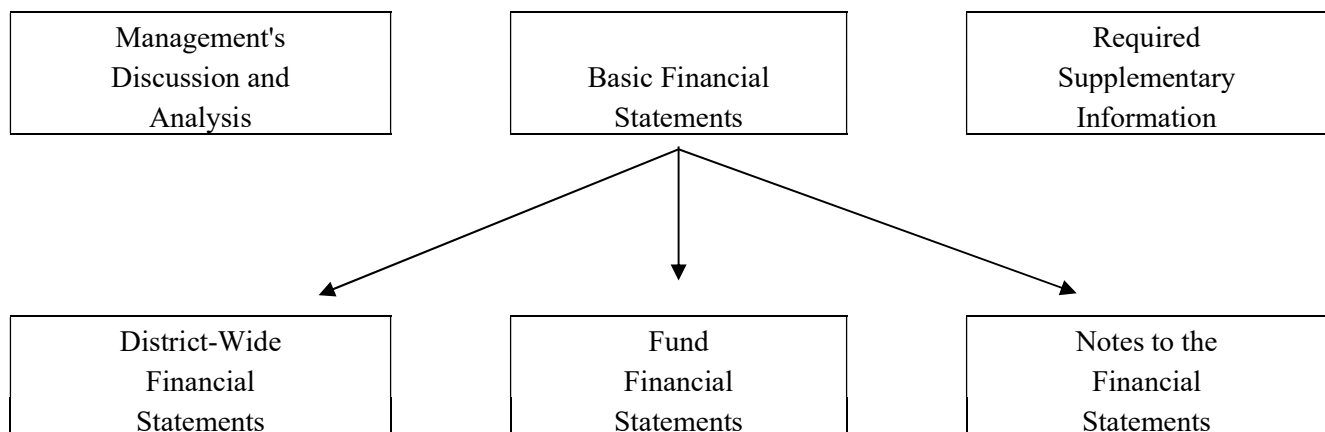


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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, 2024**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$21,388,904 on June 30, 2024, \$295,766 or 1.40% more than it was the year before (See Figure A-3). Net Investment in Capital Assets decreased \$291,398, Restricted Net Position increased \$295,916 and Unrestricted Net Position (Deficit) increased (reduction of deficit) \$291,248.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024
Current and Other Assets	\$26,042,758	\$29,976,505			\$26,042,758	\$29,976,505	
Capital Assets, Net	24,283,919	19,692,591			24,283,919	19,692,591	
Total Assets	50,326,677	49,669,096			50,326,677	49,669,096	1.32%
Deferred Outflows of Resources	1,395,033	1,701,399			1,395,033	1,701,399	-18.01%
Other Liabilities	3,084,412	1,991,476			3,084,412	1,991,476	
Long-Term Liabilities	26,705,359	27,075,469			26,705,359	27,075,469	
Total Liabilities	29,789,771	29,066,945			29,789,771	29,066,945	2.49%
Deferred Inflows of Resources	543,035	1,210,412			543,035	1,210,412	-55.14%
Net Position:							
Net Investment in Capital Assets	17,480,352	17,771,750			17,480,352	17,771,750	
Restricted	7,915,502	7,619,586			7,915,502	7,619,586	
Unrestricted (Deficit)	(4,006,950)	(4,298,198)			(4,006,950)	(4,298,198)	
Total Net Position	\$21,388,904	\$21,093,138	\$ - 0 -	\$ - 0 -	\$21,388,904	\$21,093,138	1.40%

Net Investment in Capital Assets decreased by \$291,398 primarily due to capital asset additions and reductions in bonds payable, offset by depreciation.

Restricted Net Position increased \$295,916 primarily due to net increases in Capital Reserve and Unemployment Compensation.

Unrestricted Net Position increased \$291,248 primarily due to unexpended budget appropriations and changes in deferred inflows and outflows related to pensions.

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,662,552	\$ 2,610,831	\$ 2,385	\$ 2,708	\$ 2,664,937	\$ 2,613,539	
Grants/Contributions:							
Operating	12,452,283	8,227,050			12,452,283	8,227,050	
Capital		26,012				26,012	
General Revenue:							
Property Taxes	31,177,701	30,537,836			31,177,701	30,537,836	
Federal/State Aid							
Not Restricted	655,158	20,865			655,158	20,865	
Other	1,296,536	658,264			1,296,536	658,264	
Total Revenue	48,244,230	42,080,858	2,385	2,708	48,246,615	42,083,566	14.64%
Expenses:							
Instruction	29,550,489	25,485,395			29,550,489	25,485,395	
Pupil and Instruction							
Services	8,084,699	6,552,316			8,084,699	6,552,316	
Administrative and							
Business	3,715,796	3,230,873			3,715,796	3,230,873	
Maintenance and							
Operations	3,224,519	4,190,963			3,224,519	4,190,963	
Transportation	1,437,763	1,388,636			1,437,763	1,388,636	
Other	1,904,987	502,286	32,596	31,792	1,937,583	534,078	
Total Expenses	47,918,253	41,350,469	32,596	31,792	47,950,849	41,382,261	15.87%
Transfers	(30,211)	(29,084)	30,211	29,084			
Increase in Net Position	\$ 295,766	\$ 701,305	\$ - 0 -	\$ - 0 -	\$ 295,766	\$ 701,305	-57.83%

Governmental Activities

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

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

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

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

**BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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	
	2023/2024	2022/2023	2023/2024	2022/2023
Instruction	\$ 29,550,489	\$ 25,485,395	\$ 15,937,232	\$ 15,822,883
Pupil and Instruction Services	8,084,699	6,552,316	6,960,361	5,684,351
Administrative and Business	3,715,796	3,230,873	3,715,796	3,230,873
Maintenance and Operations	3,224,519	4,190,963	3,251,152	4,164,951
Transportation	1,437,763	1,388,636	1,060,523	1,081,232
Other	1,904,987	502,286	1,904,987	502,286
	<u>\$ 47,918,253</u>	<u>\$ 41,350,469</u>	<u>\$ 32,830,051</u>	<u>\$ 30,486,576</u>

Business-Type Activities

The District's Business-Type Activities comprise the District's Food Service Enterprise Fund. During the fiscal year, the District collected \$2,385 in milk sales revenue offset by \$32,596 in milk cost of sales which resulted in an operating loss of \$30,211. The Board authorized a contribution from the General Fund to the Food Service Enterprise Fund to cover the operating loss. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's Fund Balances from its Governmental Funds decreased \$5,183,649 during the fiscal year. The Fund Balance in the General Fund increased \$46,375 primarily due to increases in revenue from tuition and interest earnings in the General Fund including interest earnings transferred from the Capital Projects Fund. The Fund Balance in the Special Revenue Fund increased \$7,118. The Fund Balance in the Capital Projects Fund decreased \$(5,237,142) primarily due to project expenditures. Even so, the District must continue to practice sound fiscal management and seek alternative revenue sources such as grants and continued support from the Franklin Lakes Education Foundation.

General Fund Budgetary Highlights

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

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

The preparation of the 2023/2024 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, 2024**

Capital Assets

At year end, the District had \$24,283,919 of capital assets – a \$4,591,328, or 23.32%, 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	
	2023/2024	2022/2023	2023/2024	2022/2023
Land	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389	\$ 1,809,389
Construction in Progress	8,464,567	2,920,841	8,464,567	2,920,841
Buildings and Building Improvements	13,448,736	14,250,985	13,448,736	14,250,985
Machinery and Equipment	561,227	711,376	561,227	711,376
Total Capital Assets (Net of Depreciation)	<u>\$ 24,283,919</u>	<u>\$ 19,692,591</u>	<u>\$ 24,283,919</u>	<u>\$ 19,692,591</u>

During the fiscal year, the District had \$5,554,465 of capital additions offset by annual depreciation of \$947,622 and \$15,515 of disposals, net of depreciation.

Long-term Liabilities

At year end, the District had \$26,705,359 of long-term liabilities – a decrease of \$370,110, or -1.37% from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 9 to the Basic Financial Statements).

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

	Total School District		Percentage Change 2023/2024
	2023/2024	2022/2023	
General Obligation Bonds (Financed with Property Taxes)	\$ 20,255,000	\$ 20,916,000	
Arbitrage Rebate Payable	306,584		
Net Pension Liability	5,654,730	5,626,452	
Compensated Absences Payable	489,045	533,017	
	<u>\$ 26,705,359</u>	<u>\$ 27,075,469</u>	-1.37%

The decrease in long-term liabilities was primarily due to annual general obligation bond maturities (payments) which were offset by 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, 2024**

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 2023-24 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, 2024

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 612,514	\$ 612,514
Investments	15,911,895	15,911,895
Receivable from Federal Government	285,402	285,402
Receivable from State Government	1,557,263	1,557,263
Receivable from Local Governments	260,182	260,182
Restricted Assets:		
Cash and Cash Equivalents	7,415,502	7,415,502
Capital Assets:		
Land	1,809,389	1,809,389
Construction-in-Progress	8,464,567	8,464,567
Depreciable Buildings and Building Improvements and Machinery and Equipment	14,009,963	14,009,963
Total Assets	50,326,677	50,326,677
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	1,395,033	1,395,033
Total Deferred Outflows of Resources	1,395,033	1,395,033
LIABILITIES		
Accounts Payable	2,603,915	2,603,915
Payable to Federal Government	3,971	3,971
Payable to State Government	45,242	45,242
Accrued Interest Payable	325,031	325,031
Unearned Revenue	106,253	106,253
Noncurrent Liabilities:		
Due Within One Year	855,000	855,000
Due Beyond One Year	25,850,359	25,850,359
Total Liabilities	29,789,771	29,789,771
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions	543,035	543,035
Total Deferred Inflows of Resources	543,035	543,035
NET POSITION		
Net Investment in Capital Assets	17,480,352	17,480,352
Restricted for:		
Capital Projects	5,273,169	5,273,169
Maintenance	1,342,239	1,342,239
Emergency	312,233	312,233
Excess Surplus	500,000	500,000
Unemployment Compensation	450,730	450,730
Student Activities	37,131	37,131
Unrestricted (Deficit)	(4,006,950)	(4,006,950)
Total Net Position	\$ 21,388,904	\$ 21,388,904

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, 2024

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	Capital Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 20,609,818	\$ 414,709	\$ 6,295,465		\$ (13,899,644)		\$ (13,899,644)
Special Education	8,026,523	1,999,719	4,624,149		(1,402,655)		(1,402,655)
Other Special Instruction	789,951		246,253		(543,698)		(543,698)
School-Sponsored Instruction	124,197		32,962		(91,235)		(91,235)
Support Services:							
Tuition	1,325,371		310,873		(1,014,498)		(1,014,498)
Student & Instruction Related Services	6,759,328	188,649	624,816		(5,945,863)		(5,945,863)
General Administrative Services	720,534				(720,534)		(720,534)
School Administrative Services	2,391,385				(2,391,385)		(2,391,385)
Central Services	446,459				(446,459)		(446,459)
Administrative Information Technology	157,418				(157,418)		(157,418)
Plant Operations and Maintenance	3,224,519				(3,224,519)		(3,224,519)
Pupil Transportation	1,437,763	59,475	317,765		(1,060,523)		(1,060,523)
Interest and Other Charges	1,095,792				(1,095,792)		(1,095,792)
Unallocated Depreciation	809,195				(809,195)		(809,195)
Total Governmental Activities	47,918,253	2,662,552	12,452,283		(32,803,418)		(32,803,418)

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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	\$ 32,596	\$ 2,385			\$ (30,211)	\$ (30,211)
Total Business-Type Activities	32,596	2,385			(30,211)	(30,211)
Total Primary Government	\$ 47,950,849	\$ 2,664,937	\$ 12,452,283	\$ - 0 -	\$ (32,803,418)	(32,833,629)
General Revenue and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net					30,498,343	30,498,343
Taxes Levied for Debt Service					679,358	679,358
Federal and State Aid not Restricted					655,158	655,158
Interest					1,200,671	1,200,671
Miscellaneous Income					95,865	95,865
Transfers					(30,211)	30,211
Total General Revenue and Transfers					33,099,184	33,129,395
Change in Net Position					295,766	295,766
Net Position - Beginning					21,093,138	- 0 -
Net Position - Ending					\$ 21,388,904	\$ - 0 -
					\$ 21,388,904	\$ 21,388,904

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, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 556,446		\$ 56,068	\$ 612,514
Investments			15,911,895	15,911,895
Receivables from Federal Government		\$ 285,402		285,402
Receivables from State Government	1,557,263			1,557,263
Receivables from Local Governments	260,182			260,182
Interfund Receivable	2,420,986			2,420,986
Restricted Cash and Cash Equivalents	7,378,371	37,131		7,415,502
Total Assets	<u>\$ 12,173,248</u>	<u>\$ 322,533</u>	<u>\$ 15,967,963</u>	<u>\$ 28,463,744</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Interfund Payable		\$ 211,040	\$ 2,209,946	\$ 2,420,986
Accounts Payable	\$ 2,047,903	6,012		2,053,915
Payable to Federal Government		3,971		3,971
Payable to State Government		45,242		45,242
Unearned Revenue	87,116	19,137		106,253
Total Liabilities	<u>2,135,019</u>	<u>285,402</u>	<u>2,209,946</u>	<u>4,630,367</u>
Fund Balances:				
Restricted:				
Excess Surplus	500,000			500,000
Emergency Reserve	312,233			312,233
Capital Reserve	5,273,169			5,273,169
Maintenance Reserve	1,342,239			1,342,239
Capital Projects			13,451,433	13,451,433
Unemployment Compensation	450,730			450,730
Student Activities		37,131		37,131
Assigned:				
Encumbrances	263,049			263,049
Designated for Subsequent Year's Expenditures	327,817			327,817
Capital Projects			306,584	306,584
Unassigned	1,568,992			1,568,992
Total Fund Balances	<u>10,038,229</u>	<u>37,131</u>	<u>13,758,017</u>	<u>23,833,377</u>
Total Liabilities and Fund Balances	<u>\$ 12,173,248</u>	<u>\$ 322,533</u>	<u>\$ 15,967,963</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.	24,283,919
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	845,033
Deferred Inflows - Pensions	(543,035)
Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due.	(325,031)
Long-Term Liabilities, Including Bonds Payable, Financed Purchases Payable, the PERS Net Pension Liability and Compensated Absences, are not due and payable in the current period and therefore, are not reported as liabilities in the Funds. Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.	(26,705,359)
Net Position of Governmental Activities	<u>\$ 21,388,904</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, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 30,498,343			\$ 679,358	\$ 31,177,701
Tuition from Individuals	414,709				414,709
Tuition from Other LEAs	1,999,719				1,999,719
Transportation Fees	59,475				59,475
Interest Earned on Capital Reserve	1,800				1,800
Restricted Miscellaneous Revenue		\$ 188,649			188,649
Unrestricted Miscellaneous Revenue	440,097	31,587	\$ 854,639		1,326,323
Total - Local Sources	33,414,143	220,236	854,639	679,358	35,168,376
State Sources	11,355,654	58,084		556,033	11,969,771
Federal Sources		598,280			598,280
Total Revenues	44,769,797	876,600	854,639	1,235,391	47,736,427
EXPENDITURES:					
Current:					
Regular Instruction	10,973,889	219,499			11,193,388
Special Education Instruction	4,574,391	65,318			4,639,709
Other Special Instruction	413,602				413,602
School-Sponsored/Other Instruction	73,033				73,033
Support Services and Undistributed Costs:					
Tuition	1,014,498	310,873			1,325,371
Student and Other Instruction Related Services	4,626,261	273,792			4,900,053
General Administration Services	551,957				551,957
School Administration Services	1,386,665				1,386,665
Central Services	343,390				343,390
Administrative Information Technology	123,308				123,308
Plant Operations and Maintenance	3,065,006				3,065,006

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Student Transportation	\$ 1,437,763				\$ 1,437,763
Unallocated Benefits	15,982,394				15,982,394
Capital Outlay	275,109		\$ 5,543,726		5,818,835
Debt Service:					
Interest and Other Charges				\$ 974,391	974,391
Principal				661,000	661,000
Total Expenditures	44,841,266	\$ 869,482	5,543,726	1,635,391	52,889,865
	(71,469)	7,118	(4,689,087)	(400,000)	(5,153,438)
Excess/(Deficit) of Revenue Over/(Under) Expenditures					
OTHER FINANCING SOURCES/(USES):					
Transfers In	548,055			400,000	948,055
Transfers Out	(430,211)		(548,055)		(978,266)
Total Other Financing Sources/(Uses)	117,844	- 0 -	(548,055)	400,000	(30,211)
Net Change in Fund Balances	46,375	7,118	(5,237,142)	- 0 -	(5,183,649)
Fund Balance - July 1	9,991,854	30,013	18,995,159		29,017,026
Fund Balance - June 30	\$ 10,038,229	\$ 37,131	\$ 13,758,017	\$ - 0 -	\$ 23,833,377

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, 2024

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (5,183,649)

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 differ from capital outlays in the current period.

	Depreciation Expense	\$ (947,622)
	Capital Outlays	5,554,465
	Disposal of Capital Assets, Net of Depreciation	(15,515)
		4,591,328

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	(28,278)
Change in Deferred Outflows	(334,583)
Change in Deferred Inflows	667,377

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

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

Proceeds of long-term debt

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

661,000

The Governmental Funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

(306,584)

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

185,183

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

\$ 295,766

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, 2024

	<u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 2,385
Total Operating Revenue	<u>2,385</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	<u>32,596</u>
Total Operating Expenses	<u>32,596</u>
Operating Loss	(30,211)
Change in Net Position Before Transfer	(30,211)
Transfer In - General Fund Board Contribution	<u>30,211</u>
Change in Net Position	- 0 -
Net Position - Beginning of Year	<u>- 0 -</u>
Net Position - End of Year	<u><u>\$ - 0 -</u></u>

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, 2024

	<u>Enterprise Funds</u> <u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,385
Payments to Suppliers	<u>(32,596)</u>
Net Cash Used for Operating Activities	<u>(30,211)</u>
Cash Flows from Noncapital Financing Activities:	
Transfer In - General Fund Board Contribution	<u>30,211</u>
Net Cash Provided by Noncapital Financing Activities	<u>30,211</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>\$ (30,211)</u>
Net Cash Used for Operating Activities	<u><u>\$ (30,211)</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, 2024

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, 2024
(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, 2024
(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, 2024
(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, 2024 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, 2024

(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 44,798,257	\$ 863,269
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures while the GAAP Basis does not.		13,331
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	134,217	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(162,677)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 44,769,797</u>	<u>\$ 876,600</u>
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 44,841,266	\$ 856,151
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		13,331
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 44,841,266</u>	<u>\$ 869,482</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, 2024
(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, 2024
(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, 2024.

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, 2024
(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 \$300,460 of accrued salaries and wages for amounts earned but not paid to employees as of June 30, 2024.

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, 2024
(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 \$10,038,229 General Fund fund balance at June 30, 2024 \$5,273,169 is restricted in the capital reserve account; \$1,342,239 is restricted in the maintenance reserve account; \$312,233 is restricted in the emergency reserve account; \$500,000 is restricted for current fiscal year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026; \$450,730 is restricted for unemployment compensation; \$263,049 is assigned for encumbrances; \$327,817 is designated for subsequent year's expenditures; and \$1,568,992 is unassigned which is \$162,677 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, 2025.

Special Revenue Fund: The \$37,131 Special Revenue Fund fund balance at June 30, 2024 is restricted for student activities.

Capital Projects Fund: Of the \$13,758,017 Capital Projects Fund fund balance at June 30, 2024, \$13,451,433 is restricted and \$306,584 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, 2024 as outlined above.

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

U. Deficit Net Position:

The District had a \$4,006,950 deficit in unrestricted net position in governmental activities as of June 30, 2024 primarily due to the non-recognition of the June state aid payments as explained in Note 1T above, the accrual of compensated absences payable, accrued interest payable, unassigned and assigned General Fund fund balance, deferred outflows and inflows of resources related to pension and the net pension liability. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2024 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, 2024 related to pensions.

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

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2024.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2024.

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, 2024
(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, 2024
(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, 2024
(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, 2024, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>		<u>Long-Term Investments</u>	<u>Total</u>
	<u>Restricted</u>	<u>Unrestricted</u>	<u>Unrestricted</u>	
Checking and Investment Accounts	\$7,415,502	\$ 612,514		\$ 8,028,016
NJ/ARM			\$ 15,911,895	15,911,895
	<u>\$7,415,502</u>	<u>\$ 612,514</u>	<u>\$ 15,911,895</u>	<u>\$ 23,939,911</u>

During the period ended June 30, 2024, 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, 2024 was \$23,939,911 and the bank balance was \$23,579,350. The \$15,911,895 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, 2024
(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, 2023 to June 30, 2024 fiscal year is as follows:

Balance June 30, 2023	\$ 5,501,116
Interest Earnings	1,800
Deposit per Board Resolution (June 2024)	385,459
Unexpended Withdrawals for Capital Projects Returned	816,867
Unexpended Withdrawals for Capital Outlay Returned	21,393
Budgeted Withdrawal for Capital Projects	(816,867)
Budgeted Withdrawal for Debt Service	(400,000)
Withdrawals by Board Resolution for Capital Outlay	<u>(236,599)</u>
Balance June 30, 2024	<u>\$ 5,273,169</u>

The June 30, 2024 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, 2024
(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, 2023 to June 30, 2024 fiscal year is as follows:

Balance June 30, 2023	\$ 842,239
Deposit per Board Resolution (June 2024)	<u>500,000</u>
Balance June 30, 2024	<u><u>\$ 1,342,239</u></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 thorough 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, 2023 to June 30, 2024 fiscal year is as follows:

Balance June 30,2023	<u>\$ 312,233</u>
Balance June 30, 2024	<u><u>\$ 312,233</u></u>

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2024, the District transferred \$207,209 to the capital outlay accounts for equipment which did not require County Superintendent approval.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2024 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,809,389			\$ 1,809,389
Construction in Progress	2,920,841	\$ 5,543,726		8,464,567
Total Capital Assets Not Being Depreciated	4,730,230	5,543,726		10,273,956
Capital Assets Being Depreciated:				
Buildings and Building Improvements	36,953,546			36,953,546
Machinery and Equipment	2,125,141	10,739	\$ (69,067)	2,066,813
Total Capital Assets Being Depreciated	39,078,687	10,739	(69,067)	39,020,359
Governmental Activities Capital Assets	43,808,917	5,554,465	(69,067)	49,294,315
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(22,702,561)	(802,249)		(23,504,810)
Machinery and Equipment	(1,413,765)	(145,373)	53,552	(1,505,586)
	(24,116,326)	(947,622)	53,552	(25,010,396)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,692,591</u>	<u>\$ 4,606,843</u>	<u>\$ (15,515)</u>	<u>\$ 24,283,919</u>

Capital acquisitions totaled \$5,554,465 of current fiscal year capitalized expenditures in the Governmental Activities. As of June 30, 2024, the District had one active construction project for \$21,916,025 with a balance of \$13,451,433, including \$9,235,458 of outstanding construction encumbrances.

Depreciation expense was charged to governmental functions as follows:

Student and Instruction Related Services	\$ 38,923
General Administration	54,397
School Administration	10,315
Central Services	1,142
Plant Operations and Maintenance	33,650
Unallocated	809,195
Total Depreciation	<u>\$ 947,622</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2023	Accrued	Retired	Balance 6/30/2024	Amount Due Within One Year
Serial Bonds Payable	\$ 20,916,000		\$ 661,000	\$ 20,255,000	\$ 855,000
Net Pension Liability	5,626,452	\$ 28,278		5,654,730	
Compensated Absences Payable	533,017		43,972	489,045	
Arbitrage Rebate Payable		306,584		306,584	
	<u>\$ 27,075,469</u>	<u>\$ 334,862</u>	<u>\$ 704,972</u>	<u>\$ 26,705,359</u>	<u>\$ 855,000</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.

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

The District had bonds outstanding as of June 30, 2024 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Bonds	08/01/42	3.00-4.00%	<u>\$ 20,255,000</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 855,000	\$ 780,075	\$ 1,635,075
2026	875,000	754,125	1,629,125
2027	885,000	723,300	1,608,300
2028	900,000	687,600	1,587,600
2029	925,000	651,100	1,576,100
Thereafter:			
2030-2034	4,990,000	2,674,000	7,664,000
2035-2039	5,685,000	1,609,100	7,294,100
2040-2043	5,140,000	417,000	5,557,000
	<u>\$ 20,255,000</u>	<u>\$ 8,296,300</u>	<u>\$ 28,551,300</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2024, the Board had \$25 of bonds authorized but not issued associated with the District's January 25, 2022 voter approved bond referendum project.

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 \$489,045. The General Fund will be used to liquidate Compensated Absences Payable.

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

D. Leases Payable:

The District had no leases payable outstanding as of June 30, 2024.

E. Unamortized Bond Issuance Premiums:

The District had no unamortized bond issuance premiums at June 30, 2024.

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 \$5,654,730 at June 30, 2024. See Note 10 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, 2024
(Continued)

NOTE 10. 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.state.nj.us/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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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.

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, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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

District contributions to PERS amounted to \$521,783 for the current fiscal year. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$17,635 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, 2024, the District reported a liability of \$5,654,730 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2023, the District's proportion was 0.039%, which was an increase of 0.0017% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized an actual pension expense in the amount of \$217,265. Additionally, for the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$17,635 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 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, 2024
(Continued)

NOTE 10. 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, 2024, 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	2019	5.21		\$ 30,716
	2020	5.16		279,489
	2021	5.13	\$ 12,422	
	2022	5.04		32,496
			<u>12,422</u>	<u>342,701</u>
Changes in Proportion	2019	5.21	35,735	
	2020	5.16		177,219
	2021	5.13	305,406	
	2022	5.04	176,084	
	2023	5.08	<u>235,279</u>	
			<u>752,504</u>	<u>177,219</u>
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2020	5.00	87,571	
	2021	5.00	(728,281)	
	2022	5.00	866,478	
	2023	5.00	<u>(199,727)</u>	
			<u>26,041</u>	
Difference Between Expected and Actual				
Experience	2019	5.21	2,348	
	2020	5.16	15,571	
	2021	5.13		9,879
	2022	5.04		13,236
	2023	5.08	<u>36,147</u>	
			<u>54,066</u>	<u>23,115</u>
District Contribution Subsequent to the				
Measurement Date	2023	1.00	<u>550,000</u>	
			<u>\$ 1,395,033</u>	<u>\$ 543,035</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. 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>
2024	\$ (298,550)
2025	(166,638)
2026	232,866
2027	(41,674)
2028	709
	<u>\$ (273,287)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2022 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, 2024
(Continued)

NOTE 10. 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, 2023) 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, 2023 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%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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, 2024
(Continued)

NOTE 10. 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, 2023 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, 2023		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
District's proportionate share of the			
Net Pension Liability	\$ 7,361,255	\$ 5,654,730	\$ 4,202,251

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

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, 2024
(Continued)

NOTE 10. 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 2023, 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 2024, the State of New Jersey contributed \$5,489,097 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,551,192.

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, 2024
(Continued)

NOTE 10. 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, 2024, the State's proportionate share of the net pension liability attributable to the District was \$63,141,059. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2023, the District's proportion was 0.1237%, which was an increase of 0.0014% from its proportion measured as of June 30, 2022.

District's Proportionate Share of the Net Pension Liability	\$ - 0 -
State's Proportionate Share of the Net Pension Liability Attributable to the District	<u>63,141,059</u>
Total	<u><u>\$ 63,141,059</u></u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$1,551,192 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 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	2016	8.30	\$ 391,340,712	
	2017	8.30		\$2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		1,514,535,609
	2020	7.99	805,517,879	
	2021	7.93		9,179,534,541
	2022	7.83	<u>82,066,487</u>	
			<u>1,278,925,078</u>	<u>14,657,999,241</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 10. 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	2016	8.30		\$4,866,656
	2017	8.30	\$37,022,988	
	2018	8.29	330,339,649	
	2019	8.04		58,842,090
	2020	7.99		4,293,040
	2021	7.93	121,815,868	
	2022	7.83		15,372,285
	2023	7.93	169,161,907	
			<u>658,340,412</u>	<u>83,374,071</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	241,395,539	
	2021	5.00	(1,777,316,905)	
	2022	5.00	2,489,500,994	
	2023	6.00	(477,296,442)	
			<u>476,283,186</u>	
			<u>\$ 2,413,548,676</u>	<u>\$14,741,373,312</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
2024	\$ (3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	<u>56,606,524</u>
	<u>\$ (12,327,824,636)</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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 – 4.25% 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, 2022 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, 2023) 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, 2023 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%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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, 2023 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 74,454,766	\$ 63,141,059	\$ 53,612,228

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, 2024
(Continued)

NOTE 10. 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 \$2,280 pension expense for the fiscal year ended June 30, 2024. Employee contributions to DCRP amounted to \$3,097 for the year ended June 30, 2024.

NOTE 11. 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, 2024
(Continued)

NOTE 11. 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 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.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

At June 30, 2022, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	152,383
Active Plan Members	<u>217,212</u>
Total	<u><u>369,595</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

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 - 4.25%	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, 2024
(Continued)

NOTE 11. 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 June 30, 2022 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 employees 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 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%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 11. 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, 2022	\$ 51,654,007
Changes for Year:	
Service Cost	2,413,356
Interest	1,890,791
Changes in Assumptions	108,211
Differences between Expected and Actual Experience	(953,908)
Member Contributions	48,454
Gross Benefit Payments	<u>(1,473,902)</u>
Net Changes	<u>2,033,002</u>
Balance at June 30, 2023	<u><u>\$ 53,687,009</u></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, 2023, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2023</u>		
	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
Total OPEB Liability Attributable to the District	\$ 62,938,801	\$ 53,687,009	\$ 46,258,894

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, 2023, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 11. 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, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 44,568,495	\$ 53,687,009	\$ 65,618,609

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

For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$1,956,172 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.

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,934,545
	2018	9.51		2,002,428
	2019	9.29	\$ 294,588	
	2020	9.24	7,202,204	
	2021	9.24	40,993	
	2022	9.13		10,878,722
	2023	9.30	96,575	
			<u>7,634,360</u>	<u>14,815,695</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 11. 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, 2023 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
Differences between Expected and Actual Experience	2018	9.51		\$ 1,892,917
	2019	9.29		3,467,327
	2020	9.24	\$ 6,712,737	
	2021	9.24		7,883,229
	2022	9.13	1,120,352	
	2023	9.30		897,150
			<u>7,833,089</u>	<u>14,140,623</u>
Changes in Proportion	N/A	N/A	<u>1,804,928</u>	<u>223,385</u>
			<u>\$ 17,272,377</u>	<u>\$ 29,179,703</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
2024	\$ 2,677,318
2025	2,677,318
2026	2,326,968
2027	1,371,892
2028	280,810
Thereafter	<u>4,154,563</u>
	<u>\$ 13,488,869</u>

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. 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>
2023-2024	\$ - 0 -	\$ - 0 -	\$ 84,936	\$ 68,191	\$ 450,730
2022-2023	- 0 -	- 0 -	36,028	24,100	433,985
2021-2022	- 0 -	- 0 -	117,843	59,279	422,057

NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,420,986	
Special Revenue Fund		\$ 211,040
Capital Projects Fund		2,209,946
	<u>\$ 2,420,986</u>	<u>\$ 2,420,986</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 \$30,211 to the Food Service Enterprise Fund for the Board Contribution and the Capital Projects Fund transferred \$548,055 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, 2024
(Continued)

NOTE 14. 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 15. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2024:

	<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	\$ 135,784	\$ 6,012	\$ 141,796		\$ 141,796
Payroll Deductions and Withholdings	67,250		67,250		67,250
Accrued Salaries and Wages	300,460		300,460		300,460
Cash Deficit	1,544,409		1,544,409		1,544,409
Due to State of New Jersey				\$ 550,000	550,000
	<u>\$ 2,047,903</u>	<u>\$ 6,012</u>	<u>\$ 2,053,915</u>	<u>\$ 550,000</u>	<u>\$ 2,603,915</u>

NOTE 16. 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, 2024
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2024, 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>
\$ 263,049	\$ 9,235,458	\$ 9,498,507

In the District's Governmental Funds Balance Sheet as of June 30, 2024, \$-0- is assigned for encumbrances in the Special Revenue Fund, which is \$-0- less than the actual encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid – this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$9,235,458 of fiscal year-end encumbrances in the Capital Projects Fund are included in the \$13,451,433 restricted fund balance on a GAAP and budgetary basis at June 30, 2024.

NOTE 17. 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 18. 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,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	0.0270947244%	0.0287578055%	0.0289267370%	0.0320458958%	0.0319626397%
District's Proportionate Share of the Net Pension Liability	\$ 5,072,873	\$ 6,455,551	\$ 8,567,270	\$ 7,459,772	\$ 6,293,284
District's Covered Employee Payroll	\$ 1,863,030	\$ 1,907,591	\$ 2,208,730	\$ 2,171,186	\$ 2,431,573
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	272.29%	338.41%	387.88%	343.58%	258.82%
Plan Fiduciary Net Position as a % of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
District's Proportion of the Net Pension Liability	0.0358766372%	0.0323751672%	0.0357477756%	0.0374315109%	0.0990400206%
District's Proportionate Share of the Net Pension Liability	\$ 6,464,426	\$ 5,279,543	\$ 4,234,860	\$ 5,626,452	\$ 5,654,730
District's Covered Employee Payroll	\$ 2,197,235	\$ 2,430,124	\$ 2,686,875	\$ 2,702,459	\$ 3,310,964
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	294.21%	217.25%	157.61%	208.20%	170.79%
Plan Fiduciary Net Position as a % of the Total Pension Liability	56.27%	58.32%	70.33%	62.91%	65.23%

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

	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 351,741	\$ 354,169	\$ 418,648	\$ 470,151	\$ 521,783
Contributions in relation to the Contractually Required Contribution	(351,741)	(354,169)	(418,648)	(470,151)	(521,783)
Contribution Deficiency/(Excess)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
District's Covered Employee Payroll	\$ 2,430,124	\$ 2,686,875	\$ 2,702,459	\$ 3,310,964	\$ 3,269,218
Contributions as a percentage of Covered Payroll	14.47%	13.18%	15.49%	14.20%	15.96%

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,				
	2015	2016	2017	2018	2019
State's Proportion of the Net Pension Liability attributable to the District	0.1234828164%	0.1298212142%	0.1287734377%	0.1310509932%	0.1284517015%
State's Proportionate share of the Net Pension Liability attributable to the District	\$ 65,997,546	\$ 82,052,551	\$ 101,301,385	\$ 88,359,305	\$ 81,718,213
District's Covered Employee Payroll	\$ 13,096,690	\$ 12,932,849	\$ 13,319,779	\$ 13,290,759	\$ 13,107,406
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of District's Covered Employee Payroll	503.93%	634.45%	760.53%	664.82%	623.45%
Plan Fiduciary Net Position as a % of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%

	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
State's Proportion of the Net Pension Liability attributable to the District	0.1279542263%	0.1240291249%	0.1133397553%	0.1222684250%	0.1237267411%
State's Proportionate share of the Net Pension Liability attributable to the District	\$ 78,526,716	\$ 81,671,686	\$ 54,488,301	\$ 63,083,680	\$ 63,141,059
District's Covered Employee Payroll	\$ 12,604,390	\$ 13,304,015	\$ 14,120,009	\$ 14,641,735	\$ 15,667,659
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of District's Covered Employee Payroll	623.01%	613.89%	385.89%	430.85%	403.00%
Plan Fiduciary Net Position as a % of the Total Pension Liability	26.95%	24.60%	35.52%	32.29%	32.29%

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

	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 4,631,716	\$ 5,078,693	\$ 1,282,134	\$ 1,697,758	\$ 1,551,192
Contributions in relation to the Contractually Required Contribution	(2,720,433)	(3,294,649)	(3,576,967)	(5,058,024)	(5,489,097)
Contribution Deficiency/(Excess)	<u>\$ 1,911,283</u>	<u>\$ 1,784,044</u>	<u>\$ (2,294,833)</u>	<u>\$ (3,360,266)</u>	<u>\$ (3,937,905)</u>
District's Covered Employee Payroll	\$ 13,304,015	\$ 14,120,009	\$ 14,641,735	\$ 15,667,659	\$ 16,335,892
Contributions as a percentage of Covered Employee Payroll	34.81%	35.97%	8.76%	10.84%	9.50%

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 SEVEN 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
Service Cost	\$ 3,117,949	\$ 2,413,356
Interest	1,368,888	1,890,791
Changes of Benefit Terms		
Changes in Assumptions	(13,856,651)	108,211
Differences Between Expected and Actual Experience	1,038,853	(953,908)
Member Contributions	43,499	48,454
Gross Benefit Payments	(1,355,924)	(1,473,902)
Net Change in Total OPEB Liability	(9,643,386)	2,033,002
Total OPEB Liability - Beginning	61,297,393	51,654,007
Total OPEB Liability - Ending	<u>\$ 51,654,007</u>	<u>\$ 53,687,009</u>
District's Covered Employee Payroll *	\$ 16,806,884	\$ 17,344,194
Total OPEB Liability as a Percentage of Covered Employee Payroll	307%	310%

* - Covered payroll for the fiscal years ending June 30, 2017-2023 is based on the payroll on the June 30, 2016-2022 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, 2024

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, 2022 actuarial valuation the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% 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, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

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%.

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

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

BUDGETARY COMPARISON SCHEDULES

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 30,498,343		\$ 30,498,343	\$ 30,498,343	
Tuition From Individuals	135,000		135,000	414,709	\$ 279,709
Tuition From Other LEAs Within the State	1,978,983		1,978,983	1,999,719	20,736
Transportation Fees From Individuals	70,000		70,000	59,475	(10,525)
Unrestricted Miscellaneous Revenues	52,300		52,300	440,097	387,797
Interest Earned on Current Expense Emergency Reserve	1,800		1,800		(1,800)
Interest Earned on Capital Reserve Funds	1,800		1,800	1,800	
Total Revenues from Local Sources	32,738,226		32,738,226	33,414,143	675,917
Revenues from State Sources:					
Categorical Transportation Aid	272,571		272,571	272,571	
Extraordinary Aid	500,165		500,165	1,450,208	950,043
Categorical Special Education Aid	1,267,178		1,267,178	1,267,178	
Categorical Security Aid	107,718		107,718	107,718	
Other State Aids				49,539	49,539
TPAF Post Retirement Contributions (Non-Budgeted)				1,510,969	1,510,969
TPAF Pension Contributions (Non-Budgeted)				5,489,097	5,489,097
TPAF Non-Contributory Insurance (Non-Budgeted)				62,600	62,600
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,954	1,954
Reimbursed TPAF Social Security Contributions				1,172,280	1,172,280
Total Revenues from State Sources	2,147,632		2,147,632	11,384,114	9,236,482
TOTAL REVENUE	34,885,858		34,885,858	44,798,257	9,912,399

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 296,078	\$ (142,138)	\$ 153,940	\$ 153,850	\$ 90
Kindergarten - Salaries of Teachers	761,572	(139,755)	621,817	621,600	217
Grades 1-5 - Salaries of Teachers	4,244,126	752,786	4,996,912	4,954,048	42,864
Grades 6-8 - Salaries of Teachers	4,418,259	(83,675)	4,334,584	4,333,969	615
Regular Programs - Home Instruction:					
Salaries of Teachers	65,000	58,682	123,682	123,120	562
Other Salaries for Instruction	282,900	(282,900)			
Other Purchased Services (400-500 series)	717,143	(717,143)			
Textbooks	62,740	(62,740)			
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	111,598	112,698	112,698	110,941	1,757
General Supplies		641,880	753,478	644,579	108,899
Textbooks		37,647	37,647	31,782	5,865
Total Regular Programs - Instruction	10,959,416	175,342	11,134,758	10,973,889	160,869
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	361,361	(72,894)	288,467	287,830	637
Other Salaries for Instruction	486,497	89,475	575,972	575,300	672
General Supplies	5,341	14,000	19,341	17,811	1,530
Total Learning and/or Language Disabilities	853,199	30,581	883,780	880,941	2,839
Resource Room/Resource Center:					
Salaries of Teachers	1,941,193	7,683	1,948,876	1,948,055	821
General Supplies	4,000	(3,201)	799	60	739
Total Resource Room/Resource Center	1,945,193	4,482	1,949,675	1,948,115	1,560

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	\$ 379,420	\$ 203,765	\$ 583,185	\$ 582,628	\$ 557
Other Salaries for Instruction	874,809	(50,676)	824,133	823,680	453
General Supplies	20,000		20,000	19,861	139
Total Autism	1,274,229	153,089	1,427,318	1,426,169	1,149
Preschool Disabilities - Part-Time:					
Salaries of Teachers	272,017	22,877	294,894	294,763	131
Other Salaries for Instruction	133,989	(110,714)	23,275	23,100	175
General Supplies	1,500		1,500	1,303	197
Total Preschool Disabilities - Part-Time	407,506	(87,837)	319,669	319,166	503
TOTAL SPECIAL EDUCATION - INSTRUCTION	4,480,127	100,315	4,580,442	4,574,391	6,051
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	535,887	(261,976)	273,911	273,028	883
General Supplies	5,000	(4,000)	1,000	750	250
Total Basic Skills/Remedial - Instruction	540,887	(265,976)	274,911	273,778	1,133
Bilingual Education - Instruction:					
Salaries of Teachers	124,560	15,351	139,911	139,824	87
General Supplies	5,000	(4,000)	1,000		1,000
Total Bilingual Education - Instruction	129,560	11,351	140,911	139,824	1,087
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	86,112	(39,000)	47,112	43,504	3,608
Supplies and Materials	1,500	5,529	7,029	7,029	
Other Objects	400		400		400
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	88,012	(33,471)	54,541	50,533	4,008

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction:					
Salaries	\$ 34,296	\$ 21,000	\$ 55,296	\$ 11,757	\$ 43,539
Purchased Services (300-500 series)	12,000		12,000	10,743	1,257
Total School-Sponsored Athletics - Instruction	46,296	21,000	67,296	22,500	44,796
TOTAL INSTRUCTION	16,244,298	8,561	16,252,859	16,034,915	217,944
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	315,977	168,895	484,872	483,950	922
Tuition to Priv. Sch. for the Handicap. W/I State	1,381,025	(780,387)	600,638	530,548	70,090
Tuition - Other	13,000	(13,000)			
Total Undistributed Expenditures - Instruction	1,710,002	(624,492)	1,085,510	1,014,498	71,012
Undistributed Expend. - Attend. & Social Work:					
Other Purchased Services (400-500 series)		15,670	15,670	15,670	
Total Undist. Expend. - Attendance and Social Work		15,670	15,670	15,670	
Undistributed Expenditures - Health Services:					
Salaries	392,191	7,600	399,791	399,737	54
Supplies and Materials	73,657	(46,629)	27,028	25,443	1,585
Total Undist. Expenditures - Health Services	465,848	(39,029)	426,819	425,180	1,639
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	1,048,163	(176,116)	872,047	870,139	1,908
Purchased Professional - Educational Services		2,200	2,200	2,200	
Supplies and Materials	2,548		2,548	1,589	959
Total Undist. Expend. - Speech, OT, PT, Related Svcs	1,050,711	(173,916)	876,795	873,928	2,867

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	\$ 422,089	\$ 412,770	\$ 834,859	\$ 834,228	\$ 631
Purchased Professional - Educational Services	40,000	(37,400)	2,600	2,600	
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	462,089	375,370	837,459	836,828	631
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	537,736	(27,826)	509,910	508,383	1,527
Other Purchased Prof. and Tech. Services	41,000	(2,000)	39,000	37,782	1,218
Other Purchased Services (400-500 series)		5,250	5,250	5,250	
Supplies and Materials	1,600	(1,600)			
Total Undist Expend. - Guidance	580,336	(26,176)	554,160	551,415	2,745
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	883,594	137,673	1,021,267	1,017,923	3,344
Salaries of Secretarial and Clerical Assistants	134,664	(5,160)	129,504	128,064	1,440
Other Purchased Prof. and Tech. Services	33,000	17,910	50,910	50,910	
Supplies and Materials	38,000		38,000	35,735	2,265
Other Objects	4,000		4,000	3,725	275
Total Undist Expend. - Child Study Team	1,093,258	150,423	1,243,681	1,236,357	7,324
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	165,057	(138,046)	27,011	10,073	16,938
Total Undist. Expend. - Improv. of Inst. Serv.	165,057	(138,046)	27,011	10,073	16,938

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 677,187	\$ (121,196)	\$ 555,991	\$ 555,311	\$ 680
Purchased Professional and Technical Services	12,000	2,100	14,100	12,705	1,395
Other Purchased Services (400-500 series)	53,000	(47,785)	5,215	5,215	
Supplies and Materials	21,210	(1,313)	19,897	19,766	131
Other Objects	2,090		2,090	2,040	50
Total Undist Expend-Edu. Media Serv./Sch. Library	765,487	(168,194)	597,293	595,037	2,256
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	110,187	(49,849)	60,338	53,823	6,515
Other Purchased Prof. And Tech. Services		1,495	1,495	1,490	5
Other Purchased Services (400-500 series)		26,460	26,460	26,460	
Supplies and Materials	2,000	(2,000)			
Total Undist.Expend.-Instructional Staff Training Services	112,187	(23,894)	88,293	81,773	6,520
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	320,132	155	320,287	320,065	222
Legal Services	70,000	15,000	85,000	84,088	912
Audit Fees	50,500	25,000	75,500	75,000	500
Other Purchased Professional Services	4,000	21,000	25,000		25,000
Communications / Telephone	6,500	3,270	9,770	9,393	377
Other Purch. Serv. (400-500 series other than 530 & 585)	900	32,284	33,184	33,184	
General Supplies	9,057	4,300	13,357	13,136	221
Miscellaneous Expenditures	11,200	6,277	17,477	17,091	386
Total Undist. Expend.-Support Serv.-Gen. Admin.	472,289	107,286	579,575	551,957	27,618

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 858,413	\$ 34,435	\$ 892,848	\$ 892,848	
Salaries of Other Professional Staff	740	4,410	5,150	4,410	\$ 740
Salaries of Secretarial and Clerical Assistants	459,568	(3,034)	456,534	456,303	231
Supplies and Materials	25,150	(2,050)	23,100	20,803	2,297
Other Objects	15,700	(3,399)	12,301	12,301	
Total Undist. Expend.-Support Serv.-School Adm.	1,359,571	30,362	1,389,933	1,386,665	3,268
Undist. Expend. - Central Services:					
Salaries	259,000	30,000	289,000	287,676	1,324
Unused Vacation Payment to Terminated/Retired Staff		20,990	20,990	20,650	340
Purchased Professional Services	40,000	(40,000)			
Miscellaneous Purchased Services (400-500 series other than 594)	5,000	27,121	32,121	31,952	169
Supplies and Materials	5,000	(311)	4,689	3,112	1,577
Total Undist. Expend. - Central Services	309,000	37,800	346,800	343,390	3,410
Undist. Expend. - Admin. Info. Technology:					
Salaries	160,000	(36,931)	123,069	122,088	981
Supplies and Materials	3,654		3,654	1,220	2,434
Total Undist. Expend. - Admin. Info. Technology	163,654	(36,931)	126,723	123,308	3,415
Undist. Expend.-Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	249,199	(75,712)	173,487	171,980	1,507
General Supplies	102,400	(1,977)	100,423	98,964	1,459
Total Undist. Expend.- Required Maint. for School Facilities	351,599	(77,689)	273,910	270,944	2,966

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries of Non-Instructional Aides	\$ 351,801	\$ (78,752)	\$ 273,049	\$ 271,849	\$ 1,200
Purchased Professional and Technical Services	29,800	(4,595)	25,205	24,380	825
Cleaning, Repair, and Maintenance Services	1,775,041	(81,004)	1,694,037	1,694,004	33
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.		20,000	20,000	20,000	
Other Purchased Property Services	50,000	(7,000)	43,000	42,280	720
Insurance	15,000	(13,722)	1,278	1,278	
General Supplies	23,945	(5,167)	18,778	17,742	1,036
Energy (Natural Gas)	155,000	(31,260)	123,740	123,323	417
Energy (Electricity)	139,090	244,495	383,585	380,780	2,805
Total Undist. Expend.-Custodial Services	2,539,677	42,995	2,582,672	2,575,636	7,036
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	23,000	17,298	40,298	40,298	
Total Care And Upkeep Of Grounds	23,000	17,298	40,298	40,298	
Security:					
Cleaning, Repair, and Maintenance Services	20,000	159,000	179,000	178,128	872
Total Security	20,000	159,000	179,000	178,128	872
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	2,934,276	141,604	3,075,880	3,065,006	10,874
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	40,000	(40,000)			
Management Fee - ESC&CTSA Transportation Program	5,800	(2,300)	3,500	3,500	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	89,000	44,489	133,489	133,489	
Contract. Serv.(Bet. Home & Sch.)-Vendors	567,126	62,651	629,777	628,980	797
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	32,000	(10,000)	22,000	21,137	863
Contract. Serv.(Spl. Ed. Students)-Vendors	702,027	(50,582)	651,445	650,657	788
Total Undist. Expend.-Student Trans. Serv.	1,435,953	4,258	1,440,211	1,437,763	2,448

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ALLOCATED BENEFITS					
Regular Programs - Instruction:					
Health Benefits	\$ 4,500,000	\$ (4,500,000)			
Total Regular Programs - Instruction	4,500,000	(4,500,000)			
Special Programs - Instruction:					
Health Benefits	500,000	(500,000)			
Total Special Programs - Instruction	500,000	(500,000)			
TOTAL ALLOCATED BENEFITS	5,000,000	(5,000,000)			
UNALLOCATED BENEFITS					
Social Security Contributions	450,000	27,000	\$ 477,000	\$ 476,912	\$ 88
Other Retirement Contributions - PERS	550,000	(28,217)	521,783	521,783	
Other Retirement Contributions - Regular	5,500	(3,000)	2,500	2,280	220
Workers Compensation	250,000	234,552	484,552	484,552	
Health Benefits	1,021,308	5,179,390	6,200,698	6,197,943	2,755
Tuition Reimbursement	52,000	(8,000)	44,000	37,753	6,247
Other Employee Benefits	35,000	(9,493)	25,507	24,271	1,236
TOTAL UNALLOCATED BENEFITS	2,363,808	5,392,232	7,756,040	7,745,494	10,546
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			1,510,969		(1,510,969)
TPAF Pension Contributions (Non-Budgeted)			5,489,097		(5,489,097)
TPAF Non-Contributory Insurance (Non-Budgeted)			62,600		(62,600)
TPAF Long-Term Disability Insurance (Non-Budgeted)			1,954		(1,954)
Reimbursed TPAF Social Security Contributions			1,172,280		(1,172,280)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			8,236,900		(8,236,900)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	7,363,808	392,232	7,756,040	15,982,394	(8,226,354)

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 20,443,526	\$ 24,327	\$ 20,467,853	\$ 28,531,242	\$ (8,063,389)
TOTAL GENERAL CURRENT EXPENSE	36,687,824	32,888	36,720,712	44,566,157	(7,845,445)
CAPITAL OUTLAY					
Equipment:					
Undist. Expnd. - Required Maint for School Fac.	14,386	2,430	16,816	16,689	127
Undist. Expnd. - Custodial Services	67,000	(31,820)	35,180	14,180	21,000
Undist. Expnd. - Security		236,599	236,599	215,206	21,393
Total Equipment	81,386	207,209	288,595	246,075	42,520
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	816,867		816,867		816,867
Assessment for Debt Service on SDA Funding	29,034		29,034	29,034	
Total Facilities Acquisition and Const. Serv.	845,901		845,901	29,034	816,867
TOTAL CAPITAL OUTLAY	927,287	207,209	1,134,496	275,109	859,387
TOTAL EXPENDITURES	37,615,111	240,097	37,855,208	44,841,266	(6,986,058)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(2,729,253)	(240,097)	(2,969,350)	(43,009)	(2,926,341)
Other Financing Sources/(Uses):					
Withdrawal from Capital Reserve - Transfer to Debt Service	(400,000)		(400,000)	(400,000)	(548,055)
Transfer from Capital Projects Fund - Interest Earnings		3,498	(31,503)	548,055	(1,292)
Transfers to Cover Deficit (Enterprise Fund)	(35,001)		(31,503)	(30,211)	(549,347)
	(435,001)	3,498	(431,503)	117,844	

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	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	\$ (3,164,254)	\$ (236,599)	\$ (3,400,853)	\$ 74,835	\$ 3,475,688
Fund Balance, July 1	10,126,071		10,126,071	10,126,071	
Fund Balance, June 30	<u>\$ 6,961,817</u>	<u>\$ (236,599)</u>	<u>\$ 6,725,218</u>	<u>\$ 10,200,906</u>	<u>\$ 3,475,688</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2025-2026				\$ 500,000	
Capital Reserve				5,273,169	
Maintenance Reserve				1,342,239	
Emergency Reserve				312,233	
Unemployment Compensation				450,730	
Assigned Fund Balance:					
Year End Encumbrances				263,049	
Designated for Subsequent Year's Expenditures				327,817	
Unassigned Fund Balance				<u>1,731,669</u>	
				<u>10,200,906</u>	
				<u>(162,677)</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 10,038,229</u>	

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 218,878	\$ 218,878	\$ 206,905	\$ (11,973)
State Sources	\$ 149,111	(45,785)	103,326	58,084	(45,242)
Federal Sources	543,164	131,058	674,222	598,280	(75,942)
Total Revenues	692,275	304,151	996,426	863,269	(133,157)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	59,155	31,276	90,431	84,343	6,088
Purchased Professional/Educational Services	96,923	(2,003)	94,920	94,920	
Tuition	272,320	38,553	310,873	310,873	
General Supplies	649	107,283	107,932	88,591	19,341
Textbooks	6,996	(3,354)	3,642	3,632	10
Other Objects	500		500		500
Total Instruction	436,543	171,755	608,298	582,359	25,939
Support Services:					
Salaries of Other Professional Staff		32,049	32,049		32,049
Personal Services - Employee Benefits	1,285	6,020	7,305	7,259	46
Purchased Professional/Technical Services	59,722	(21,849)	37,873	12,630	25,243
Purchased Professional/Educational Services	165,458	(80,909)	84,549	27,819	56,730
Other Purchased Services	27,767	17,054	44,821	44,553	268
Other Objects	1,500	(1,500)			
Student Activities		181,531	181,531	181,531	
Total Support Services	255,732	132,396	388,128	273,792	114,336
Total Expenditures	692,275	304,151	996,426	856,151	140,275
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 7,118	\$ 7,118

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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	\$ 44,798,257	\$ 863,269
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		13,331
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	134,217	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(162,677)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 44,769,797</u>	<u>\$ 876,600</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 44,841,266	\$ 856,151
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		13,331
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 44,841,266</u>	<u>\$ 869,482</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, 2024 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, 2024

	Elementary and Secondary Education Act				IDEA Part B,	
	Title I, Part A	Title II, Part A	Title IV		Basic	Preschool
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 53,976	\$ 17,920	\$ 5,476	\$	318,027	\$ 18,601
Total Revenue	53,976	17,920	5,476		318,027	18,601
EXPENDITURES:						
Instruction:						
Salaries of Teachers	53,976					11,342
Purchased Professional - Educational Services						
Tuition					310,873	
General Supplies						
Textbooks						
Total Instruction	53,976				310,873	11,342
Support Services:						
Personal Services - Employee Benefits						7,259
Purchased Professional and Technical Services			5,476		7,154	
Purchased Professional - Educational Services						
Other Purchased Services		17,920				
Student Activities						
Total Support Services		17,920	5,476		7,154	7,259
Total Expenditures	\$ 53,976	\$ 17,920	\$ 5,476	\$	318,027	\$ 18,601

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	COVID-19 ARP				
	Accelerated Learning Coach and Educator Support	Evidence-Based Summer Learning and Enrichment Activities	COVID-19 ARP High-Impact Tutoring	NJ Nonpublic Textbook Aid	Nursing Aid
REVENUE:					
Local Sources					
State Sources					
Federal Sources					
Total Revenue	\$ 41,964	\$ 28,371	\$ 113,945	\$ 3,632	\$ 7,680
EXPENDITURES:	41,964	28,371	113,945	3,632	7,680
Instruction:					
Salaries of Teachers			19,025		
Purchased Professional - Educational Services			94,920		
Tuition					
General Supplies	41,964	28,371		3,632	
Textbooks					
Total Instruction	41,964	28,371	113,945	3,632	
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services					7,680
Purchased Professional - Educational Services					
Other Purchased Services					
Student Activities					
Total Support Services					7,680
Total Expenditures	\$ 41,964	\$ 28,371	\$ 113,945	\$ 3,632	\$ 7,680

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

		NJ Nonpublic				
		Auxiliary Services (Chapter 192)		Handicapped Services (Chapter 193)		
	Technology Initiative	Compensatory Education	Examination & Classification	Supplementary Instruction	Corrective Speech	
REVENUE:						
Local Sources						
State Sources	\$ 248	\$ 9,171	\$ 3,986	\$ 4,874	\$ 1,860	
Federal Sources						
Total Revenue	248	9,171	3,986	4,874	1,860	
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional - Educational Services						
Tuition						
General Supplies						
Textbooks						
Total Instruction						
Support Services:						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Purchased Professional - Educational Services	248	9,171	3,986	4,874	1,860	
Other Purchased Services						
Student Activities						
Total Support Services	248	9,171	3,986	4,874	1,860	
Total Expenditures	\$ 248	\$ 9,171	\$ 3,986	\$ 4,874	\$ 1,860	

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	SDA Emergent Capital and Maintenance Needs	Student Activities	Franklin Lakes Education Foundation	Local Sources	Totals
REVENUE:					
Local Sources		\$ 188,649	\$ 17,116	\$ 1,140	\$ 206,905
State Sources	\$ 26,633				58,084
Federal Sources					598,280
Total Revenue	26,633	188,649	17,116	1,140	863,269
EXPENDITURES:					
Instruction:					
Salaries of Teachers					84,343
Purchased Professional - Educational Services					94,920
Tuition					310,873
General Supplies			17,116	1,140	88,591
Textbooks					3,632
Total Instruction			17,116	1,140	582,359
Support Services:					
Personal Services - Employee Benefits					7,259
Purchased Professional and Technical Services					12,630
Purchased Professional - Educational Services					27,819
Other Purchased Services	26,633	181,531			44,553
Student Activities					181,531
Total Support Services	26,633	181,531			273,792
Total Expenditures	\$ 26,633	\$ 181,531	\$ 17,116	\$ 1,140	\$ 856,151

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, 2024

Revenue and Other Financing Sources:	
Interest on Investments	\$ 854,639
	<hr/>
Total Revenue and Other Financing Sources	854,639
	<hr/>
Expenditures:	
Purchased Professional and Technical Services	103,974
Construction Services	5,439,752
Transfer Out:	
General Fund - Interest Earned	548,055
	<hr/>
Total Expenditures	6,091,781
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures	(5,237,142)
Fund Balance - Beginning of Year	18,995,159
	<hr/>
Fund Balance - End of Year	\$ 13,758,017
	<hr/> <hr/>
Recapitulation of Fund Balance:	
Restricted Fund Balance	\$ 4,215,975
Restricted - Year-end Encumbrances	9,235,458
Assigned	306,584
	<hr/>
Fund Balance per Governmental Funds Budgetary and GAAP	\$ 13,758,017
	<hr/> <hr/>

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, 2024

	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	1,129,875	103,974	1,233,849	2,373,387
Construction Services	1,790,966	5,439,752	7,230,718	19,542,638
Total Expenditures	2,920,841	5,543,726	8,464,567	21,916,025
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 18,995,159	\$ (5,543,726)	\$ 13,451,433	\$ - 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	38.62%			
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, 2024

Operating Revenue:

Local Sources:

Daily Sales - Non-Reimbursable Programs	\$ 2,385
---	----------

Total Operating Revenue	2,385
-------------------------	-------

Operating Expenses:

Cost of Sales - Non-Reimbursable Programs	32,596
---	--------

Total Operating Expenses	32,596
--------------------------	--------

Operating Loss	(30,211)
----------------	----------

Change in Net Position Before Transfer	(30,211)
--	----------

Transfer In - General Fund Board Contribution	30,211
---	--------

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, 2024

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,385
Payments to Suppliers	<u>(32,596)</u>
Net Cash Used for Operating Activities	<u>(30,211)</u>
Cash Flows from Noncapital Financing Activities:	
Transfer In - General Fund Board Contribution	<u>30,211</u>
Net Cash Provided by Noncapital Financing Activities	<u>30,211</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>\$ (30,211)</u>
Net Cash Used for Operating Activities	<u><u>\$ (30,211)</u></u>

**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, 2023	Retired or Matured	Balance June 30, 2024
			June 30, 2024							
			Date	Amount						
School Bonds	11/15/22	\$ 20,916,000	8/1/2024	\$ 855,000		3.00%				
			8/1/2025	875,000		3.00%				
			8/1/2026	885,000		4.00%				
			8/1/2027	900,000		4.00%				
			8/1/2028	925,000		4.00%				
			8/1/2029	950,000		4.00%				
			8/1/2030	970,000		4.00%				
			8/1/2031	1,000,000		4.00%				
			8/1/2032	1,020,000		4.00%				
			8/1/2033	1,050,000		4.00%				
			8/1/2034	1,075,000		4.00%				
			8/1/2035	1,105,000		4.00%				
			8/1/2036	1,135,000		4.00%				
			8/1/2037	1,170,000		4.00%				
			8/1/2038	1,200,000		4.00%				
			8/1/2039	1,235,000		4.00%				
			8/1/2040	1,275,000		4.00%				
			8/1/2041	1,310,000		4.00%				
			8/1/2042	1,320,000		4.00%				
							\$ 20,916,000	\$ 661,000	\$ 20,255,000	
							\$ 20,916,000	\$ 661,000	\$ 20,255,000	

FRANKLIN LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARSION SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 679,358		\$ 679,358	\$ 679,358	
State Sources:					
Debt Service Aid Type II	556,033		556,033	556,033	
Total Revenues	1,235,391		1,235,391	1,235,391	
EXPENDITURES:					
Regular Debt Service :					
Interest	974,391		974,391	974,391	
Redemption of Principal	661,000		661,000	661,000	
Total Regular Debt Service	1,635,391		1,635,391	1,635,391	
Total Expenditures	1,635,391		1,635,391	1,635,391	
(Deficiency) of Revenues (Under) Expenditures	(400,000)	\$ - 0 -	(400,000)	(400,000)	\$ - 0 -
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 -	- 0 -	- 0 -
Fund Balance, July 1	- 0 -		- 0 -	- 0 -	
Fund Balance, June 30	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

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,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 18,210,674	\$ 17,671,173	\$ 17,750,489	\$ 17,509,535	\$ 17,417,512	\$ 17,551,192	\$ 17,499,793	\$ 17,230,227	\$ 17,771,750	\$ 17,480,352
Restricted	3,138,863	3,352,028	3,580,390	3,705,761	4,940,727	6,174,094	7,131,536	8,080,691	7,619,586	7,915,502
Unrestricted (Deficit)	(5,660,067)	(5,744,529)	(6,536,760)	(6,598,510)	(6,804,518)	(6,903,848)	(5,945,066)	(4,919,085)	(4,298,198)	(4,006,950)
Total Governmental Activities Net Position	\$ 15,689,470	\$ 15,278,672	\$ 14,794,119	\$ 14,616,786	\$ 15,553,721	\$ 16,821,438	\$ 18,686,263	\$ 20,391,833	\$ 21,093,138	\$ 21,388,904
Business-Type Activities:										
Unrestricted	\$ 7,152	\$ 1,483	\$ 734	\$ 1,334	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
Total Business-Type Activities Net Position	\$ 7,152	\$ 1,483	\$ 734	\$ 1,334	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District-Wide:										
Net Investment in										
Capital Assets	\$ 18,210,674	\$ 17,671,173	\$ 17,750,489	\$ 17,509,535	\$ 17,417,512	\$ 17,551,192	\$ 17,499,793	\$ 17,230,227	\$ 17,771,750	\$ 17,480,352
Restricted	3,138,863	3,352,028	3,580,390	3,705,761	4,940,727	6,174,094	7,131,536	8,080,691	7,619,586	7,915,502
Unrestricted (Deficit)	(5,652,915)	(5,743,046)	(6,536,026)	(6,597,176)	(6,804,518)	(6,903,848)	(5,945,066)	(4,919,085)	(4,298,198)	(4,006,950)
Total District-Wide Net Position	\$ 15,696,622	\$ 15,280,155	\$ 14,794,853	\$ 14,618,120	\$ 15,553,721	\$ 16,821,438	\$ 18,686,263	\$ 20,391,833	\$ 21,093,138	\$ 21,388,904

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$14,455,143	\$16,320,528	\$17,670,259	\$18,989,979	\$16,668,286	\$17,366,699	\$17,854,795	\$17,098,678	\$17,398,461	\$20,609,818
Special Education	5,470,305	6,280,209	7,001,062	7,382,611	6,910,092	7,475,298	7,952,005	7,099,369	7,018,137	8,026,523
Other Special Instruction	1,029,789	1,176,165	1,279,602	1,588,672	1,282,379	1,490,981	1,682,115	1,442,316	995,987	789,951
School-Sponsored Instruction	207,167	201,257	197,636	216,466	148,087	166,271	46,627	105,769	72,810	124,197
Support Services:										
Tuition	779,729	527,733	786,696	721,217	889,793	761,460	694,627	714,994	848,378	1,325,371
Student & Instruction Related Services	4,124,758	4,523,346	4,788,068	4,841,577	4,497,594	4,972,438	5,190,394	4,870,920	5,703,938	6,759,328
General Administrative Services	524,643	548,147	539,252	548,517	502,010	487,951	549,171	637,344	592,345	720,534
School Administrative Services	1,649,779	1,800,803	2,030,641	2,170,418	1,967,457	2,058,495	2,135,739	1,906,862	2,023,375	2,391,385
Central Services/Admin. Technology	627,228	623,656	658,966	631,313	610,140	644,616	634,948	529,859	615,153	603,877
Plant Operations and Maintenance	3,707,558	3,790,330	3,632,523	3,635,415	4,002,222	3,478,171	3,922,067	3,876,257	4,190,963	3,224,519
Pupil Transportation	823,310	799,309	808,209	864,249	1,039,839	960,282	933,892	1,026,138	1,388,636	1,437,763
Interest on Long-Term Debt	181,158	166,898	150,103	121,179	96,588	73,532	45,782	15,388	498,104	1,095,792
Unallocated Depreciation	12,028	9,036	6,315	5,801	6,105	15,688	3,058	1,767	4,182	809,195
Total Governmental Activities Expenses	33,592,595	36,767,417	39,549,332	41,717,414	38,620,592	39,951,882	41,645,220	39,325,661	41,350,469	47,918,253
Business-Type Activities:										
Food Service Enterprise Fund	14,071	16,545	10,171	10,266	9,819	6,981	16,743	36,889	31,792	32,596
Total Business-Type Activities Expenses	14,071	16,545	10,171	10,266	9,819	6,981	16,743	36,889	31,792	32,596
Total District Expenses	33,606,666	36,783,962	39,559,503	41,727,680	38,630,411	39,958,863	41,661,963	39,362,550	41,382,261	47,950,849

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular	\$ 1,750,765	\$ 2,016,141	\$ 1,744,354	\$ 2,126,054	\$ 2,290,727	\$ 220,524	\$ 138,841	\$ 224,020	\$ 303,111	\$ 414,709
Special Education						2,237,940	1,956,293	1,590,248	2,250,851	1,999,719
Student and Instruction Related Services							10,965	13,885	16,109	188,649
Pupil Transportation	77,299	68,010	64,172	61,064	45,450	51,423	17,213	21,345	40,760	59,475
Operating Grants and Contributions	6,939,275	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
Capital Grants and Contributions				402,766				25,067	26,012	
Total Governmental Activities Program Revenues	8,767,339	10,525,228	13,002,965	14,712,693	12,198,078	12,408,414	14,289,879	11,010,026	10,863,893	15,114,835
Business-Type Activities:										
Charges for Services:										
Food Service Enterprise Fund	8,799	3,908	3,410	3,981	3,540	3,013		3,624	2,708	2,385
Operating Grants and Contributions	7,083	6,968	6,012	6,885						
Total Business-Type Activities Revenues	15,882	10,876	9,422	10,866	3,540	3,013		3,624	2,708	2,385
Total District Program Revenues	8,783,221	10,536,104	13,012,387	14,723,559	12,201,618	12,411,427	14,289,879	11,013,650	10,866,601	15,117,220
Net (Expense)/Revenue:										
Governmental Activities	(24,825,256)	(26,242,189)	(26,546,367)	(27,004,721)	(26,422,514)	(27,543,468)	(27,355,341)	(28,315,635)	(30,486,576)	(32,803,418)
Business-Type Activities	1,811	(5,669)	(749)	600	(6,279)	(3,968)	(16,743)	(33,265)	(29,084)	(30,211)
Total District Net (Expense)/Revenue	(24,823,445)	(26,247,858)	(26,547,116)	(27,004,121)	(26,428,793)	(27,547,436)	(27,372,084)	(28,348,900)	(30,515,660)	(32,833,629)

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 24,212,205	\$ 24,696,449	\$ 25,149,448	\$ 25,652,437	\$ 26,390,486	\$ 27,253,536	\$ 28,141,328	\$ 29,314,084	\$ 29,900,336	\$ 30,498,343
Taxes Levied for Debt Service	965,256	836,650	807,300	780,000	754,600	722,725	694,375	667,600	637,500	679,358
Federal and State Aid not Restricted	54,386	54,985	68,554	69,739	25,431	20,846	20,870	20,863	20,865	655,158
Interest and Miscellaneous Income	260,129	243,307	216,512	145,212	193,877	428,124	148,154	51,923	658,264	1,296,536
Transfers					(4,945)	(3,968)	(16,743)	(33,265)	(29,084)	(30,211)
Total Governmental Activities	25,491,976	25,831,391	26,241,814	26,647,388	27,359,449	28,421,263	28,987,984	30,021,205	31,187,881	33,099,184
Business-Type Activities:										
Investment Earnings					4,945	3,968	16,743	33,265	29,084	30,211
Transfers										
Total Business-Type Activities					4,945	3,968	16,743	33,265	29,084	30,211
Total District General Revenues and Other Changes in Net Position	25,491,976	25,831,391	26,241,814	26,647,388	27,364,394	28,425,231	29,004,727	30,054,470	31,216,965	33,129,395
Change in Net Position:										
Governmental Activities	666,720	(410,798)	(304,553)	(357,333)	936,935	877,795	1,632,643	1,705,570	701,305	295,766
Business-Type Activities	1,811	(5,669)	(749)	600	(1,334)					
Total District Change in Net Position	\$ 668,531	\$ (416,467)	\$ (305,302)	\$ (356,733)	\$ 935,601	\$ 877,795	\$ 1,632,643	\$ 1,705,570	\$ 701,305	\$ 295,766

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Restricted	\$3,138,863	\$3,352,028	\$3,580,390	\$3,705,761	\$4,940,727	\$6,146,555	\$7,108,763	\$7,233,606	\$ 7,589,573	\$ 7,878,371
Assigned	286,974	329,508	253,177			80,000	30		1,450,987	590,866
Unassigned	706,262	544,977	569,187	569,793	657,126	702,976	1,649,019	1,908,321	951,294	1,568,992
Total General Fund	<u>\$4,132,099</u>	<u>\$4,226,513</u>	<u>\$4,402,754</u>	<u>\$4,275,554</u>	<u>\$5,597,853</u>	<u>\$6,929,531</u>	<u>\$8,757,812</u>	<u>\$9,141,927</u>	<u>\$ 9,991,854</u>	<u>\$10,038,229</u>
Other Governmental Funds:										
Restricted						\$ 27,539	\$ 22,773	\$ 847,085	\$19,025,172	\$13,488,564
Assigned										306,584
Committed				\$ 204,217						
Unassigned (Deficit)	<u>\$ (198,549)</u>	<u>\$ (198,549)</u>	<u>\$ (198,549)</u>							
Total Other Governmental Funds	<u>\$ (198,549)</u>	<u>\$ (198,549)</u>	<u>\$ (198,549)</u>	<u>\$ 204,217</u>	<u>\$ - 0 -</u>	<u>\$ 27,539</u>	<u>\$ 22,773</u>	<u>\$ 847,085</u>	<u>\$19,025,172</u>	<u>\$13,795,148</u>
Total Governmental Funds:										
Restricted	\$3,138,863	\$3,352,028	\$3,580,390	\$3,705,761	\$4,940,727	\$6,174,094	\$7,131,536	\$8,080,691	\$26,614,745	\$21,366,935
Committed				204,217						
Assigned	286,974	329,508	253,177			80,000	30		1,450,987	897,450
Unassigned	507,713	346,428	370,638	569,793	657,126	702,976	1,649,019	1,908,321	951,294	1,568,992
Total Governmental Funds	<u>\$3,933,550</u>	<u>\$4,027,964</u>	<u>\$4,204,205</u>	<u>\$4,479,771</u>	<u>\$5,597,853</u>	<u>\$6,957,070</u>	<u>\$8,780,585</u>	<u>\$9,989,012</u>	<u>\$29,017,026</u>	<u>\$23,833,377</u>

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Tax Levy	\$ 25,177,461	\$ 25,533,099	\$ 25,956,748	\$ 26,432,437	\$ 27,145,086	\$ 27,976,261	\$ 28,835,703	\$ 29,981,684	\$ 30,537,836	\$ 31,177,701
Other Governmental Units - Restricted	118,129	143,806	122,902	64,853	66,150					
Tuition Charges	1,750,765	2,016,141	1,744,354	2,126,054	2,290,727	2,458,464	2,095,134	1,814,268	2,553,962	2,414,428
Interest Earnings	10,205	13,213	15,044	23,148	62,903	77,407	15,318	8,613	658,235	1,200,671
Transportation Fees from Individuals	77,299	68,010	64,172	61,064	45,450	51,423	17,213	21,345	40,760	59,475
Restricted Miscellaneous Revenue							10,965	116,998	132,872	188,649
Unrestricted Miscellaneous Revenue	291,795	86,288	78,566	57,211	64,824	350,717	132,836	43,310	91,601	127,452
State Sources	3,814,603	4,186,233	4,686,656	5,576,091	5,911,482	6,143,362	7,141,698	7,513,688	9,563,644	11,969,771
Federal Sources	329,631	330,792	387,471	390,814	391,383	389,519	456,987	850,094	998,604	598,280
Total Revenues	31,569,888	32,377,582	33,055,913	34,731,672	35,978,005	37,447,153	38,705,854	40,350,000	44,577,514	47,736,427
Expenditures:										
Instruction:										
Regular Instruction	8,764,795	9,095,364	8,942,625	8,901,711	8,672,080	9,100,732	8,989,698	10,257,596	10,736,334	11,193,388
Special Education Instruction	3,396,428	3,602,531	3,668,974	3,769,787	3,769,563	4,134,211	4,293,398	4,727,932	4,633,754	4,639,709
Other Special Instruction	590,989	624,635	606,012	717,743	631,846	735,803	796,923	835,979	591,234	413,602
Other Instruction	123,119	111,792	101,605	104,866	77,948	86,480	23,905	66,240	47,193	73,033
Support Services:										
Tuition	779,729	527,733	786,696	721,217	889,793	761,460	694,627	714,994	848,378	1,325,371
Student & Instruction Related Services	3,220,053	3,383,766	3,376,756	3,427,916	3,198,965	3,546,822	4,022,584	4,079,793	4,526,420	4,900,053
General Administration	406,327	401,994	383,195	390,437	378,323	364,589	407,488	513,434	450,650	551,957
School Administration	1,036,945	1,053,527	1,077,685	1,111,871	1,060,841	1,124,049	1,132,316	1,224,806	1,300,368	1,386,665
Central Services/Administration										
Information Technology	499,380	465,808	460,585	431,776	421,352	449,523	464,667	445,643	477,425	466,698
Operations/Maintenance	2,768,734	2,591,475	2,662,724	2,576,431	2,758,137	3,104,540	2,839,804	2,870,173	3,167,101	3,065,006
Pupil Transportation	818,637	791,761	795,221	851,977	1,022,954	942,172	919,042	1,016,568	1,388,636	1,437,763
Unallocated Benefits	7,342,692	8,363,369	9,015,836	10,343,872	10,932,636	11,217,418	11,517,735	11,450,316	14,785,290	15,982,394
Capital Outlay	153,896	798,558	194,458	682,708	285,940	647,732	69,034	237,234	2,846,133	5,818,835

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenditures:										
Debt Service:										
Principal	\$ 815,000	\$ 650,000	\$ 640,000	\$ 635,000	\$ 635,000	\$ 630,000	\$ 630,000	\$ 630,000	\$ 625,000	\$ 661,000
Interest/Other Charges	206,225	186,650	167,300	145,000	119,600	92,725	64,375	37,600	12,500	974,391
Total Expenditures	30,922,949	32,648,963	32,879,672	34,812,312	34,854,978	36,938,256	36,865,596	39,108,308	46,436,416	52,889,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	646,939	(271,381)	176,241	(80,640)	1,123,027	508,897	1,840,258	1,241,692	(1,858,902)	(5,153,438)
Other Financing Sources (Uses):										
Bond Proceeds		365,795		356,206		464,366			20,916,000	
Leases		10	12							
Transfers In	55,730		(12)		(4,945)	(3,968)	(16,743)	1,000,000	426,818	948,055
Transfers Out	(55,730)	(10)						(1,033,265)	(455,902)	(978,266)
Total Other Financing Sources (Uses)	- 0 -	365,795	- 0 -	356,206	(4,945)	460,398	(16,743)	(33,265)	20,886,916	(30,211)
Net Change in Fund Balances	\$ 646,939	\$ 94,414	\$ 176,241	\$ 275,566	\$ 1,118,082	\$ 969,295	\$ 1,823,515	\$ 1,208,427	\$ 19,028,014	\$ (5,183,649)
Debt Service as a Percentage of Noncapital Expenditures	3.4 %	2.6 %	2.5 %	2.3 %	2.2 %	2.0 %	1.9 %	1.7 %	1.5 %	3.6 %

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
2015	\$ 10,194	\$ 1,750,765	\$ 77,299		\$ 249,924	\$ 2,088,182
2016	13,203	2,016,141	68,010		230,094	2,327,448
2017	15,032	1,744,354	64,172		201,465	2,025,023
2018	23,148	2,126,054	61,064		122,064	2,332,330
2019	62,903	2,290,727	45,450		130,974	2,530,054
2020	77,407	2,458,464	51,423	\$ 286,878	63,839	2,938,011
2021	15,318	2,095,134	17,213	119,286	13,550	2,260,501
2022	8,613	1,814,268	21,345	5,505	37,805	1,887,536
2023	231,417	2,553,962	40,760		29	2,826,168
2024	346,032	2,414,428	59,475	2,253	93,612	2,915,800

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)
2014	\$48,992,100	\$ 3,584,962,000	\$ 3,470,900	\$ 18,800	\$403,843,900	\$ 31,751,400	\$38,139,400	\$4,111,178,500	\$ - 0 -	\$4,111,178,500	\$ 194,652,600	0.613	\$4,267,554,280
2015	51,052,600	3,593,943,600	3,470,900	18,800	403,874,900	31,751,400	38,139,400	4,122,251,600	- 0 -	4,122,251,600	199,925,300	0.617	4,358,772,529
2016	56,235,500	3,609,749,700	3,470,900	18,800	381,718,500	30,724,200	38,139,400	4,120,057,000	- 0 -	4,120,057,000	203,901,300	0.625	4,482,738,039
2017	40,151,200	3,648,064,000	3,470,900	18,800	397,446,900	30,424,200	56,562,000	4,176,138,000	- 0 -	4,176,138,000	203,692,200	0.627	4,454,241,736
2018	82,541,900	3,673,967,200	3,470,900	18,800	368,932,500	30,424,200	56,562,000	4,215,917,500	- 0 -	4,215,917,500	205,335,400	0.627	4,481,279,626
2019	98,737,600	3,687,397,300	4,177,300	14,500	368,418,200	30,374,200	56,562,000	4,245,681,100	- 0 -	4,245,681,100	206,449,600	0.650	4,466,941,701
2020	87,722,600	3,752,064,600	2,069,100	13,400	368,820,100	30,374,200	56,562,000	4,297,626,000	- 0 -	4,297,626,000	208,472,300	0.661	4,403,249,770
2021	74,774,200	3,832,547,800	2,069,100	13,400	368,820,100	30,374,200	56,562,000	4,365,160,800	- 0 -	4,365,160,800	208,625,100	0.674	4,413,159,164
2022	58,261,500	3,906,254,900	2,069,100	13,400	387,461,900	30,374,200	56,562,000	4,440,997,000	- 0 -	4,440,997,000	210,157,700	0.682	4,683,803,478
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

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	
2014	\$ 0.588	\$ 0.025	\$ 0.613	\$ 0.272	\$ 0.444	\$ 0.243	\$ 1.572
2015	0.593	0.024	0.617	0.277	0.451	0.254	1.599
2016	0.605	0.020	0.625	0.281	0.467	0.268	1.641
2017	0.607	0.020	0.627	0.282	0.460	0.267	1.636
2018	0.608	0.019	0.627	0.282	0.462	0.260	1.631
2019	0.631	0.019	0.650	0.285	0.451	0.256	1.642
2020	0.643	0.018	0.661	0.291	0.443	0.253	1.648
2021	0.657	0.017	0.674	0.292	0.442	0.254	1.662
2022	0.667	0.015	0.682	0.292	0.457	0.255	1.686
2023	0.676	0.015	0.691	0.304	0.473	0.261	1.729

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 TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

	2023			2014		
	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	3.53 %	Becton Dickinson & Company	\$ 156,547,900	3.83 %
	Medco Health Solutions	84,000,000	1.89 %	Medco Health Solutions	114,000,000	2.79 %
	Urban Farms Acquisition LLC	21,496,300	0.48 %	University Heights LLC	20,000,000	0.48 %
	University Heights LLC	20,000,000	0.45 %	1st Real Estate Invest Trust	19,784,900	0.49 %
	1st Real Estate Investment Trust	19,784,900	0.45 %	Urban Farms Acquisition LLC	19,715,000	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	0.41 %	FL Storage LLC	9,000,000	0.22 %
	Sunrise of Franklin Lakes	17,485,300	0.39 %	Franklin Lakes Realty, LLC	7,480,000	0.18 %
	Franklin Manor Properties LLC	16,896,100	0.38 %	Sabra Realty Assoc.c/o McBride MGMT	7,103,300	0.17 %
	Franklin Lakes Towne Square LLC	9,346,600	0.21 %	LD Management LLC	6,964,100	0.17 %
Total		\$ 382,119,100	8.60 %	Total	\$ 378,734,600	9.26 %

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	
2015	\$ 25,177,461	\$ 25,177,461	100.00 %	\$ - 0 -
2016	25,533,099	25,533,099	100.00 %	- 0 -
2017	25,956,748	25,956,748	100.00 %	- 0 -
2018	26,432,437	26,432,437	100.00 %	- 0 -
2019	27,145,086	27,145,086	100.00 %	- 0 -
2020	27,976,261	27,976,261	100.00 %	- 0 -
2021	28,835,703	28,835,703	100.00 %	- 0 -
2022	29,981,684	29,981,684	100.00 %	- 0 -
2023	30,537,836	30,537,836	100.00 %	- 0 -
2024	31,177,701	31,177,701	100.00 %	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Leases			
2015	\$ 5,075,000	\$ 231,653	\$ 5,306,653	0.64 %	\$ 493.60
2016	4,425,000	388,622	4,813,622	0.57 %	448.74
2017	3,785,000	182,859	3,967,859	0.44 %	358.69
2018	3,150,000	354,730	3,504,730	0.37 %	317.11
2019	2,515,000	168,514	2,683,514	0.27 %	241.24
2020	1,885,000	425,769	2,310,769	0.22 %	206.21
2021	1,255,000	232,123	1,487,123	0.14 %	135.41
2022	625,000	117,376	742,376	0.07 %	67.88
2023	20,916,000	- 0 -	20,916,000	1.95 %	1,897.83
2024	20,255,000	- 0 -	20,255,000	1.89 %	1,837.86

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		
2015	\$ 5,075,000	\$ - 0 -	\$ 5,075,000	0.12 %	\$ 472.05
2016	4,425,000	- 0 -	4,425,000	0.11 %	412.51
2017	3,785,000	- 0 -	3,785,000	0.09 %	342.16
2018	3,150,000	- 0 -	3,150,000	0.08 %	285.02
2019	2,515,000	- 0 -	2,515,000	0.06 %	226.09
2020	1,885,000	- 0 -	1,885,000	0.04 %	168.21
2021	1,255,000	- 0 -	1,255,000	0.03 %	114.28
2022	625,000	- 0 -	625,000	0.01 %	57.15
2023	20,916,000	- 0 -	20,916,000	0.47 %	1,897.83
2024	20,255,000	- 0 -	20,255,000	0.45 %	1,837.86

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, 2023
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Borough of Franklin Lakes	\$ 8,730,086	100.00 %	\$ 8,730,086
Ramapo-Indian Hills Regional High School	11,435,000	37.08 %	4,239,568
Bergen County General Obligation Debt	971,467,303	2.22 %	21,564,130
Subtotal, Overlapping Debt			34,533,784
Franklin Lakes Board of Education Direct Debt			20,255,000
Total Direct and Overlapping Debt			<u>\$ 54,788,784</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				
	2015	2016	2017	2018	2019
Debt Limit	\$ 130,460,856	\$ 129,191,012	\$ 130,630,488	\$ 132,119,809	\$ 133,040,073
Total Net Debt Applicable to Limit	5,075,000	4,425,000	3,785,000	3,150,000	2,515,000
Legal Debt Margin	<u>\$ 125,385,856</u>	<u>\$ 124,766,012</u>	<u>\$ 126,845,488</u>	<u>\$ 128,969,809</u>	<u>\$ 130,525,073</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.89 %	3.43 %	2.90 %	2.38 %	1.89 %

	Fiscal Year				
	2020	2021	2022	2023	2024
Debt Limit	\$ 132,545,979	\$ 132,975,401	\$ 132,334,727	\$ 132,759,704	\$ 149,661,841
Total Net Debt Applicable to Limit	1,885,000	1,255,000	625,000	20,916,000	20,255,000
Legal Debt Margin	<u>\$ 130,660,979</u>	<u>\$ 131,720,401</u>	<u>\$ 131,709,727</u>	<u>\$ 111,843,704</u>	<u>\$ 129,406,841</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.42 %	0.94 %	0.47 %	15.75 %	13.53 %

Legal Debt Margin Calculation for Fiscal Year 2024	
Year Ended December 31,	Equalized Valuation Basis
2021	\$ 4,596,357,587
2022	4,857,264,574
2023	5,512,561,920
	<u>\$14,966,184,081</u>
Average Equalized Valuation of Taxable Property	<u>\$ 4,988,728,027</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 149,661,841
Net Bonded School Debt at June 30, 2024	<u>20,255,000</u>
Legal Debt Margin	<u>\$ 129,406,841</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)

<u>Year</u>	<u>Borough Population ^a</u>	<u>Bergen County Per Capita Personal Income ^b</u>	<u>Borough Personal Income ^c</u>	<u>Borough Unemployment Rate ^d</u>
2015	10,751	\$ 77,323	\$ 831,299,573	3.90 %
2016	10,727	78,836	845,673,772	3.30 %
2017	11,062	81,024	896,287,488	3.30 %
2018	11,052	85,191	941,530,932	3.00 %
2019	11,124	88,241	981,592,884	2.40 %
2020	11,206	91,972	1,030,638,232	7.70 %
2021	10,982	97,343	1,069,020,826	4.80 %
2022	10,936	97,138	1,062,301,168	3.10 %
2023	11,021	97,138 **	1,070,557,898	3.50 %
2024	11,021 *	97,138 **	1,070,557,898	N/A

N/A - Information is not available.

* - Latest Borough population available (2023) was used for calculation purposes.

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

*** - Latest Borough population available (2023) and Bergen County per capita personal income available (2022) 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	2023		Percentage of Total Employment
	Number of Employees	Rank	
Hackensack University Medical Center	N/A	1	0.00%
Valley Health Systems, Inc.	N/A	2	0.00%
Bio-Reference Laboratories	N/A	3	0.00%
Express Scripts	N/A	4	0.00%
Quest Diagnostics	N/A	5	0.00%
KPMG LLP	N/A	6	0.00%
Englewood Hospital and Medical Center	N/A	7	0.00%
Englewood Hospital Home Health Care	N/A	8	0.00%
Unilever Best Foods	N/A	9	0.00%
Stryker	N/A	10	0.00%
Total	N/A		0.00%
Total Employment	494,480		0.00%

Employer	2014		Percentage of Total Employment
	Number of Employees	Rank	
Hackensack University Medical Center	N/A	1	0.00%
Valley Health Systems, Inc.	N/A	2	0.00%
Medico Solutions, Inc.	N/A	3	0.00%
Quest Diagnostics	N/A	4	0.00%
Bio-Reference Laboratories	N/A	5	0.00%
Englewood Hospital and Medical Center	N/A	6	0.00%
Becton Dickinson and Company	N/A	7	0.00%
Englewood Hospital Home Health Care	N/A	8	0.00%
Unilever Best Foods	N/A	9	0.00%
Stryker	N/A	10	0.00%
Total	N/A		0.00%
Total Employment	453,688		0.00%

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Instruction:										
Regular	130	129	130	130	128	127	129	130	143	146
Support Services:										
Student & Instruction Related Services	40	40	41	41	41	40	41	41	59	105
General Administrative Services	4	4	4	4	4	4	4	4	4	2
School Administrative Services	13	13	13	13	13	13	13	13	13	13
Central Services	2	2	2	2	2	2	2	2	2	5
Total	189	188	190	190	188	186	189	190	221	271

Source: Borough of Franklin Lakes School District Personnel Records.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Pupil/Teacher Ratio		Teaching Staff ^c	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School		Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d		
2015	1,236	\$ 29,747,828	\$ 24,068	5.07 %	1:12	1:12	136	1,231	1,183	-3.90 %	96.10 %
2016	1,187	31,013,755	26,128	8.56 %	1:11	1:12	136	1,184	1,143	-3.82 %	96.54 %
2017	1,147	31,877,914	27,792	6.37 %	1:11	1:12	136	1,153	1,113	-2.62 %	96.53 %
2018	1,135	33,349,604	29,383	5.72 %	1:11	1:12	136	1,129	1,081	-2.08 %	95.75 %
2019	1,141	33,814,438	29,636	0.86 %	1:11	1:12	133	1,139	1,092	0.89 %	95.87 %
2020	1,136	35,567,799	31,310	5.65 %	1:11	1:12	132	1,157	1,118	1.58 %	96.63 %
2021	1,168	36,102,187	30,909	-1.28 %	1:11	1:12	134	1,171	1,118	1.21 %	95.47 %
2022	1,176	38,203,474	32,486	5.10 %	1:11	1:12	136	1,173	1,120	0.17 %	95.48 %
2023	1,212	42,952,783	35,440	9.09 %	1:11	1:12	137	1,209	1,149	3.07 %	95.04 %
2024	1,201	45,435,639	37,832	6.75 %	1:11	1:12	143	1,194	1,134	-1.24 %	94.97 %

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>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
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	267	280	251	260	252	270	247	251	254	246
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	227	225	213	200	218	216	275	276	304	297
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	278	235	247	254	258	246	264	265	272	281
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	464	447	436	421	413	404	382	384	382	377

Number of Schools at June 30, 2024:

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*
2015	\$ 222,767	\$ 151,617	\$ 204,524	\$ 254,963	\$ 833,871
2016	63,774	111,494	323,826	151,046	650,140
2017	107,066	129,774	138,239	266,024	641,103
2018	33,144	46,750	89,233	80,927	250,054
2019	63,830	93,825	138,411	163,079	459,145
2020	126,765	133,702	159,241	265,825	685,533
2021	100,786	79,711	90,249	133,163	403,909
2022	81,661	112,656	93,341	114,481	402,139
2023	77,397	64,301	80,812	109,866	332,376
2024	66,112	54,239	59,015	91,078	270,444

* 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, 2024
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Insurance Company of Pittsburg, Pa:		
General Liability:		
General Aggregate	\$ 3,000,000	
Each Occurrence	1,000,000	
Production/Completed Operations	3,000,000	
Personal Injury	1,000,000	
Fire Damage	1,000,000	
Medical Expense	10,000	
Employee Benefits Liability	1,000,000	NONE
Commercial Property Coverage:		
Property Building & Contents Replacement		
Cost Values		\$ 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	1,000,000	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, 2024
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Insurance Company of Pittsburg, 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 Pittsburg, Pa:		
Cyber Liability & Privacy Crisis Management Liability:		
Cyber Liability Occurrence & Aggregate Limit	1,000,000	25,000
Privacy Crisis Management Expense	250,000	
Cyber Extortion Expense	20,000	
Privacy Crisis Management & Extortion expense aggregate	250,000	
Catastrophic Liability Coverage - American Guarantee & Liability:		
Per Occurrence	10,000,000	
Aggregate Limit	10,000,000	
Retained Limit	10,000	
Fidelity Bonds - Western Surety Company:		
Board Secretary/Business Administrator:	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



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Franklin Lakes Borough School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
November 29, 2024

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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



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

Independent Auditors' Report

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

Report on Compliance for Each Major 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, 2024. 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, 2024.

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.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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
November 29, 2024

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2023		Repayment of Prior Years' Balances	Budgetary Expenditures	Cash Received	Balance June 30, 2024		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: I.D.E.A. Part B, Basic	84.027	IDEA-1580-24	07/01/23	09/30/24	\$ 342,261				\$ (318,027)	\$ 225,465	\$ (92,562)		
I.D.E.A. Part B, Basic	84.027	IDEA-1580-23	07/01/22	09/30/23	254,546	\$ (254,546)				254,546			
I.D.E.A. Part B, Preschool	84.173	IDEA-1580-24	07/01/23	09/30/24	18,601				(18,601)	18,601			
I.D.E.A. Part B, Preschool	84.173	IDEA-1580-23	07/01/22	09/30/23	18,255	(18,255)				18,255			
COVID-19 ARP: I.D.E.A. Part B, Basic ARP	84.027X	IDEA-1580-22	07/01/21	09/30/23	54,463					3,971		\$ 3,971	
Total Special Education Cluster						(272,801)			(336,628)	520,838	(92,562)	3,971	
Elementary and Secondary Education Act: Title I, Part A	84.010A	ESEA-1580-24	07/01/23	09/30/24	58,182				(53,976)	37,275	(16,701)		
Title I, Part A	84.010A	ESEA-1580-23	07/01/22	09/30/23	51,453	(2,190)				2,190			
Title I, Part A	84.010A	ESEA-1580-22	07/01/21	09/30/22	63,666		\$ 20,276	\$ (20,276)					
Total Title I, Part A						(2,190)	20,276		(53,976)	39,465	(16,701)		
Title II, Part A	84.367A	ESEA-1580-24	07/01/23	09/30/24	19,186				(17,920)	17,920			
Total Title II, Part A									(17,920)	17,920			
Title IV	84.365A	ESEA-1580-23	07/01/22	09/30/23	10,000				(5,476)	5,476			
Total Title IV									(5,476)	5,476			
Total Elementary and Secondary Education Act						(2,190)	20,276	(20,276)	(77,372)	62,861	(16,701)		
Education Stabilization Fund: COVID-19 ARP Consolidated: ESSER III	84.425U	S425U210027	03/13/20	09/30/24	553,029	(170,078)				170,078			
Accelerated Learning Coaching and Educator Support	84.425U	S425U210027	03/13/20	09/30/24	94,694	(52,730)			(41,964)		(94,694)		
Evidence-Based Summer Learning and Enrichment Activities	84.425U	S425U210027	03/13/20	09/30/24	40,000	(11,629)			(28,371)	40,000			
Evidence-Based Comprehensive Beyond the School Day Activities	84.425U	S425U210027	03/13/20	09/30/24	40,000	(40,000)				40,000	(45,000)		
NJTSS Mental Health Support Staffing	84.425U	S425U210027	03/13/20	09/30/24	45,000	(45,000)							
COVID-19 ARP GEER: High-Impact Tutoring	84.425C	E2400369	10/11/23	08/31/24	115,000				(113,945)	77,500	(36,445)		
Total Education Stabilization Fund						(319,437)			(184,280)	327,578	(176,139)		
Total U.S. Department of Education/Special Revenue Fund						(594,428)	20,276	(20,276)	(598,280)	911,277	(285,402)	3,971	
TOTAL FEDERAL AWARDS						\$ (594,428)	\$ 20,276	\$ (20,276)	\$ (598,280)	\$ 911,277	\$ (285,402)	\$ 3,971	\$ - 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, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2023			Repayment of Prior Years' Balances	Balance June 30, 2024			MEMO			
		From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Due to Grantor	Unearned Revenue	Budgetary (Accounts Receivable)	Cumulative Total Expenditures	
State Department of Education:															
General Fund:															
Special Education Categorical Aid	24-495-034-5120-089	07/01/23	06/30/24	\$1,267,178			\$ 1,142,052	\$ (1,267,178)				\$ (125,126)	\$ 1,267,178		
Special Education Categorical Aid	23-495-034-5120-089	07/01/22	06/30/23	1,119,755	\$(109,604)		109,604						1,119,755		
Security Aid	24-495-034-5120-084	07/01/23	06/30/24	107,718			97,082	(107,718)				(10,636)	107,718		
Security Aid	23-495-034-5120-084	07/01/22	06/30/23	20,872	(2,043)		2,043						20,872		
Transportation Aid	24-495-034-5120-014	07/01/23	06/30/24	272,571			245,656	(272,571)				(26,915)	272,571		
Transportation Aid	23-495-034-5120-014	07/01/22	06/30/23	230,578	(22,570)		22,570						230,578		
Nonpublic School Transportation Costs	24-495-034-5120-014	07/01/23	06/30/24	49,539				(49,539)	\$	(49,539)		(49,539)	49,539		
Nonpublic School Transportation Costs	23-495-034-5120-014	07/01/22	06/30/23	36,149	(36,149)		36,149						36,149		
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)		(1,450,208)	1,450,208		
Extraordinary Special Education Costs Aid	23-495-034-5120-044	07/01/22	06/30/23	466,788	(466,788)		466,788						466,788		
On-Behalf TPAF Contributions:															
Post-Retirement Medical	24-495-034-5094-001	07/01/23	06/30/24	1,510,969			1,510,969	(1,510,969)					1,510,969		
Pension	24-495-034-5094-002	07/01/23	06/30/24	5,489,097			5,489,097	(5,489,097)					5,489,097		
Non-Contributory Insurance	24-495-034-5094-004	07/01/23	06/30/24	62,600			62,600	(62,600)					62,600		
Long-Term Disability Insurance	24-495-034-5094-004	07/01/23	06/30/24	1,954			1,954	(1,954)					1,954		
Reimbursed TPAF Social Security Aid	24-495-034-5094-003	07/01/23	06/30/24	1,172,280			1,114,764	(1,172,280)		(57,516)		(57,516)	1,172,280		
Reimbursed TPAF Social Security Aid	23-495-034-5094-003	07/01/22	06/30/23	1,122,725	(110,170)		110,170						1,122,725		
Total General Fund State Aid					(747,324)		10,411,498	(11,384,114)		(1,557,263)		(1,719,940)	14,380,981		
Special Revenue Fund:															
NI Nonpublic Aid:															
Nursing Services (Chapter 226)	24-100-034-5120-070	07/01/23	06/30/24	7,680			7,680	(7,680)					7,680		
Textbook Aid (Chapter 194)	24-100-034-5120-064	07/01/23	06/30/24	3,642			3,642	(3,632)		\$ 10			3,632		
Textbook Aid (Chapter 194)	23-100-034-5120-064	07/01/22	06/30/23	6,996		\$ 146			\$ (146)				6,850		
Security Aid	24-100-034-5120-509	07/01/23	06/30/24	13,120			13,120			13,120			13,120		
Technology Initiative	24-100-034-5120-373	07/01/23	06/30/24	3,087			3,087	(248)		2,839			248		
Technology Initiative	23-100-034-5120-373	07/01/22	06/30/23	4,452		3,663			(3,663)				789		
Auxiliary Services (Chapter 192):															
Compensatory Education	24-100-034-5120-067	07/01/23	06/30/24	14,385			14,385	(9,171)		5,214			9,171		
Compensatory Education	23-100-034-5120-067	07/01/22	06/30/23	27,672		11,563			(11,563)				16,109		
Handicapped Services (Chapter 193):															
Supplementary Instruction	24-100-034-5120-066	07/01/23	06/30/24	8,260			8,260	(4,874)		3,386			4,874		
Supplementary Instruction	23-100-034-5120-066	07/01/22	06/30/23	7,434		3,221			(3,221)				4,213		
Examination and Classification	24-100-034-5120-066	07/01/23	06/30/24	15,359			15,359	(3,986)		11,373			3,986		
Examination and Classification	23-100-034-5120-066	07/01/22	06/30/23	22,366		11,563			(11,563)				10,803		
Corrective Speech	24-100-034-5120-066	07/01/23	06/30/24	11,160			11,160	(1,860)		9,300			1,860		
Corrective Speech	23-100-034-5120-066	07/01/22	06/30/23	14,880		10,509			(10,509)				4,371		
Subtotal Special Revenue Fund						40,665	76,693	(31,451)	(40,665)		45,242		87,706		
Total State Department of Education					(747,324)	40,665	10,488,191	(11,415,565)	(40,665)	(1,557,263)	45,242	(1,719,940)	14,468,687		

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance June 30, 2023		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2024			MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Unearned Revenue	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
New Jersey Schools Development Authority:														
Special Revenue Fund:														
Schools Development Authority - Emergent and Capital Maintenance Needs Grant	N/A	07/01/23	06/30/25	\$ 26,633			\$ 26,633	\$ (26,633)						
Subtotal Special Revenue Fund							26,633	(26,633)						
Total Schools Development Authority							26,633	(26,633)						
Total Special Revenue Fund						\$ 40,665	103,326	(58,084)	\$ (40,665)		\$ 45,242			\$ 87,706
Debt Service Fund:														
Debt Service Aid - State Support	24-495-034-5120-017	07/01/23	06/30/24	556,033			556,033	(556,033)						556,033
Total Debt Service Fund							556,033	(556,033)						556,033
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION					\$ (747,324)	\$ 40,665	\$ 11,070,857	\$ (11,998,231)	\$ (40,665)	\$ (1,557,263)	\$ 45,242	\$ -0-	\$ (1,719,940)	\$ 15,024,720
Less - State Awards Not Subject to Single Audit Major Program Determination:														
On-Behalf TPAF Pension System Contributions:														
Post-Retirement Medical	24-495-034-5094-001	07/01/23	06/30/24	1,510,969				1,510,969						
Pension	24-495-034-5094-002	07/01/23	06/30/24	5,489,097				5,489,097						
Non-Contributory Insurance	24-495-034-5094-004	07/01/23	06/30/24	62,600				62,600						
Long-Term Disability Insurance	24-495-034-5094-004	07/01/23	06/30/24	1,954				1,954						
Subtotal On-Behalf TPAF Pension System Contributions								7,064,620						
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION								\$ (4,933,611)						

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

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024. 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 \$(28,460) for the General Fund and \$13,331 for the Special Revenue Fund (all of which is attributable to encumbrances for local grants which are not included on the schedules of expenditures of state and federal awards). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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		\$ 11,355,654	\$11,355,654
Special Revenue Fund	\$ 598,280	58,084	656,364
Debt Service Fund		556,033	556,033
Total Financial Assistance	<u>\$ 598,280</u>	<u>\$11,969,771</u>	<u>\$12,568,051</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, 2024.

BOROUGH OF FRANKLIN LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024 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.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
State Aid Public:					
Special Education Categorical Aid	24-495-034-5120-089	7/1/23	6/30/24	\$ 1,267,178	\$ 1,267,178
Security Aid	24-495-034-5120-084	7/1/23	6/30/24	107,718	107,718
Reimbursed TPAF Social Security Aid	24-495-034-5094-003	7/1/23	6/30/24	1,172,280	1,172,280
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/23	6/30/24	1,450,208	1,450,208
Dollar threshold used to distinguish between Type A and B programs				\$ 750,000	
Auditee qualified as low-risk auditee?		_____ Yes		_____ X	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, 2024

Status of Prior Year Findings:

There were no findings or questioned costs for the fiscal year ended June 30, 2023.