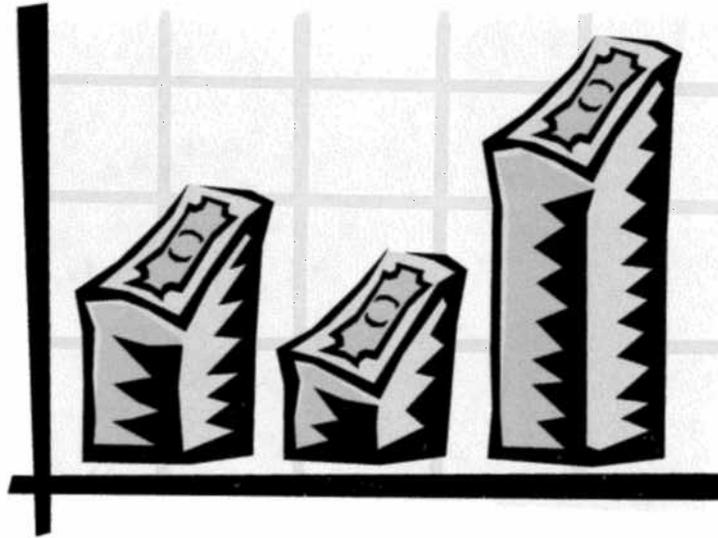


# Comprehensive Annual Financial Report



Of

**Farmingdale Board of Education  
Farmingdale, New Jersey**

**For the Fiscal Year Ended June 30, 2012**

**PREPARED BY:  
FARMINGDALE BOARD OF EDUCATION  
FINANCE DEPARTMENT**

**FARMINGDALE SCHOOL DISTRICT**

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## **INTRODUCTORY SECTION**

# FARMINGDALE SCHOOL DISTRICT

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 Farmingdale, New Jersey 07727  
 Phone 732-938-9611 Fax 732-938-2317  
[www.farmingdaleschool.com](http://www.farmingdaleschool.com)

**Mrs. Cheri-Ellen Crowl**  
**Superintendent of Schools**  
**Principal**

**Mrs. Karen Minutolo**  
**Business Administrator /**  
**Board Secretary**

October 24, 2012

Honorable President and  
 Members of the Board of Education  
 Farmingdale School District  
 County of Monmouth  
 Farmingdale, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Farmingdale School District for the fiscal year ended June 30, 2012. 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. 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. This report will provide the taxpayers of the Farmingdale School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains this Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section, which has been updated with the implementation of GASB Statement 44, includes selected economic and demographic information, financial trends, and the fiscal revenue and debt capacities and other operating information of the School District;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S.

Office of Management and Budget Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations”, and the State Treasury Circular Letter 04-04 OMB, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. Information related to this single audit, including the independent auditors’ report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, is included in the single audit section of this report.

### **School District Organization**

An elected five member Board of Education (the “Board”) serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over and authorization for all expenditures of School District tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary and Business Administrator are the chief financial officers of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payments of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

### **Reporting Entity**

The Farmingdale School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board’s (GASB) as established by Statement No. 14. All funds of the District are included in this report.

### **Major Initiatives**

Farmingdale School District’s Major Initiatives include: Academic achievement as assessed by the New Jersey State Assessment tests, using small group instruction, differentiated instructional methods and increased professional development for staff. Accompanying these initiatives are: redefinition and review of our instructional programs and methodologies so as to improve student learning and achievement in language arts literacy and mathematics. Teachers and administrators will set expectations of the percentage of students who will improve their NJASK scores in language arts literacy and mathematics so as to be proficient. To research educational programs used in schools that have demonstrated successful results on the NJASK and are within our district factor group. This information will be studied to determine if it would be beneficial to implement such programs in the Farmingdale Public School. Additionally, staff will provide support for students who are experiencing academic, social and/or behavior difficulties that impact their academic performance (At Risk Students) and reduce the number of high risk students by 5 percent in categories of academic performance. Furthermore, staff will improve technology use in their classroom and provide communication tools for teachers and parents. Faculty will create interactive websites in order to further communicate with parents and

students. To set standards for students, teachers and administrators use of technology integrated into activities that are a part of the classroom curriculum, creation of “Virtual Backpack”. Parents and guardians will be able to navigate the school website for school policies, handbook, forms, and other information in a paperless format. Parents and students will be made aware of the importance of attendance impacting student education through an Attendance Campaign. In order to prepare for the EE4NJ, professional development will be provided to faculty for the successful implementation of the Danielson Framework for Teaching and Teachscape (Oncourse).

## **Financial Information**

**Internal Accounting and Budgetary Control:** 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 presentation of financial statements in conformity with accounting principles generally accepted in the United States. 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 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. The internal control system is also subject to periodic evaluation by the District management.

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

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund.

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

## **Cash Management**

The investment policy of the District is guided in large part by state statutes as detailed in “Notes to Basic Financial Statements”, Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **Risk Management**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. The Business Administrator and Board Secretary oversee risk management for the District. A schedule of insurance coverage is found in the Statistical Section as Schedule J-20.

## **Independent Audit**

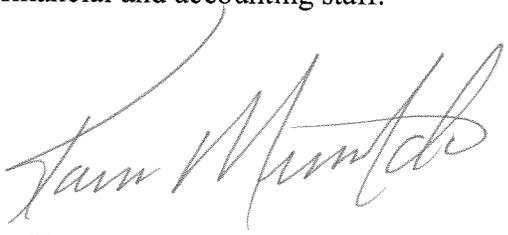
State statutes require an annual audit by independent certified public accountants. The accounting firm of Robert A. Hulsart & Company was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996, and the related U.S. Office of Management and Budget Circular, “Audits of State, Local Governments and Non-Profit Organizations” A-133 and the State Treasury Circular Letter 04-04 OMB “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.” The auditor’s report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports related specifically to the single audit are included in the single audit section of this report.

## **Acknowledgements**

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

Respectfully submitted,

  
Mrs. Cheri-Ellen Crowl  
Superintendent of Schools

  
Karen Minutolo  
SBA/BS

# FARMINGDALE BOARD OF EDUCATION

## ROSTER OF OFFICIALS JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
George Dyevoich, President	2013
Beau Byrtus, Vice-President	2012
William Shaffer	2012
Elizabeth Rhein	2014
Bonnie Wright	2013

### Other Officials

Mrs. Cheri-Ellen Cowl, Superintendent/Principal

Karen Minutolo, Business Administrator/Board Secretary

George Lang, Treasurer

**FARMINGDALE BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**Audit Firm**

Robert A. Hulsart and Company  
2807 Hurley Pond Road  
Wall, New Jersey 07719

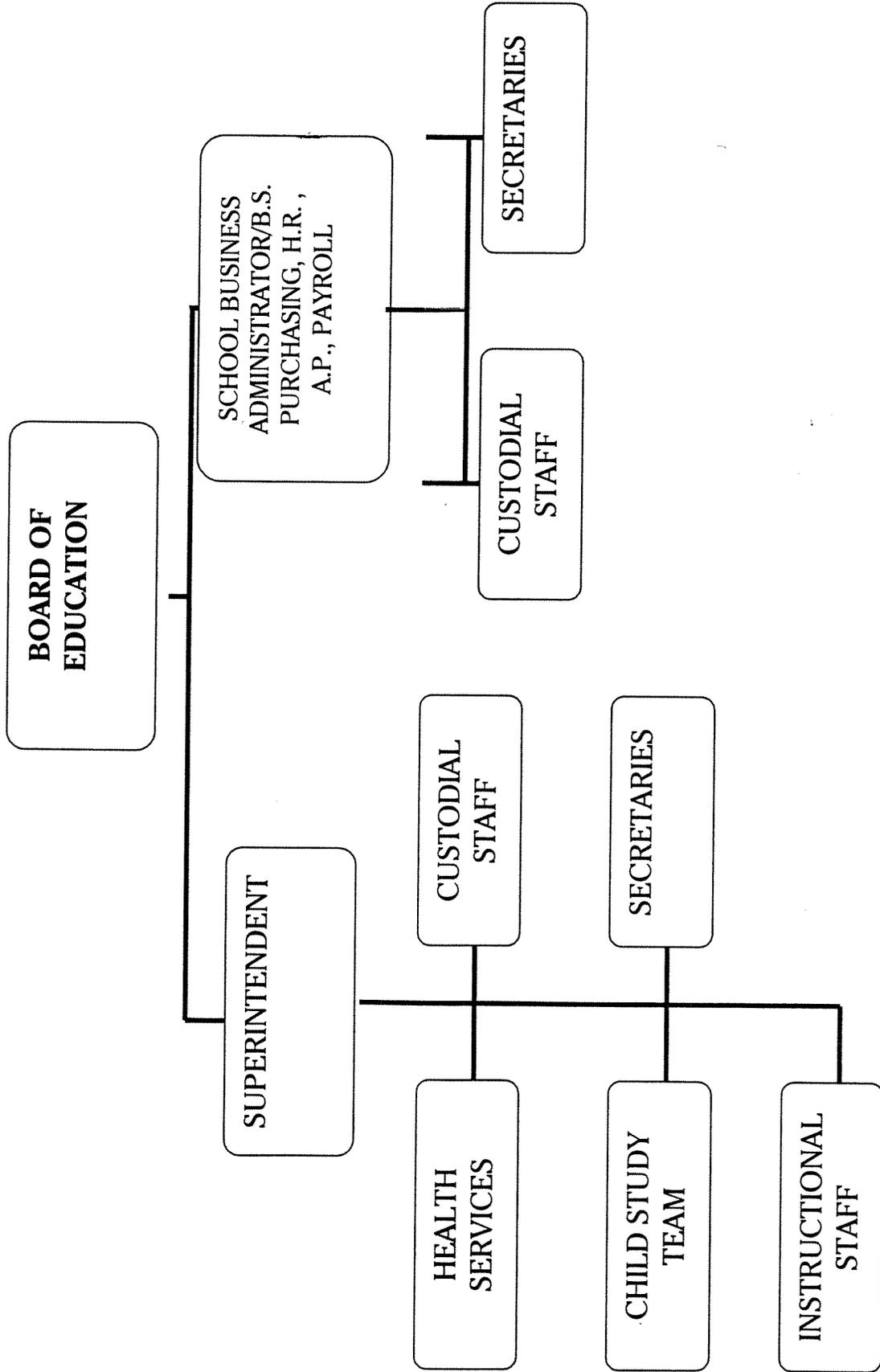
**Attorney**

Reussille, Mausner, Carotenuto, Barger,  
Kenny & Steel, L.L.C.  
Counselors-at-Law  
P.O. Box 580  
Red Bank, New Jersey 07701

**Official Depository**

New York Community Bank  
Main Street  
Farmingdale, New Jersey 07727

# ORGANIZATION CHART



## **FINANCIAL SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

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 (732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
 of the Board of Education  
 Farmingdale School District  
 County of Monmouth  
 Farmingdale, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Farmingdale School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Farmingdale Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Farmingdale Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2012, on our consideration of the Farmingdale Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is 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 internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 17 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Farmingdale Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

October 24, 2012

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF FARMINGDALE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The discussion and analysis of Farmingdale Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Reports (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2011-2012 fiscal year are as follows:

- General revenues accounted for \$2,433,855 in revenue or 95 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$143,043 or 5 percent to total revenues of \$2,576,898.
- The School District had \$2,491,363 in expenses; only \$143,043 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,433,855 were adequate to provide for these programs.
- The General Fund had \$2,476,766 in revenues and \$2,415,106 in expenditures. The General Fund's balance increased \$63,339 over 2011.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

## **Using this Comprehensive Annual Financial Report (CAFR) – (Continued)**

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. In the case of Farmingdale Public School District, the General Fund is the most significant fund.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

## **Reporting the School District as a Whole**

### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2011-2012 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Government Funds**

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

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for the fiscal year 2012. Comparison data for 2011 is also presented.

**Table 1**  
**Net Assets**

	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 431,677	355,188
Capital Assets, Net	<u>523,254</u>	<u>505,938</u>
Total Assets	<u>\$ 954,931</u>	<u>861,126</u>
<b><u>Liabilities</u></b>		
Accounts Payable & Deferred Revenue	\$ 3,513	3,513
Deferred Revenue	1,387	
Non-Current Liabilities:		
Due Beyond One Year	<u>42,000</u>	<u>42,000</u>
Total Liabilities	<u>\$ 46,900</u>	<u>45,513</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Debt	\$ 523,254	505,938
Restricted	202,255	170,922
Unrestricted	<u>182,522</u>	<u>138,753</u>
Total Net Assets	<u>\$ 908,031</u>	<u>815,613</u>

Table 2 shows the changes in net assets for fiscal year 2011. Comparative information for 2011 is also presented.

**Table 2**  
**Changes in Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$ 35,856	7,973
Operating Grants and Contributions	107,187	86,642
General Revenues		
Property Taxes	1,443,073	1,422,435
Other	<u>990,782</u>	<u>978,026</u>
Total Revenues	<u>2,576,898</u>	<u>2,495,076</u>
<b><u>Program Expenses</u></b>		
Instruction	1,157,797	1,150,545
Support Services		
Pupils and Instructional Staff	361,878	338,235
General Administration, School Administration, Business Operations and Maintenance of Facilities	935,253	1,027,427
Pupil Transportation	8,362	10,614
Food Service	<u>28,073</u>	<u>18,342</u>
Total Expenses	<u>2,491,363</u>	<u>2,545,163</u>
Increase/(Decrease) in Net Assets	<u>\$ 85,535</u>	<u>(50,087)</u>

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

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

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

### **Governmental Activities (Continued)**

Operation and maintenance of facilities activities involve keeping the school grounds, building and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Other includes unallocated depreciation and amortization.

### **The School Board Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Farmingdale's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2012, it reported a combined net asset balance of \$896,268. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst case scenarios in mind.

### **Capital Assets**

At June 30, 2012, the School Board had approximately \$523,254 in capital assets. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2012 fiscal year.

### **Governmental Activities**

Table II

Capital Assets at June 30, 2012

Building and Improvements	\$ 310,403
Land	149,706
Equipment	<u>63,145</u>
Total	<u>\$ 523,254</u>

### **Debt Administration**

At June 30, 2012, the School District had \$42,000 in compensated absences payable.

### **Economic Factors and Next Year's Budget**

The Farmingdale Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Farmingdale is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections.

For the 2011-2012 school year, the School Board was able to sustain its general fund budget through the local tax levy, state education aid, tuition and local revenue sources. Approximately 41% of the School Board's general fund revenue is from State Aid; 59% of total revenue is from local tax levy, the remainder is from miscellaneous revenue, which among other things includes interest on deposits.

The \$170,759 in unrestricted net assets for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a surplus of \$170,759.

### **Economic Factors and Next Year's Budget (Continued)**

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State Aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

The School Board cannot accurately forecast future enrollment, but most Districts in Monmouth County are facing increased enrollments.

In conclusion, the Farmingdale Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Karen Minutolo, School Business Administrator, Board Secretary, at Farmingdale Board of Education, 49 Academy Street, Farmingdale, New Jersey 07727.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

**FARMINGDALE SCHOOL DISTRICT****STATEMENT OF NET ASSETS**

Exhibit A-1

**JUNE 30, 2012**

	<b><u>Governmental Funds</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents-Unrestricted	\$ 185,553	11,202	196,755
Accounts Receivables, Net	27,206	561	27,767
Restricted Assets:			
Cash and Cash Equivalents	176,432		176,432
Capital Reserve	30,723		30,723
Capital Assets-Not Depreciated	149,706		149,706
Capital Assets, Net	<u>373,548</u>		<u>373,548</u>
Total Assets	<u>\$ 943,168</u>	<u>11,763</u>	<u>954,931</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 3,513		3,513
Deferred Revenue	1,387		1,387
Non-Current Liabilities:			
Due Beyond One Year	<u>42,000</u>		<u>42,000</u>
Total Liabilities	<u>\$ 46,900</u>	<u>-</u>	<u>46,900</u>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	\$ 523,254		523,254
Restricted For:			
Other Purposes	202,255		202,255
Unrestricted	<u>170,759</u>	<u>11,763</u>	<u>182,522</u>
Total Net Assets	<u>\$ 896,268</u>	<u>11,763</u>	<u>908,031</u>

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

**FARMINGDALE SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 780,436	16,641		(763,795)		(763,795)
Special Education	376,121			(376,121)		(376,121)
Other Instruction	1,240			(1,240)		(1,240)
Support Services:						
Student & Instruction Related Services	361,878		65,500	(296,378)		(296,378)
School Administrative Services	101,574			(101,574)		(101,574)
Plant Operations and Maintenance	171,523			(171,523)		(171,523)
Pupil Transportation	8,362			(8,362)		(8,362)
Business and Other Support Services	121,780			(121,780)		(121,780)
Unallocated Benefits	482,235			(482,235)		(482,235)
Unallocated Depreciation	30,173			(30,173)		(30,173)
Education Jobs	27,968		27,968	-		-
Total Government Activities	2,463,290	16,641	93,468	(2,353,181)	-	(2,353,181)
Business-Type Activities:						
Food Service	28,073	19,215	13,719		4,861	4,861
Total Business-Type Activities	28,073	19,215	13,719	-	4,861	4,861
Total Primary Government	2,491,363	35,856	107,187	(2,353,181)	4,861	(2,348,320)

FARMINGDALE SCHOOL DISTRICT

Exhibit A-2  
Sheet 2 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				1,443,073		1,443,073
Federal and State Aid Not Restricted				985,990		985,990
Miscellaneous Income				3,094	19	3,113
Other				1,679		1,679
Total General Revenues, Special Items, Extraordinary Items and Transfers				2,433,836	19	2,433,855
Change in Net Assets				80,655	4,880	85,535
Net Assets - Beginning				815,613	6,883	822,496
Net Assets - Ending				\$ 896,268	11,763	908,031

The accompanying Notes to Financial Statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS – B**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 357,085	4,900	361,985
Cash and Cash Equivalents - Capital Reserve	30,723		30,723
Accounts Receivables, Net	27,206		27,206
<b>Total Assets</b>	<b>\$ 415,014</b>	<b>4,900</b>	<b>419,914</b>
<b><u>Liabilities and Fund Balance</u></b>			
Liabilities:			
Accounts Payable	\$ -	3,513	3,513
Deferred Revenue		1,387	1,387
<b>Total Liabilities</b>	<b>-</b>	<b>4,900</b>	<b>4,900</b>
Fund Balances:			
Restricted For:			
Excess Surplus Designated for Subsequent Year's Expenditures	14,982		14,982
Excess Surplus-Current Year	47,636		47,636
Maintenance Reserve	30,000		30,000
Capital Reserve	30,723		30,723
Assigned To:			
Year End Encumbrances	8,724		8,724
Designated by the BOE for Subsequent Year's Expenditures	85,172		85,172
Unassigned			
General Fund	212,759		212,759
<b>Total Fund Balance</b>	<b>415,014</b>	<b>-</b>	<b>415,014</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 415,014</b>	<b>4,900</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,782,649 and the accumulated depreciation is \$1,259,395.

523,254

Long-term liabilities including bonds payable are payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)

(42,000)

Net assets of governmental activities

\$ 896,268

The accompanying Notes to Financial Statements are an integral part of this statement.

FARMINGDALE SCHOOL DISTRICT

Exhibit B-2  
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Local Sources:			
Local Tax Levy	\$ 1,443,073		1,443,073
Tuition	16,641		16,641
Miscellaneous	3,094		3,094
Total Local Sources	<u>1,462,808</u>	-	<u>1,462,808</u>
State Sources	985,990		985,990
Federal Sources	27,968	65,500	93,468
Total Revenues	<u>2,476,766</u>	<u>65,500</u>	<u>2,542,266</u>
Expenditures:			
Current:			
Regular Instruction	780,436		780,436
Special Education Instruction	310,621	65,500	376,121
Other Instruction	1,240		1,240
Support Services and Undistributed Costs:			
Student and Instruction Related Services	361,878		361,878
School Administrative Services	101,574		101,574
Plant Operations and Maintenance	218,798		218,798
Pupil Transportation	8,362		8,362
Business and Other Support Services	121,780		121,780
Unallocated Benefits	482,235		482,235
Capital Outlay	214		214
Education Jobs	27,968		27,968
Total Expenditures	<u>2,415,106</u>	<u>65,500</u>	<u>2,480,606</u>

FARMINGDALE SCHOOL DISTRICT

Exhibit B-2  
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>61,660</u>	<u>-</u>	<u>61,660</u>
Additional Funding Sources and (Uses)			
Adjustment to Agree to Fund Balance	<u>1,679</u>		<u>1,679</u>
Net Change in Fund Balances	63,339	-	63,339
Fund Balance - July 1	<u>351,675</u>		<u>351,675</u>
Fund Balance - June 30	<u>\$ 415,014</u>	<u>-</u>	<u>415,014</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FARMINGDALE SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3TO THE STATEMENT OF ACTIVITIESJUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 63,339
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 capital outlays exceeded depreciation in the period.	
Capital Outlay	214
Depreciation Expense	(30,173)
Adjustment for Change in Fixed Assets	<u>47,275</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 80,655</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FARMINGDALE SCHOOL DISTRICTSTATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2012

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
	<u>Totals</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 11,202
Accounts Receivable:	
Federal Aid	544
State Aid	17
	<hr/>
Total Current Assets	\$ 11,763
	<hr/> <hr/>
<u>Net Assets</u>	
Unreserved	\$ 11,763
	<hr/>
Total Net Assets	\$ 11,763
	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

FARMINGDALE SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND

Exhibit B-5

CHANGES IN FUND NET ASSETSPROPRIETARY FUNDSJUNE 30, 2012

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
	<u>Totals</u>
Operating Revenues:	
Charge for Services:	
Tuition	\$ 7,261
Daily Sales - Non-Reimbursable Programs	11,954
Total Operating Revenues	<u>19,215</u>
Operating Expenses:	
Cost of Sales	22,088
Salaries	5,985
Total Operating Expenses	<u>28,073</u>
Operating Loss	(8,858)
Non-Operating Revenues:	
Interest Income	19
State School Lunch Program	430
National School Lunch Program	13,289
Total Non-Operating Revenues	<u>13,738</u>
Change in Net Assets	4,880
Net Assets, July 1	<u>6,883</u>
Net Assets, June 30	<u>\$ 11,763</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**FARMINGDALE SCHOOL DISTRICT****STATEMENT OF CASH FLOWS**

Exhibit B-6

**PROPRIETARY FUNDS****JUNE 30, 2012**

	<b>Business-Type Activities</b>
	<b>Enterprise Fund</b>
	<b>Totals</b>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 11,954
Tuition	7,261
Payments for Supplies and Salaries	(28,073)
Total Cash Flows from Operating Activities	<u>(8,858)</u>
Cash Flows For Noncapital Financing Activities	
Federal and state Subsidies	13,158
Total Cash Flows For Noncapital Financing Activities	<u>13,158</u>
Cash Flows For Investing Activities	
Interest Income	19
Total Cash Flows For Investing Activities	<u>19</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,319
Balances Beginning of Year	<u>6,883</u>
Balances End of Year	<u>\$ 11,202</u>
Cash Flows from Operating Activities	
Operating (Loss)/Profit	<u>\$ (8,858)</u>
Net Cash Used by Operating Activities	<u>\$ (8,858)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FARMINGDALE SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

FIDUCIARY FUNDJUNE 30, 2012

	<u>Unemployment Fund</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 7,534</u>
Total Assets	<u><u>\$ 7,534</u></u>
Net Assets:	
Reserve for Unemployment	<u>\$ 7,534</u>
Total Net Assets	<u><u>\$ 7,534</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FARMINGDALE SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
<b><u>Additions</u></b>	
Contributions:	
Plan Member	\$ 4,913
Interest Earned	55
Total Contribution	<u>4,968</u>
<b><u>Deductions</u></b>	
Unemployment Claims	<u>2,745</u>
Change in Net Assets	2,223
Net Assets - July 1	<u>5,311</u>
Net Assets - June 30	<u><u>\$ 7,534</u></u>

## **NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**FARMINGDALE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**NOTE 1: Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Farmingdale School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Farmingdale. 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. Government-Wide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") 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 Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**D. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued):**

**Proprietary Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**Fiduciary Fund Types**

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. 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. 6A:23-2.2(g). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**E. Budgets/Budgetary Control (Continued):**

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

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

**F. Encumbrances:**

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

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

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

**G. Short-Term Interfund Receivables/Payables:**

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

**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**H. Inventories and Prepaid Expenses (Continued)**

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, 2012.

**I. Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2012 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2011-2012 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2011, fiscal year 2012 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

Capital asset activity for the year ended June 30, 2012 was as follows:

**NOTE 1: Summary of Significant Accounting Policies (Continued)****I. Capital Assets and Depreciation (Continued)**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
Capital Assets that are				
Not Being Depreciated:				
Land	\$ 149,706	_____	_____	149,706
Total Capital Assets Not				
Being Depreciated	<u>149,706</u>	_____	_____	<u>149,706</u>
Depreciable Assets:				
Buildings & Sites	1,165,887			1,165,887
Equipment	<u>436,358</u>	<u>30,698</u>	_____	<u>467,056</u>
Totals at Historical Cost	<u>1,602,245</u>	<u>30,698</u>	_____	<u>1,632,943</u>
Less: Accumulated				
Depreciation for:				
Buildings	(829,103)	(26,381)		(855,484)
Equipment	<u>(416,910)</u>	<u>(3,792)</u>	<u>16,791</u>	<u>(403,911)</u>
Total Accumulated				
Depreciation	<u>(1,246,013)</u>	<u>(30,173)</u>	<u>16,791</u>	<u>(1,259,395)</u>
Total Capital Assets Being				
Depreciated, Net of				
Accumulated Depreciation	<u>356,232</u>	<u>525</u>	<u>16,791</u>	<u>373,548</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 505,938</u>	<u>525</u>	<u>16,791</u>	<u>523,254</u>

Depreciation expense was charged to governmental function as follows:

Unallocated	<u>\$ 30,173</u>
-------------	------------------

The fixed assets appraisal was done by Industrial Appraisal Company.

**J. Compensated Absences**

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**K. Deferred Revenue**

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned or reclassified from encumbrances per GAAP.

**L. Accrued Salaries and Wages**

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2012, there were no employees optioning for the twelve-month year.

**M. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 7).

**NOTE 2: Cash and Cash Equivalents and Investments**

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

Investments are stated at cost, which approximates market. The District 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.

**Deposits**

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

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

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

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

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

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)****Investments**

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

FDIC	\$ 250,000
GUDPA	<u>259,104</u>
	<u>\$ 509,104</u>

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash</b>
	<b><u>Equivalents</u></b>
Interest Bearing Checking Accounts	<u>\$ 423,468</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2012 was \$423,468 and the bank balance was \$509,104. Of the bank balance \$250,000 was covered by federal depository insurance and \$259,104 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated Absences Payable	<u>\$ 42,000</u>	=====	=====	<u>42,000</u>	=====

**NOTE 3: General Long-Term Debt (Continued)**

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. There were no bonds payable.

**B. Bonds Authorized But Not Issued**

As of June 30, 2012, the Board had no authorized but not issued bonds.

**NOTE 4: Pension Plans**

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

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

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

**NOTE 4: Pension Plans (Continued)**

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

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

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Contribution Requirements** – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**NOTE 4: Pension Plans (Continued)**

<u>Year</u> <u>Funding</u>	<u>Three-Year Trend Information for PERS</u>		
	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/12	\$ 16,873	100%	\$ 0
6/30/11	13,393	100%	0
6/30/10	None	100%	0

<u>Year</u> <u>Funding</u>	<u>Three-Year Trend Information for TPAF (Paid On-Behalf of the District)</u>		
	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/12	\$ 123,901	100%	\$ 0
6/30/11	128,890	100%	0
6/30/10	91,045	100%	0

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$123,901 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$97,398 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

**NOTE 5: Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**NOTE 6: Contingent Liabilities**

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

**NOTE 7: Equity Balance**

At June 30, 2012, the General Fund equity balance was as follows:

Restricted Fund Balance:	
Maintenance Reserve	\$ 30,000
Excess Surplus	47,636
Capital Reserve	30,723
Assigned Fund Balance:	
Year-End Encumbrances	8,724
Designated for Subsequent Year's Expenditures	85,172
Designated for Subsequent Year's Expenditures – Excess Surplus	14,982
Unassigned fund Balance	<u>272,455</u>
	<u>\$ 489,692</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

**2% Calculation of Excess Surplus**

2011-12 Total General Fund Expenditures Per the CAFR	\$ 2,415,106
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(221,299)</u>
Adjusted 2011-12 General Fund Expenditures	<u>\$ 2,193,807</u>
2% of Adjusted 2011-12 General Fund Expenditures	<u>\$ 43,876</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>22,455</u>
Maximum Unassigned Fund Balance	<u>\$ 272,455</u>

**NOTE 7: Equity Balance (Continued)****Section 2**

Total General Fund – Fund Balance @ 6-30-12	\$ 489,692
Decreased by:	
Designated for Subsequent Years Expenditures	(85,172)
Designated for Subsequent Years Expenditures – Excess Surplus	(14,982)
Year End Encumbrances	(8,724)
Capital Reserve	<u>(60,723)</u>
Total Unassigned Fund Balance	<u>\$ 320,091</u>
Restricted Fund Balance – Excess Surplus	<u>\$ 47,636</u>
<b><u>Detail of Allowable Adjustments</u></b>	
Extraordinary Aid	\$ 21,237
Non-Public Transportation	<u>1,218</u>
	<u>\$ 22,455</u>
<b><u>Detail of Other Restricted Fund Balance</u></b>	
Maintenance Reserve	\$ 30,000
Capital Reserve	<u>30,723</u>
	<u>\$ 60,723</u>

**NOTE 8: Risk Management**

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

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds.

**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 the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ -0-	4,968	2,745	7,534
2010-2011	-0-	6,217	6,447	5,311
2009-2010	-0-	59,229	60,378	5,341

**NOTE 9: Capital Reserve Account**

A Capital Reserve account was established by the Borough of Farmingdale Board of Education 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.

Fund placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. 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.

"A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district's long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district's long-range facilities plan." (N.J.S.A. 18A:7G-31c).

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district's LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

"Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations." (N.J.A.C. 6:23A-5.1(j)).

Balance July 1, 2011	\$ 30,554
Interest Earned	<u>169</u>
Balance June 30, 2012	<u>\$ 30,723</u>

**NOTE 10: Fund Balance Appropriated**

**General Fund** – Of the \$489,692 General Fund balance at June 30, 2012, \$30,000 is Maintenance Reserve; \$30,723 is Capital Reserve; \$8,724 is assigned for year end encumbrances; \$47,636 is excess surplus; \$14,982 is excess surplus designated for subsequent years expenditures; \$85,172 is designated by the Board of Education for subsequent year's expenditures; and \$272,455 is unreserved and undesignated.

**NOTE 11: Economic Dependency**

The District 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 District's programs and activities.

**NOTE 12: Operating Leases**

The District had a lease on two copiers originating in 2011. The lease is for 48 months from December 28, 2011 to November 28, 2015 at \$411 per month. Payment schedule June 30, 2012:

2012-13	\$ 4,932
2013-14	4,932
2014-15	4,932
2015-16	<u>2,055</u>
	16,851
Less Interest	<u>1,713</u>
Net Lease Cost	<u>\$ 15,138</u>

**NOTE 13: Recent Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2012. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2012 through October 24, 2012.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

FARMINGDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,443,073		1,443,073	1,443,073	-
Tuition	16,800		16,800	16,641	(159)
Interest - Capital Reserve	400		400	2,979	2,579
Miscellaneous	5,214		5,214	115	(5,099)
Total Local Sources	<u>1,465,487</u>	<u>-</u>	<u>1,465,487</u>	<u>1,462,808</u>	<u>(2,679)</u>
State Sources:					
Equalization Aid	429,330		429,330	429,330	-
Adjustment Aid	201,917		201,917	225,716	23,799
Security Aid	13,482		13,482	13,482	-
Transportation Aid	2,134		2,134	2,134	-
Special Education Aid	76,356		76,356	76,356	-
Extraordinary Aid				21,237	21,237
Non Public Transportation				1,218	1,218
On-behalf TPAF Pension Contributions (Non-Budgeted)				123,901	123,901
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				97,398	97,398
Total State Sources	<u>723,219</u>	<u>-</u>	<u>723,219</u>	<u>990,772</u>	<u>267,553</u>
Federal Sources:					
Education Jobs Fund	<u>27,118</u>	<u>850</u>	<u>27,968</u>	<u>27,968</u>	<u>-</u>
Total Revenues	<u>2,215,824</u>	<u>850</u>	<u>2,216,674</u>	<u>2,481,548</u>	<u>264,874</u>

**FARMINGDALE SCHOOL DISTRICT**

Exhibit C-1  
Sheet 2 of 7

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Expenditures:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	23,671	500	24,171	24,171	-
Kindergarten	28,500	427	28,927	28,927	-
Grades 1-5	400,679	9,079	409,758	407,795	1,963
Grades 6-8	288,316	7,366	295,682	291,136	4,546
Regular Programs - Undistributed Instruction					
General Supplies	28,600	(2,629)	25,971	25,502	469
Textbooks	9,000	2,629	11,629	2,905	8,724
Total Regular Programs - Instruction	<u>778,766</u>	<u>17,372</u>	<u>796,138</u>	<u>780,436</u>	<u>15,702</u>
Resource Room/Resource Center:					
Salaries of Teachers	314,120	-	314,120	310,621	3,499
Total Special Education	<u>314,120</u>	<u>-</u>	<u>314,120</u>	<u>310,621</u>	<u>3,499</u>
School-Sponsored Co-Curricular Activities-Instruction:					
Other Objects	8,000	(2,600)	5,400	1,240	4,160
Before and After School Instruction					
Teachers Salaries	<u>3,000</u>	<u>-</u>	<u>3,000</u>		<u>3,000</u>

**FARMINGDALE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2012**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Summer School:					
Salaries	8,000	-	8,000		8,000
Total Instruction	1,111,886	14,772	1,126,658	1,092,297	34,361
Attendance and Social Work Services:					
Salaries	33,464	(4,356)	29,108	29,108	-
Health Services:					
Salaries	77,971	1,493	79,464	79,464	-
Other Purchased Services	2,000	(575)	1,425	1,075	350
Supplies and Materials	800	86	886	886	-
Total Health Services	80,771	1,004	81,775	81,425	350
Other Support Services Students:					
Purchased Professional Educational Services	80,222	(450)	79,772	65,032	14,740
Other Support Services Students-Special:					
Salaries	59,425	-	59,425	32,742	26,683
Other Support Services - Students Regular:					
Salaries - Secretarial and Clerical	23,718	2,896	26,614	26,614	-
Purchased Professional- Educational Services	87,440	(24,600)	62,840	45,117	17,723
Total Child Study Teams	111,158	(21,704)	89,454	71,731	17,723

FARMINGDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Educational Media Services/School Library:					
Salaries	30,972	(3,222)	27,750	27,750	-
Purchased Professional & Technical Services	2,682	7,070	9,752	9,752	-
Supplies and Materials	7,530	37,127	44,657	44,338	319
Total Educational Media Services School Library	<u>41,184</u>	<u>40,975</u>	<u>82,159</u>	<u>81,840</u>	<u>319</u>
Support Services General Administration:					
Salaries	70,588	-	70,588	69,177	1,411
Legal Services	6,500	-	6,500	5,474	1,026
Audit Fees	7,500	-	7,500	7,400	100
Communications/Telephone	3,000	450	3,450	3,260	190
Other Purchased Services	2,000	-	2,000	1,990	10
Miscellaneous Expenditures	13,550	-	13,550	12,180	1,370
BOE Membership Dues And Fees	2,300	-	2,300	2,093	207
Total Support Services General Administration	<u>105,438</u>	<u>450</u>	<u>105,888</u>	<u>101,574</u>	<u>4,314</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	60,528	-	60,528	60,528	-
Support Services - Central Services:					
Salaries	41,604	2,664	44,268	44,268	-
Purchased Technical Services	15,000	1,984	16,984	16,984	-
Total Support Services - Central Services	<u>56,604</u>	<u>4,648</u>	<u>61,252</u>	<u>61,252</u>	<u>-</u>

**FARMINGDALE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2012**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Required Maintenance of Plant Services:					
Cleaning, Repair and Maintenance Services	87,112	(7,531)	79,581	74,144	5,437
Other Operations and Maintenance of Plant:					
Salaries	40,524	6,312	46,836	46,720	116
Other Purchased Property Services	2,100	-	2,100	1,220	880
Insurance	34,000	-	34,000	25,900	8,100
General Supplies	11,000	-	11,000	9,545	1,455
Energy (Heat & Electricity)	40,000	-	40,000	33,548	6,452
Natural gas	20,000	-	20,000	10,845	9,155
Other Objects	3,800	548	4,348	4,348	-
Total Other Operations and Maintenance of Plant	151,424	6,860	158,284	132,126	26,158
Care and Upkeep of Grounds:					
Salaries	11,867	-	11,867	11,828	39
Total Operations and Maintenance of Plant	250,403	(671)	249,732	218,098	31,634
Security:					
Purchased Professional and technical Services	700	-	700	700	-
Student Transportation Services:					
Contracted Services - Other Than Between Home and School	3,000	-	3,000	2,174	826
Contracted Services - Non Public	3,500	2,688	6,188	6,188	-
Total Student Transportation Services	6,500	2,688	9,188	8,362	826

FARMINGDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits:					
Social Security Contribution	23,500	-	23,500	17,885	5,615
Other Retirement Contributions - Regular	8,500	8,373	16,873	16,873	-
T.P.A.F. Retirement Contributions-ERIP	42,519	(42,519)	-	-	-
Other Retirement Contributions - ERIP	9,000	(2,931)	6,069	6,069	-
Unemployment Compensation	10,000	(5,442)	4,558	3,575	983
Health Benefits	235,994	(27,369)	208,625	198,320	10,305
Tuition Reimbursements	10,000	4,664	14,664	14,664	-
Other Employee Benefits	2,800	750	3,550	3,550	-
Total Unallocated Benefits	<u>342,313</u>	<u>(64,474)</u>	<u>277,839</u>	<u>260,936</u>	<u>16,903</u>
On-behalf TPAF Pension Contributions (Non-Budgeted)		-		123,901	(123,901)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)		-		97,398	(97,398)
Total				<u>221,299</u>	<u>(221,299)</u>
Total Undistributed Expenditures	<u>1,228,710</u>	<u>(41,890)</u>	<u>1,186,820</u>	<u>1,294,627</u>	<u>(107,807)</u>
Total Expenditures - Current Expense	<u>2,340,596</u>	<u>(27,118)</u>	<u>2,313,478</u>	<u>2,386,924</u>	<u>(73,446)</u>
Capital Outlay:					
Interest on Capital Reserve	400		400		400
Facilities Acquisition and Construction Services:					
Other Objects	214		214	214	
Total Capital Outlay	<u>614</u>	<u>-</u>	<u>614</u>	<u>214</u>	<u>400</u>

**FARMINGDALE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
 Sheet 7 of 7

**GENERAL FUND**

**JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Education Jobs:					
Health Benefits		27,968	27,968	27,968	
Total Expenditures	2,341,210	850	2,342,060	2,415,106	(73,046)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(125,386)	-	(125,386)	66,442	337,920
Other Funding Sources and Uses:					
Adjustment to Prove to Fund Balance				1,679	1,679
Fund Balance July 1	421,571		421,571	421,571	
Fund Balance June 30	\$ 296,185	-	296,185	489,692	339,599
Recapitulation:					
Restricted Fund Balance:					
Designated For Subsequent Years Expenditures				\$ 14,982	
Excess Surplus				30,000	
Maintenance Reserve				47,636	
Excess Surplus				30,723	
Capital Reserve					
Assigned Fund Balance:					
Year End Encumbrances				8,724	
Designated For Subsequent Years Expenditures				85,172	
Unassigned				272,455	
				489,692	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments Not Recognized on GAAP Basis			(74,678)		
Fund Balance Per Governmental Funds (GAAP)				\$ 415,014	

FARMINGDALE SCHOOL DISTRICTBUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1b

FEDERAL EDUCATION JOBS FUNDFOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Health Benefits:			
18-000-291-270	<u>\$ 27,968</u>	<u>27,968</u>	<u>          </u>
Total Education Jobs	<u><u>\$ 27,968</u></u>	<u><u>27,968</u></u>	<u><u>-</u></u>

FARMINGDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

Exhibit C-2

SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	\$ 54,434	11,066	65,500	65,500	
Total Revenues	\$ 54,434	11,066	65,500	65,500	-
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 17,000	640	17,640	17,640	
Purchased Professional and Technical Services	37,434	10,426	47,860	47,860	
Total Instruction	54,434	11,066	65,500	65,500	-
Total Expenditures	\$ 54,434	11,066	65,500	65,500	-

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET-TO-GAAP RECONCILIATION**

**NOTE RSI**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary) "revenues" from the budgetary basis	\$ 2,481,548	65,500
Difference-budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33)		
	69,896	
Delayed State Aid Received	<u>(74,678)</u>	<u>          </u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 2,476,766</u>	<u>65,500</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 2,415,106</u>	<u>65,500</u>
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes		
	<u>          </u>	<u>          </u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 2,415,106</u>	<u>65,500</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

FARMINGDALE SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	I.D.E.A.		Title I - Part A		Total
	Basic	I.D.E.A. Preschool	2010-11	2011-12	
Revenues:					
Federal Sources	\$ 40,133	713	4,050	13,590	65,500
Total Revenues	\$ 40,133	713	4,050	13,590	65,500
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -		4,050	13,590	17,640
Purchased Professional and					
Technical Services	40,133	713			47,860
Total Instruction	40,133	713	4,050	13,590	65,500
Total Expenditures	\$ 40,133	713	4,050	13,590	65,500

**CAPITAL PROJECTS FUND – F**

**N/A**

**PROPRIETARY FUNDS – G**

**FARMINGDALE SCHOOL DISTRICT****COMBINING SCHEDULE OF NET ASSETS**

Exhibit G-1

**PROPRIETARY FUNDS****JUNE 30, 2012**

	<b>Business-Type Activities</b>			<b>Totals</b>
	<b>Enterprise Fund</b>			
	<b>Food Service</b>	<b>Latch-Key Program</b>	<b>Pay to Play</b>	
<b><u>Assets</u></b>				
Current Assets:				
Cash and Cash Equivalents	\$ 5,317	4,609	1,276	11,202
Accounts Receivable:				
Federal Aid	544			544
State Aid	17			17
Total Current Assets	<u>\$ 5,878</u>	<u>4,609</u>	<u>1,276</u>	<u>11,763</u>
<b><u>Net Assets</u></b>				
Unreserved	<u>\$ 5,878</u>	<u>4,609</u>	<u>1,276</u>	<u>11,763</u>
Total Net Assets	<u>\$ 5,878</u>	<u>4,609</u>	<u>1,276</u>	<u>11,763</u>

FARMINGDALE SCHOOL DISTRICTCOMBINING SCHEDULE OF REVENUES, EXPENSES AND

Exhibit G-2

CHANGES IN FUND NET ASSETSPROPRIETARY FUNDSFOR THE YEAR ENDED JUNE 30, 2012

	<u>Business-Type Activities</u>			<u>Totals</u>
	<u>Enterprise Fund</u>			
	<u>Food Service</u>	<u>Latch-Key Program</u>	<u>Pay To Play</u>	
Operating Revenues:				
Charge for Services:				
Daily Sales - Non-Reimbursable Programs	\$ 11,954			11,954
Tuition			7,261	7,261
Total Operating Revenues	<u>11,954</u>	<u>-</u>	<u>7,261</u>	<u>19,215</u>
Operating Expenses:				
Salaries			5,985	5,985
Cost of Sales	22,088			22,088
Total Operating Expenses	<u>22,088</u>	<u>-</u>	<u>5,985</u>	<u>28,073</u>
Operating Loss	(10,134)		1,276	(8,858)
Non-Operating Revenues:				
Interest Income	19			19
State School Lunch Program	430			430
National School Lunch Program	13,289			13,289
Total Non-Operating Revenues	<u>13,738</u>			<u>13,738</u>
Change in Net Assets	3,604	-	1,276	4,880
Net Assets, July 1	<u>2,274</u>	<u>4,609</u>		<u>6,883</u>
Net Assets, June 30	<u>\$ 5,878</u>	<u>4,609</u>	<u>1,276</u>	<u>11,763</u>

FARMINGDALE SCHOOL DISTRICTCOMBINING SCHEDULE OF CASH FLOWS

Exhibit G-3

PROPRIETARY FUNDSFOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities			Totals
	Enterprise Fund			
	Food Service	Latch-Key Program	Pay To Play	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 11,954		7,261	19,215
Payments for Supplies	(22,088)		(5,985)	(28,073)
Total Cash Flows from Operating Activities	<u>(10,134)</u>	<u>-</u>	<u>1,276</u>	<u>(8,858)</u>
Cash Flows For Noncapital Financing Activities				
Federal and State Subsidies	13,158			13,158
Total Cash Flows For Noncapital Financing Activities	<u>13,158</u>	<u>-</u>	<u>-</u>	<u>13,158</u>
Cash Flows For Investing Activities				
Interest Income	19			19
Total Cash Flows For Investing Activities	<u>19</u>	<u>-</u>	<u>-</u>	<u>19</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,043	-	1,276	4,319
Balances Beginning of Year	<u>2,274</u>	<u>4,609</u>	<u>-</u>	<u>6,883</u>
Balances End of Year	<u>\$ 5,317</u>	<u>4,609</u>	<u>1,276</u>	<u>11,202</u>
Cash Flows from Operating Activities				
Operating (Loss)/Profit	\$ (10,134)	-	1,276	(8,858)
Net Cash Used by Operating Activities	<u>\$ (10,134)</u>	<u>-</u>	<u>1,276</u>	<u>(8,858)</u>

**FIDUCIARY FUND – H**

FARMINGDALE SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AS OF JUNE 30, 2012

	<u>Student Activities</u>	<u>Agency Account</u>	<u>Net Salary</u>	<u>Total 2012</u>
Assets:				
Cash and Cash Equivalents	<u>\$ 4,533</u>	<u>7,534</u>	<u>7,491</u>	<u>19,558</u>
Liabilities:				
Accounts Payable	\$ -		7,491	7,491
Payroll Deductions and Withholdings		7,534		7,534
Due to Student Groups	<u>4,533</u>			<u>4,533</u>
Total Liabilities	<u>\$ 4,533</u>	<u>7,534</u>	<u>7,491</u>	<u>19,558</u>

**FARMINGDALE SCHOOL DISTRICT**

**STUDENT ACTIVITIES AGENCY FUND**

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Farmingdale Elementary School	\$ 3,659	17,130	16,256	4,533

**PAYROLL AGENCY**

Exhibit H-4

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets:				
Cash and Cash Equivalents	\$ 5,111	881,474	879,051	7,534
Liabilities:				
Accounts Payable	\$ 120		120	-
Reserve for Unemployment	4,991	881,474	878,931	7,534
Total Liabilities	\$ 5,111	881,474	879,051	7,534

**LONG-TERM DEBT – I**

**N/A**

**STATISTICAL SECTION**

**(Unaudited)**

**FARMINGDALE SCHOOL DISTRICT**

J-1

**NET ASSETS BY COMPONENT**

**LAST NINE FISCAL YEARS**

**UNAUDITED**

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 523,254	505,938	533,199	561,178	591,587	623,898	581,359	550,414	1,060,501
Restricted	202,255	170,922	221,719	152,143	111,252	105,743	26,868	190,364	200,519
Unrestricted	170,759	138,753	110,781	158,313	157,008	125,160	182,669	40,821	46,206
Total Government Activities	\$ 896,268	815,613	865,699	871,634	859,847	854,801	790,896	781,599	1,307,226
Business Type Activities:									
Restricted	\$ -	-	-	5,057	4,609	4,609	6,309	3,081	5,125
Unrestricted	11,763	6,883	2,275	5,723	1,024	1,024	1,935	4,373	447
Total Business Type Activities	\$ 11,763	6,883	2,275	5,723	5,057	5,633	8,244	7,454	5,572
District-Wide:									
Invested in Capital Assets, Net of Related Debt	\$ 523,254	505,938	533,199	561,178	591,587	623,898	587,668	553,495	1,065,626
Restricted	202,255	170,922	221,719	152,143	133,384	110,352	26,868	190,364	200,519
Unrestricted	182,522	145,636	113,056	164,036	139,933	126,184	184,604	45,194	46,653
Total District Assets	\$ 908,031	822,496	867,974	877,357	864,904	860,434	799,140	789,053	1,312,798

FARMINGDALE SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS

UNAUDITED

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses:									
Governmental Activities	\$ 2,463,290	2,526,821	2,419,354	2,451,908	2,663,433	2,520,027	2,432,453	2,435,021	2,405,935
Business Type Activities	28,073	18,342	18,746	20,206	17,637	37,966	39,709	40,742	23,569
Total District Expenses	<u>2,491,363</u>	<u>2,545,163</u>	<u>2,438,100</u>	<u>2,472,114</u>	<u>2,681,070</u>	<u>2,557,993</u>	<u>2,472,162</u>	<u>2,475,763</u>	<u>2,429,504</u>
Program Revenues:									
Governmental Activities	82,141	76,289	71,438	57,244	82,308	60,815	54,057	97,938	86,337
Business Type Activities	19,215	7,973	19,692	12,776	11,132	31,482	40,499	42,624	28,936
Total District Program Revenues	<u>101,356</u>	<u>84,262</u>	<u>91,130</u>	<u>70,020</u>	<u>93,440</u>	<u>92,297</u>	<u>94,556</u>	<u>140,562</u>	<u>115,273</u>
Net (Expense):									
Government Activities	(2,353,181)	(2,450,532)	(2,419,354)	(2,394,664)	(2,581,125)	(2,459,212)	(2,378,396)	(2,337,083)	(2,319,598)
Business Type Activities	4,861	(16)	946	(7,430)	(6,505)	(6,484)	790	1,882	5,367
Total District-Wide Net Expense	<u>(2,348,320)</u>	<u>(2,450,548)</u>	<u>(2,418,408)</u>	<u>(2,402,094)</u>	<u>(2,587,630)</u>	<u>(2,465,696)</u>	<u>(2,377,606)</u>	<u>(2,335,201)</u>	<u>(2,314,231)</u>
General Revenues and Other Changes in Net Assets:									
Governmental Activities	2,433,836	2,400,446	2,413,420	2,406,451	2,586,171	2,523,117	2,399,035	2,349,715	2,268,105
Business Type Activities	19	15	28	8,096	5,802	4,000			
Total District-Wide	<u>2,433,855</u>	<u>2,400,461</u>	<u>2,413,448</u>	<u>2,414,547</u>	<u>2,591,973</u>	<u>2,527,117</u>	<u>2,399,035</u>	<u>2,349,715</u>	<u>2,268,105</u>
Change in Net Assets:									
Governmental Activities	80,655	(50,086)	(5,934)	11,787	5,046	63,905	20,639	12,632	(51,493)
Business Type Activities	4,880	(1)	974	666	(703)	(2,484)	790	1,882	5,367
Total District	<u>\$ 85,535</u>	<u>(50,087)</u>	<u>(4,960)</u>	<u>12,453</u>	<u>4,343</u>	<u>61,421</u>	<u>21,429</u>	<u>14,514</u>	<u>(46,126)</u>

FARMINGDALE SCHOOL DISTRICT

FUND BALANCES, GOVERNMENT FUNDS

LAST NINE FISCAL YEARS

UNAUDITED

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:									
Reserved	\$ 202,255	170,922	221,719	152,143	108,775	121,014	191,680	190,364	198,019
Unreserved	212,759	138,753	110,781	158,313	206,255	148,609	64,277	77,741	61,285
Total General Fund	<u>\$ 415,014</u>	<u>309,675</u>	<u>332,500</u>	<u>310,456</u>	<u>315,030</u>	<u>269,623</u>	<u>255,957</u>	<u>268,105</u>	<u>259,304</u>
All Other Governmental Funds:									
Unreserved, Reported in:									
Capital Projects Fund	\$ -	-	-						2,500
Debt Service Fund									
Total All Other Governmental Funds	<u>\$ -</u>	<u>-</u>	<u>2,500</u>						

**Exhibit J-4**

**Farmingdale School District**  
**Changes in Fund Balances,**  
**Governmental Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Tax levy	\$ 1,231,834	\$ 1,269,752	\$ 1,295,414	\$ 1,355,346	\$ 1,347,216	\$ 1,429,736	\$ 1,414,925	\$ 1,394,544	\$ 1,422,435	\$ 1,443,073
Tuition charges	N/A	N/A	N/A	N/A	N/A	N/A	6,990	15,500	29,465	16,641
Interest earnings	1,200	1,274	5,291	15,147	17,149	13,655	9,976	4,572	2,902	3,094
Miscellaneous	10,766	7,136	2,630	-	-	25,000	747	4,438	6,982	985,990
State sources	799,119	817,421	819,134	848,189	800,752	823,847	856,634	809,587	938,662	93,468
Federal sources	49,646	60,444	95,480	50,057	62,418	57,309	57,244	74,039	76,289	76,289
<b>Total revenue</b>	<b>\$ 2,092,565</b>	<b>\$ 2,156,027</b>	<b>\$ 2,217,949</b>	<b>\$ 2,268,739</b>	<b>\$ 2,227,535</b>	<b>\$ 2,349,547</b>	<b>\$ 2,346,516</b>	<b>\$ 2,302,680</b>	<b>\$ 2,476,735</b>	<b>\$ 2,542,266</b>
<b>Expenditures</b>										
Instruction	\$ 743,252	\$ 836,039	\$ 897,452	\$ 1,006,591	\$ 983,219	\$ 936,113	\$ 882,485	\$ 763,563	\$ 778,411	\$ 780,436
Regular instruction	162,704	133,056	169,297	133,518	122,951	209,077	270,424	311,716	369,934	376,121
Special education instruction	15,636	37,857	-	-	-	-	-	-	-	-
Other special instruction	9,598	7,898	6,838	3,856	7,954	5,617	5,097	4,331	2,200	1,240
Support Services:										
Student & inst. related services	231,669	213,705	244,897	227,445	263,391	293,271	279,396	333,634	338,235	361,878
General administration	122,991	142,509	155,951	139,816	102,829	119,756	111,257	94,070	100,252	101,574
School administrative services	117,823	40,942	41,882	79,300	53,500	55,551	58,199	60,527	60,527	60,527
Central services	-	-	-	-	32,268	45,791	46,673	60,951	71,325	121,780
Admin. information technology	-	-	-	-	14,534	-	-	-	-	-
Plant operations and maintenance	191,991	199,388	203,573	208,933	216,407	222,802	202,688	199,850	227,275	218,798
Pupil transportation	33,179	35,374	37,085	24,540	18,621	17,277	16,402	10,427	10,614	8,362
Bus. & Other Supp Serv.: Employee Be	375,319	358,782	312,754	302,601	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	327,550	324,953	318,229	318,229	314,120	260,936
On-Behalf TPAF Pension Contrib.	56,311	74,971	97,448	111,347	188,966	210,304	77,519	91,045	128,890	123,901
Reimbursed TPAF SS Contributions	85,831	86,190	96,608	95,714	94,709	1,000,151	94,654	99,922	97,777	97,398
Food Service	-	-	-	-	4,000	5,700	8,000	-	-	-
Education Jobs	-	-	-	-	-	-	-	-	-	27,968
Capital outlay	-	-	-	-	-	-	-	-	-	214
Debt service:										
Principal	80,000	80,000	80,000	80,000	78,000	-	-	-	-	-
Interest and other charges	22,375	17,375	12,375	7,375	2,438	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 2,248,679</b>	<b>\$ 2,264,086</b>	<b>\$ 2,356,160</b>	<b>\$ 2,421,036</b>	<b>\$ 2,511,337</b>	<b>\$ 3,446,363</b>	<b>\$ 2,371,023</b>	<b>\$ 2,348,265</b>	<b>\$ 2,499,560</b>	<b>\$ 2,480,606</b>
Excess (Deficiency) of revenues over (under) expenditures	(156,114)	(108,059)	(138,211)	(152,297)	(283,802)	(1,096,816)	(24,507)	(45,585)	(22,825)	61,660
<b>Other Financing sources (uses)</b>										
Adjustments to Net Assets	-	-	-	-	-	-	-	-	-	1,679
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	1,679
<b>Net change in fund balances</b>	<b>\$ (156,114)</b>	<b>\$ (108,059)</b>	<b>\$ (138,211)</b>	<b>\$ (152,297)</b>	<b>\$ (283,802)</b>	<b>\$ (1,096,816)</b>	<b>\$ (24,507)</b>	<b>\$ (45,585)</b>	<b>\$ (22,825)</b>	<b>\$ 63,339</b>
Debt service as a percentage of noncapital expenditures	4.55%	4.30%	3.92%	3.61%	3.20%	0.00%	0.00%	0.00%	0.00%	0.00%

**Source: District records**

Note: Noncapital expenditures are total expenditures less capital outlay.  
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.  
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

**Farmingdale School District**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit J-5**

Fiscal Year Ending June 30,	Interest on					Tuition	ERATE	Annual Totals
	Investments	Rental	Miscellaneous					
2003	1,200	500	10,266				11,966	
2004	1,274	-	7,136				8,410	
2005	5,291	-	2,630				7,921	
2006	9,267	-	6,011				15,278	
2007	17,149	-	-				17,149	
2008	13,535	-	120				13,655	
2009	9,975	-	31		6,989	1,766	18,761	
2010	4,571	-	2,431		15,500	2,007	24,509	
2011	2,902	-	4,115		29,465	837	37,319	
2012	2,979	-	114		16,641	735	20,469	

Source: District records

Farmingdale School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Land	Residential	Buildings	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2003	1,133,900	-	43,538,800	-	416,900	10,200	12,716,800	1,757,400	4,959,400	64,533,400	-	1,636,918	66,170,318	114,766,850	1.873
2004	1,132,400	-	43,655,600	-	416,900	10,200	12,721,300	1,757,400	4,959,400	64,653,200	-	1,299,042	65,952,242	142,126,182	1.921
2005	2,312,300	-	109,362,000	-	721,700	14,200	19,613,700	2,742,800	13,507,100	148,273,800	-	2,321,144	150,594,944	150,166,193	0.882
2006	2,393,100	-	109,439,200	-	721,700	14,200	19,613,700	2,742,800	13,507,100	148,431,800	-	2,288,859	150,720,699	150,166,193	0.913
2007	2,192,700	-	110,413,000	-	721,700	14,200	19,617,700	2,742,800	13,507,100	149,209,200	-	1,971,969	151,181,169	152,148,947	0.928
2008	2,129,800	-	110,554,200	-	721,700	14,200	19,871,300	2,742,800	13,947,400	149,981,400	-	2,330,926	152,312,326	158,250,956	0.915
2009	2,179,300	-	110,849,000	-	721,700	14,200	19,871,300	2,742,800	13,947,400	150,325,700	-	2,462,182	152,787,882	160,364,106	0.900
2010	1,918,800	-	112,002,400	-	721,700	14,200	20,480,300	2,742,800	13,947,400	151,827,600	-	2,815,873	154,643,473	156,397,464	0.920
2011	1,918,800	-	111,658,800	-	721,700	14,200	20,480,300	2,742,800	13,947,400	151,684,000	-	2,558,005	154,242,005	148,365,439	0.926
2012	1,918,800	-	112,133,500	-	721,700	14,200	20,320,000	2,742,800	13,947,400	151,798,400	-	2,529,438	154,327,838	150,852,464	0.960

Sources: Monmouth County Certified General Tax Rates  
Monmouth County Net Valuation Taxable  
Municipal Tax Assessor

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 the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per \$100

N/A At the time of CAFR completion, this data was not yet available - The only data available was land and buildings

**Farmingdale School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Farmingdale School District Direct Rate (From J-6)			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School Tax Rate	Farmingdale Borough	Regional District	Monmouth County		
2003	1.754	0.107	1.861	0.236	0.743	0.609	3.449	
2004	1.819	0.106	1.925	0.238	0.827	0.673	3.663	
2005	0.819	0.040	0.859	0.109	0.403	0.331	1.702	
2006	0.899	-	0.899	0.124	0.419	0.304	1.746	
2007	0.928	-	0.928	0.140	0.372	0.276	1.716	
2008	0.915	-	0.915	0.173	0.335	0.269	1.692	
2009	0.900	-	0.900	0.183	0.316	0.275	1.674	
2010	0.920	-	0.920	0.203	0.277	0.278	1.678	
2011	0.926	-	0.926	0.208	0.360	0.275	1.769	
2012	0.960	-	0.960	0.211	0.350	0.290	1.811	

**Source: Municipal Tax Collector**

**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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

<sup>a</sup> The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.  
<sup>b</sup> Rates for debt service are based on each year's requirements.

**Farmingdale School District  
Principal Property Taxpayers,  
Current Year and Nine Years Ago**

	2012			2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Farmingdale Garden Apartments	\$ 11,500,000	1	7.58%	\$ -	-	-
Farmingdale LLC	3,795,400	2	2.50%	-	-	-
Verizon Communications	2,529,438	3	1.67%	1,820,884	3	2.74%
Farmingdale Shopping Center LLC	2,442,200	4	1.61%	1,450,000	4	2.18%
R. T. Equities, LLC	2,107,200	5	1.39%	1,324,900	5	1.99%
Merkler, Walter & Mary C.	1,476,600	6	0.98%	651,000	8	0.98%
Academy Apartments LLC	1,400,000	7	0.92%	-	-	-
Morgan, John P	1,297,000	8	0.86%	-	-	-
Farmingdale Train Station, LLC	1,190,000	9	0.78%	-	-	-
Bell Atlantic	992,800	10	0.65%	693,400	6	1.04%
Kaye, Robert	-	-	-	3,993,400	1	6.02%
Stern, Lawrence & Rosa	-	-	-	2,700,000	2	4.07%
Community Medical Group	-	-	-	635,700	7	0.96%
Roadside Tavern Assoc., LLC	-	-	-	440,800	9	0.66%
<b>Total</b>	<b>\$ 28,730,638</b>		<b>18.94%</b>	<b>\$ 13,710,084</b>		<b>20.64%</b>

Source: Municipal Tax Assessor

**Farmingdale School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	1,231,834	1,231,834	100.00%	-
2004	1,269,752	1,269,752	100.00%	-
2005	1,295,414	1,295,414	100.00%	-
2006	1,355,346	1,355,346	100.00%	-
2007	1,347,216	1,347,216	100.00%	-
2008	1,429,736	1,429,736	100.00%	-
2009	1,394,545	1,394,545	100.00%	-
2010	1,394,545	1,394,545	100.00%	-
2011	1,422,436	1,422,436	100.00%	-
2012	1,443,073	1,443,073	100.00%	-

**Source:** District records including the Certificate and Report of School Taxes (A4F form)

<sup>a</sup>

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.

Farmindale School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2003	723,960	-	-	-	-	723,960	1.05%	456
2004	613,875	-	-	-	-	613,875	0.84%	388
2005	463,000	-	-	-	-	463,000	0.64%	295
2006	348,000	-	-	-	-	348,000	0.48%	221
2007	172,612	-	-	-	-	172,612	0.22%	110
2008	131,511	-	-	-	-	131,511	0.16%	83
2009	87,674	-	-	-	-	87,674	0.10%	56
2010	90,000	-	-	-	-	90,000	0.10%	28
2011	47,481	-	-	-	-	47,481	0.05%	30
2012	-	-	-	-	-	-	0.00%	-

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

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

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

Farmingdale School District  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	80,000	-	318,000	0.49%	200
2004	80,000	-	238,000	0.37%	150
2005	80,000	-	158,000	0.11%	101
2006	78,000	-	78,000	0.05%	50
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-

**Notes:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
 a See Exhibit NJ J-6 for property tax data.  
 b Population data can be found in Exhibit NJ J-14.

**FARMINGDALE SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2012**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Farmingdale	\$ 566,828	100.000%	\$ 566,828
County of Monmouth	439,214,638	0.129%	566,587
Other debt			
Freehold Regional High School District	35,035,000	0.452%	158,358
Subtotal, overlapping debt			1,291,773
<b>Farmingdale School</b>			-
<b>Total direct and overlapping debt</b>			<u>\$ 1,291,773</u>

**Sources:** Assessed value data used to estimate applicable percentages provided to the Monmouth County Board of Taxation  
Debt outstanding data provided by each governmental unit.

**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 the residents and businesses of Anytown. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

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

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis

2012	\$ 150,852,464
2011	\$ 148,365,439
2010	\$ 156,397,464
<b>[A]</b>	<b>\$ 455,615,367</b>

Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 151,871,789
Debt limit (4 % of average equalization value)	<b>[B]</b>	6,074,872 <sup>a</sup>
Total Net Debt Applicable to Limit	<b>[C]</b>	-
Legal debt margin	<b>[B-C]</b>	<u>\$ 6,074,872</u>

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 3,027,915	\$ 3,211,955	\$ 3,495,911	\$ 5,899,448	\$ 6,033,084	\$ 6,061,699	\$ 6,090,315	\$ 6,146,961	\$ 6,094,336	\$ 6,074,872
Total net debt applicable to limit	<u>318,000</u>	<u>238,000</u>	<u>158,000</u>	<u>78,000</u>	<u>-</u>	<u>\$ -</u>				
Legal debt margin	<u>\$ 2,709,915</u>	<u>\$ 2,973,955</u>	<u>\$ 3,337,911</u>	<u>\$ 5,821,448</u>	<u>\$ 6,033,084</u>	<u>\$ 6,061,699</u>	<u>\$ 6,090,315</u>	<u>\$ 6,146,961</u>	<u>\$ 6,094,336</u>	<u>\$ 6,074,872</u>
Total net debt applicable to the limit as a percentage of debt limit	10.50%	7.41%	4.52%	1.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Monmouth County Tax Office

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

Farmingdale School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2003	1,588	68,538,080	43,160	4.60%
2004	1,582	72,430,288	45,784	3.90%
2005	1,572	71,972,448	45,784	3.50%
2006	1,572	71,972,448	45,784	3.50%
2007	1,563	75,814,878	48,506	2.40%
2008	1,581	81,350,355	51,455	2.20%
2009	1,569	85,982,769	54,801	2.80%
2010	1,587	90,070,185	56,755	4.70%
2011	1,572	86,100,012	54,771	4.70%
2012	1,330	75,750,150	56,955	4.80%

Source:

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income and labor force
- <sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis by county. Per Capita personal income for Farmingdale Borough was not available
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

Labor Force - 908

Farmingdale School District  
Principal Employers,  
Current Year and Nine Years Ago

Exhibit J-15

Employer	2012			2003		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
N/A	-		N/A	N/A		N/A
N/A	-		N/A	N/A		N/A
N/A	-		N/A	N/A		N/A
N/A	-		N/A	N/A		N/A
N/A	-		N/A	N/A		N/A
N/A	-		N/A	N/A		N/A
N/A	-		N/A	N/A		N/A
N/A	-		N/A	N/A		N/A
N/A	-		N/A	N/A		N/A
	-		-	-		-
	-		-	-		-
	-		-	-		-
	-		-	-		-
	-		-	-		-
	-		0.00%	-		0.00%

Source: Information is not available

Farmingdale School District  
 Full-time Equivalent District Employees by Function/Program,  
 Last Ten Fiscal Years

Exhibit J-16

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	13	13	14.5	12.5	12.5	12.5	12.5	12	12	12
Special education	3	3	3	3	3	5.5	5.5	5.5	5.5	6
Support Services:										
Student & instruction related services	1	1	1	1	1	-	3	3	3	3
General administration	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other administrative services	2	2	2	2	1	1	1.5	1.5	1.5	1.5
Central services	1	1	-	-	-	-	-	-	-	-
Administrative Information Technology	-	-	1	1	1.2	1.2	1.2	1.2	1.2	1
Plant operations and maintenance	2	2	2	2	2	2	2	2	2	2
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	1	2	3	3	3	2	1	1	1	1
<b>Total</b>	<b>24.0</b>	<b>25.0</b>	<b>27.5</b>	<b>25.5</b>	<b>24.7</b>	<b>25.2</b>	<b>27.7</b>	<b>27.2</b>	<b>27.2</b>	<b>27.5</b>

Source: District Personnel Records

Farmingdale School District  
 Operating Statistics,  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	178	2,153,779	12,100	0.00%	19	1:09	159.9	153	0.00%	95.43%
2004	154	2,121,507	13,776	13.85%	19	1:08	147.4	140	-7.82%	94.98%
2005	150	2,065,919	13,773	-0.02%	18	1:08	146.8	140	-0.41%	95.03%
2006	153	2,144,395	14,016	1.76%	18	1:08	150.0	141	2.18%	94.00%
2007	151	2,145,999	14,212	1.40%	18	1:08	149.8	141	-0.13%	93.79%
2008	142	2,241,435	15,785	11.07%	18	1:08	142.7	134	-4.74%	93.90%
2009	146	2,360,799	16,170	2.44%	19	1:08	146.6	139	2.73%	94.82%
2010	152	2,207,186	14,521	-10.20%	18	1:08	151.6	143	3.41%	94.33%
2011	159	2,193,626	13,796	-4.99%	18	1:08	158.4	149	4.49%	94.07%
2012	159	2,174,346	13,675	-0.88%	18	1:08	154.7	147	-2.34%	95.02%

Sources: District records

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Farmingdale School District  
 School Building Information  
 Last Ten Fiscal Years

Exhibit J-18

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>District Building</b>										
<u>Elementary (1928) a</u>										
Square Feet	21,366	21,366	21,366	21,366	21,366	21,366	21,366	21,366	21,366	21,366
Capacity (students)	275	275	275	275	275	275	275	275	275	275
Enrollment	178	154	150	153	151	142	146	152	159	159

Number of Schools at June 30, 2012

Elementary = 1

Middle School = N/A

Senior High School = N/A

Other = N/A

**Source:** District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

a Farmingdale School was originally built in 1928 with a new wing added in 1992.

Farmingdale School District  
 Schedule of Required Maintenance  
 Last Six Fiscal Years

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-xxx

* School Facilities		Farmingdale	Total
Year	Project # (s)		
2007	N/A	52,199	52,199
2008	N/A	50,425	50,425
2009	N/A	36,839	36,839
2010	N/A	58,530	58,530
2011	N/A	72,116	72,116
2012	N/A	79,580	79,580
Total School Facilities		<u>\$ 349,689</u>	<u>\$ 349,689</u>

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

Source: District records

**Farmingdale School District  
Insurance Schedule  
30-Jun-12**

**Exhibit J-20**

	Coverage	Deductible
School Package Policy (1)		
Building and Contents (All Locations)	\$ 4,979,478	\$ 1,000
Comprehensiv General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	1,000
Comprehensive Crime Coverage	400,000	
Computers and Scheduled Equipment (1)		
Data Processing Equipment	160,000	1,000
Other	N/A	
Boiler and Machinery (1)	100,000,000	-
Umbrella Liability (1)	5,000,000	
School Board Legal Liability (1)	5,000,000	5,000
Student Accident (1)	1,000,000.00	
Environmental (1)	1,000,000	10,000
CAP/Umbrella (4)	50,000,000.00	
(1) NJ School Board Association Insurance Group		
(2) Selective		
(3) Chubb Group Insurance		
(4) Fireman's Fund Ins. Co.		
(5) School Allian Ins. Fund		
Workers Compensation (1)	2,000,000.00	
Supplemental workers compensation (3)	1,750. per week	
Bonds: (2) Treasurer	161,000.00	
BS/BA	161,000.00	
Source: G.R. Murray Ins. Broker		

**SINGLE AUDIT SECTION**

*Robert A. Hulsart and Company*  
 CERTIFIED PUBLIC ACCOUNTANTS

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT**  
**OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS (NO MATERIAL**  
**WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED,**  
**NO REPORTABLE INSTANCES OF NONCOMPLIANCE OR**  
**OTHER MATTERS IDENTIFIED**

K-1

Honorable President and Members  
 of the Board of Education  
 Farmingdale School District  
 County of Monmouth  
 Farmingdale, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Farmingdale School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of Example Entity is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Farmingdale Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Farmingdale Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Farmingdale Board of Education's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Farmingdale Board of Education's general-purpose 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 determination of general-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Farmingdale Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robert A. Hulsart*

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

October 24, 2012

*Robert A. Hulsart and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 (UNQUALIFIED OPINION ON COMPLIANCE;  
NO MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES IN  
INTERNAL CONTROL OVER COMPLIANCE IDENTIFIED)**

K-2

Honorable President and Members  
of the Board of Education  
Farmingdale School District  
County of Monmouth  
Farmingdale, New Jersey

**Compliance**

We have audited the Board of Education of the Farmingdale School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Farmingdale Board of Educations major federal and state programs for the year ended June 30, 2012. Farmingdale Board of Education’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Farmingdale Board of Education’s management. Our responsibility is to express an opinion on the Farmingdale Board of Education’s compliance based on our audit.

We conducted our audit of compliance in accordance with 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Farmingdale Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Farmingdale Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Farmingdale School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

### **Internal Control Over Compliance**

The management of the Board of Education of the Farmingdale School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Farmingdale Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Farmingdale Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Farmingdale Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Farmingdale Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Farmingdale Board of Education, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robert A. Hulsart*

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

October 24, 2012

FARMINGDALE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Schedule A  
K-3

Federal Grantor/Pass-Through State Department of Education:	Federal CFDA Number	Program or Award Amount	Grant Period		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2012	
			From	To					(Accounts Receivable)	Deferred Revenue
U.S. Department of Education Passed Through State Department of Education: General Fund: Education Jobs Fund	84.410A	\$ 27,968	7/1/2010	9/30/2012	\$ -	27,968	(27,968)			
U.S. Department of Education Passed Through State Department of Education: Special Revenue Fund:										
Title I	84.010	12,745	9/1/10	8/31/11	(12,823)	12,823				
Title I	84.010	13,590	9/1/11	8/31/12		14,977	(13,590)			1,387
Title I	84.010	4,050	9/1/10	8/31/11		4,050	(4,050)			
Title IIA	84.367	7,014	9/1/11	8/31/12		7,014	(7,014)			
I.D.E.A.:										
Part B - Basic	84.027	40,133	9/1/11	8/31/12		40,133	(40,133)			
Preschool	84.173	713	9/1/11	8/31/12		713	(713)			
Total Special Revenue					(12,823)	79,710	(65,500)	-	-	1,387
U.S. Department of Agriculture Passed Through State Department of Education: National School Lunch Program	10.555	13,289	7/1/2011	6/30/2012		12,745	(13,289)		(544)	
Total Federal Financial Assistance					\$ (12,823)	\$ 120,423	(106,757)	-	(544)	1,387

See accompanying Notes to Schedules of Financial Assistance.

**FARMINGDALE SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Schedule B

K-4

State Grantor/Program Title State Department of Education General Fund:	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2012		MEMO	
			From	To				(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
Equalization aid	12-495-034-5120-078	\$ 429,330	7/1/11	6/30/12	-	429,330	(429,330)	(42,969)	-	(42,969)	429,330
Adjustment Aid	12-495-034-5120-085	225,716	7/1/11	6/30/12	-	225,716	(225,716)	(22,602)	-	(22,602)	225,716
Transportation Aid	12-495-034-5120-014	2,134	7/1/11	6/30/12	-	2,134	(2,134)	(131)	-	(131)	2,134
Special Education Aid	12-495-034-5120-089	76,356	7/1/11	6/30/12	-	76,356	(76,356)	(7,632)	-	(7,632)	76,356
Security Aid	12-495-034-5120-084	13,482	7/1/11	6/30/12	-	13,482	(13,482)	(1,344)	-	(1,344)	13,482
Non-Public Transportation	12-495-034-5120-014	1,218	7/1/11	6/30/12	(649)	649	(1,218)	-	-	-	1,218
Non-Public Transportation	11-495-034-5120-014	649	7/1/10	6/30/11	-	-	-	(21,237)	-	(21,237)	21,237
Extraordinary Aid	12-495-034-5120-044	21,237	7/1/11	6/30/12	-	123,901	(123,901)	(4,751)	-	(4,751)	123,901
On-Behalf T.P.A.F. Pension Contr.	12-100-034-5095-006	123,901	7/1/11	6/30/12	-	92,647	(97,398)	-	-	-	97,398
Reimbursed T.P.A.F. Social	12-100-034-5095-002	97,398	7/1/11	6/30/12	-	4,734	(990,772)	(27,206)	-	(74,678)	990,772
Security Contributions	11-100-034-5095-002	92,777	7/1/10	6/30/11	(4,734)	968,949	-	-	-	-	-
Reimbursed T.P.A.F. Social					(5,383)						
Security Contributions											
Total General Fund											
Enterprise Fund:											
State School Lunch Program	12-100-010-3350-023	430	7/1/11	6/30/12	-	413	(430)	(17)	-	-	430
Total State Financial Assistance											
						\$ 969,362	(991,202)	(27,223)	-	(74,678)	991,202

See accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION**

K-5

**FARMINGDALE SCHOOL DISTRICT**

**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE**

**JUNE 30, 2012**

**NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Farmingdale School District. The Board of Education is defined in Note 1(A) to the Board’s general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

**NOTE 2: Basis of Accounting**

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program, the School Breakfast Program, the U.S.D.A. Commodities Program, and the Special Milk Program. These bases of accounting are described in the Note 1(C) to the Board’s general-purpose financial statements.

**NOTE 3: Relationship to General Purpose Financial Statements**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(4,872) for the general fund and \$-0- for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s general purpose financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 27,968	990,772	1,018,740
Special Revenue Fund	65,500		65,500
Enterprise Fund	<u>13,289</u>	<u>430</u>	<u>13,719</u>
Total Financial Assistance	<u>\$ 106,757</u>	<u>991,202</u>	<u>1,097,959</u>

**NOTE 4:      Relationship to Federal and State Financial Reports**

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

**NOTE 5:      Other**

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the years ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

**FARMINGDALE SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**K-6**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Part 1 - Summary of Auditor's Results*

**Financial Statement Section**

**Unqualified**

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes   x   No

2) Reportable condition(s) identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes   x   None Reported

Noncompliance material to general purpose financial statements noted?

\_\_\_\_\_ Yes   x   No

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:

  \$300,000  

Auditee qualified as low-risk auditee?

  x   Yes \_\_\_\_\_ No

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

  Unqualified  

Internal Control over major programs:

(1) Material Weakness(es) identified?

\_\_\_\_\_ Yes   x   No

(2) Reportable condition(s) identified that are not considered to material weaknesses?

\_\_\_\_\_ Yes   x   None Reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04?

\_\_\_\_\_ Yes   x   No

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

  12-495-034-5120-078  

  Equalization Aid-Cluster  

  12-495-034-5120-085  

  Adjustment Aid-Cluster  

  12-495-034-5120-089  

  Special Education Aid-Cluster  

  12-495-034-5120-084  

  Security Aid-Cluster

FARMINGDALE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

*Part 2 - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

FARMINGDALE SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs*

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

**STATE AWARDS**

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

FARMINGDALE SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prior Audit Findings:

None