



# Comprehensive Annual Financial Report



Farmingdale Board of Education  
Farmingdale, New Jersey

For the Fiscal Year Ended June 30, 2017

PREPARED BY:  
FARMINGDALE BOARD OF EDUCATION  
FINANCE DEPARTMENT



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**FARMINGDALE, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by**

**Farmingdale Public School District  
Business Administrator's Office**



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**INTRODUCTORY SECTION**

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# 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. Edith Conroy**  
**Superintendent of Schools**  
**Principal**

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

October 10, 2017

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, 2017. 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:

Our integrated preschool provides three and four year olds with a wonderful opportunity to develop both academic and social skills. The program employs the Tools of the Mind curriculum which promotes learning through dramatic play and self-regulation. Young learners develop foundational skills which will serve them well in Kindergarten and beyond.

We employ a Balanced Literacy Workshop model in all grades K-8. Reader’s and Writer’s Workshop provide students with a supportive environment that involves them in authentic reading and writing experiences that focus on the strengths and needs of each individual student. In addition, it allows students to spend an extended amount of time reading and discussing texts at a “just right” level. The text are student chosen based on their interest. The ultimate goal of a workshop model is to develop life-long passionate readers and writers.

In addition, students’ academic achievement will continue to be assessed by the New Jersey State Assessments, as well as formative and summative assessments. As part of the student achievement component of evaluation under AchieveNJ®, each teacher will continue to craft SGOs with input and

approval from CSA at the start of the year. Specifically, teachers and CSA are expected to collaborate around the instructional content that will be covered for the skills and knowledge that will be measured.

Effective use of technology for teaching and learning will continue to be a major focus for the Farmingdale Public School. For the first time, our students will have 1:1 access to devices in all grades Pre-K-8. Faculty will continue to infuse technology into curriculum and instruction and professional development will continue as our focus. The Faculty's capacity to deliver high quality instruction is a key lever to student success. Collaborative, data-informed decision-making processes and practice and continued systemic professional development are essential to our success as a school district.

Communication between student/teacher, teacher/parent, and school/community continues to be an initiative. Our Board communicates and has established working relationships with the community, other governmental agencies, staff, families, and students. They engage these stakeholders regularly in an effort to increase the support of our students and schools. Our district website as well as district social media will continue to aid communication between home and school to ensure students' success.

The Farmingdale School District continues to support the Five-Year facility plan. This facility plan involves school planning and design as seen as an opportunity to enhance academic outcomes by creating better learning environments. This logic is compelling – how can we expect students to perform at high levels in school buildings that need repair. The Board is aware that clean, quiet, safe, comfortable and healthy environments are an important component of successful teaching and learning. With the architectural firm, Spiezle, the Board is proposing a referendum for vote this year to address the following facility needs: lighting, HVAC, roofing, safety/security, windows, etc. Their goal is to address the building needs and ensure an environment conducive to learning.

The Board will direct district resources to support the instructional core and provide educational equity and choice while maximizing administrative and operational efficiency within a sustainable budget.

## **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 Holman, Frenia & Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

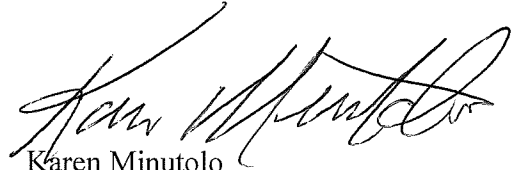
**Acknowledgements**

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. Edith Conroy  
Superintendent of Schools

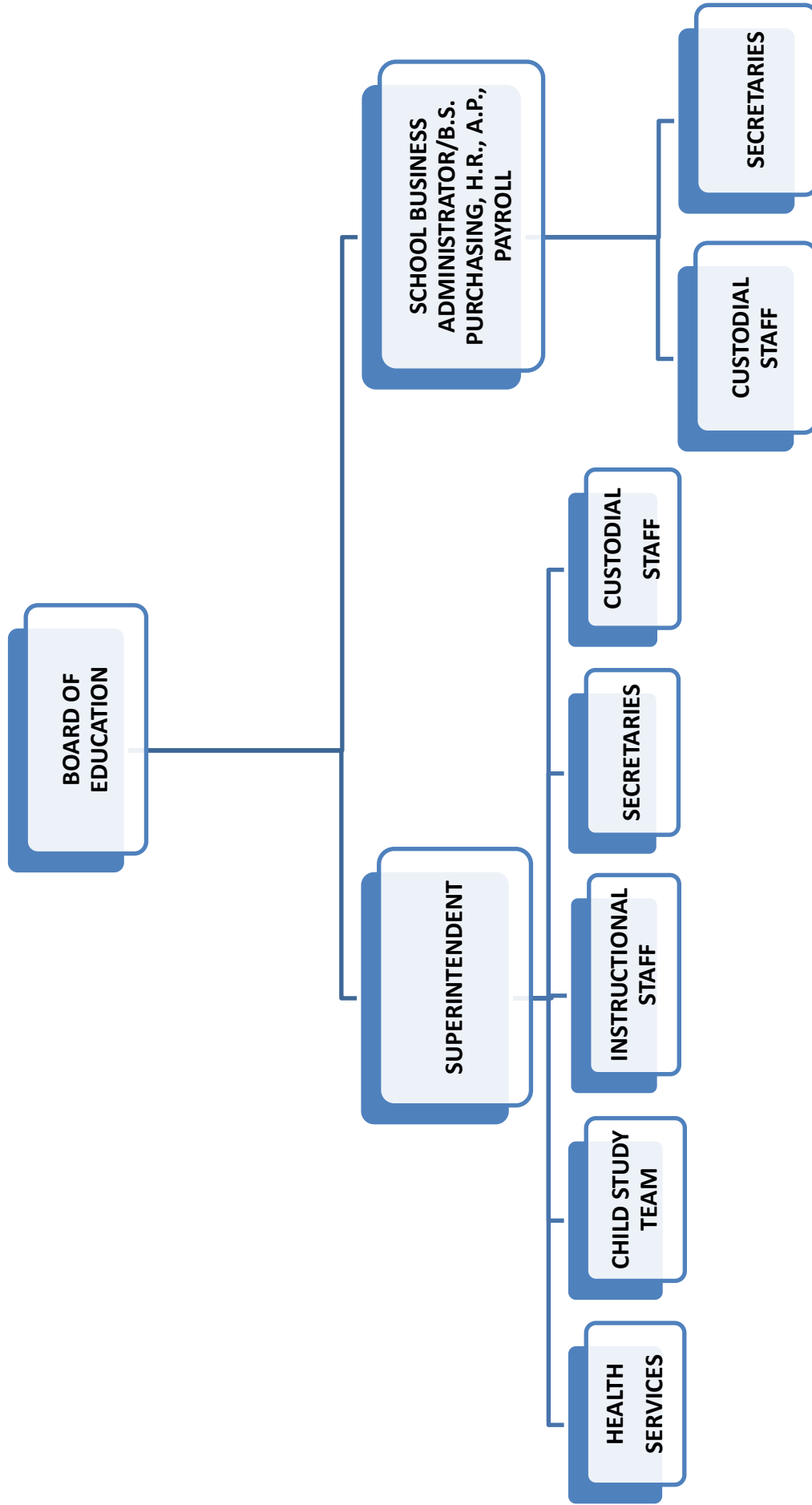


Karen Minutolo  
SBA/BS

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# Farmingdale School Organization Chart



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# FARMINGDALE BOARD OF EDUCATION

## ROSTER OF OFFICIALS JUNE 30, 2017

### Members of the Board of Education

### Term Expires

Beau Byrtus, President

2018

Bonnie Wright, Vice-President

2019

Carly Immen

2019

Elizabeth Rhein

2017

William Shaffer

2018

### Other Officials

Mrs. Edith Conroy, Superintendent/Principal

Karen Minutolo, Business Administrator/Board Secretary

George Lang, Treasurer

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**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**49 Academy Street**  
**Farmingdale, New Jersey 07727**

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

Campbell & Pruchnik, L.L.C.  
Counselors-at-Law  
43 West Front Street  
Suite 10  
Red Bank, New Jersey 07701

**AUDIT FIRM**

Robert W. Allison, CPA, RMA  
Holman Frenia Allison, P.C.  
912 Highway 33, Suite 2  
Freehold, New Jersey 07728

**OFFICIAL DEPOSITORY**

New York Community Bank  
Main Street  
Farmingdale, New Jersey 07727

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Farmingdale Public School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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 *Governmental 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Farmingdale Public School District, County of Monmouth, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Farmingdale Public School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting

statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 32, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert Allison  
Certified Public Accountant  
Public School Accountant, No. 897

Freehold, New Jersey  
October 10, 2017

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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**FARMINGDALE SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

As management of the Farmingdale School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund, Latch Key Program, and Play to Play Program.

**Fund Financial Statements**

*Fund financial statements* are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

**FARMINGDALE SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Overview of the Basic Financial Statements (continued)**

**Fund Financial Statements (continued)**

*Governmental funds* account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

*Enterprise funds* are used to account for operations that are financed and operated in a manner similar to private business operations. The School District has three enterprise funds: Food Service Fund, Latch Key Program, and Play to Play Program.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.



**FARMINGDALE SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Financial Analysis of the School District as a Whole**

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 and 2016.

**Table 1**  
**Summary of Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 495,347	\$ 646,440	\$ (151,093)	-23%
Capital Assets, Net	651,597	489,838	161,759	33%
Total Assets	<u>1,146,944</u>	<u>1,136,278</u>	10,666	1%
Deferred Outflow of Resources	<u>166,128</u>	<u>102,951</u>	63,177	61%
Current and other Liabilities	24,128	202,405	(178,277)	-88%
Noncurrent Liabilities	<u>456,996</u>	<u>395,170</u>	61,826	16%
Total Liabilities	<u>481,124</u>	<u>597,575</u>	(116,451)	-19%
Deferred Inflow of Resources	<u>64,307</u>	<u>64,256</u>	51	0%
Net Position:				
Net Investment in Capital Asset	651,597	489,838	161,759	33%
Restricted	187,626	136,611	51,015	37%
Unrestricted (Deficit)	<u>(71,582)</u>	<u>(49,051)</u>	(22,531)	46%
Total Net Position	<u>\$ 767,641</u>	<u>\$ 577,398</u>	<u>\$ 190,243</u>	33%

**FARMINGDALE SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

Table 2 reflects the changes in net position for fiscal years 2017 and 2016.

**Table 2**  
**Summary of Changes in Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 6,895	\$ 39,249	\$ (32,354)	-82%
Operating Grants & Contributions	466,068	98,529	367,539	373%
General Revenues:				
Property Taxes	1,852,233	1,680,867	171,366	10%
Other General Revenues	1,054,247	1,312,194	(257,947)	-20%
Total Revenues	<u>3,379,443</u>	<u>3,130,839</u>	248,604	8%
<b>Function/Program Expenses:</b>				
Regular Instruction	850,637	831,905	18,732	2%
Special Education Instruction	530,513	506,142	24,371	5%
Other Instruction	17,861	4,055	13,806	340%
Tuition	48,408	43,442	4,966	11%
Student & Instruction Related Services	360,921	344,425	16,496	5%
General Administrative	131,844	-	131,844	0%
School Administrative Services	75,882	179,323	(103,441)	-58%
Central Services	74,421	59,280	15,141	26%
Plant Operations & Maintenance	255,178	226,394	28,784	13%
Pupil Transportation	10,757	13,462	(2,705)	-20%
Capital Outlay Not In Fixed Assets	-	180,421	(180,421)	-100%
Unallocated Benefits	363,950	682,702	(318,752)	-47%
On Behalf TPAF Pension and Social				
Security Contributions	366,563	-	366,563	0%
Interest & Other Charges	454	-	454	0%
Unallocated Depreciation	78,659	33,814	44,845	133%
Food Service	23,152	29,713	(6,561)	-22%
Total Expenses	<u>3,189,200</u>	<u>3,135,078</u>	54,122	2%
Change In Net Position	190,243	(4,239)	194,482	-4588%
Net Position - Beginning	577,368	581,607	(4,239)	-1%
Net Position - Ending	<u>\$ 767,611</u>	<u>\$ 577,368</u>	<u>\$ 190,243</u>	33%

**FARMINGDALE SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Continued)**

**Governmental Activities**

Governmental activities increased the net position of the School District by \$ 188,240 during the current fiscal year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$754,937 with an unrestricted deficit balance of \$200,552. As mentioned earlier, deficit unrestricted net position are primarily due to accounting treatment for compensated absences payable, the capital improvement program, net pension liability, the last 2 state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance. The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

**Table 3  
GASB 68 Effect on Unrestricted Net Position**

Unrestricted Net Position (With GASB 68)	\$	(71,582)
Add back: PERS Pension Liability		432,996
Less: Deferred Outflows related to pensions		(166,128)
Add back: Deferred Inflows related to pensions		64,307
		64,307
Unrestricted Net Position (Without GASB 68)	\$	259,593

**Business-type Activities**

Business-type activities have unrestricted net position of \$12,704 which may be used to meet the School District's ongoing obligations of the enterprise-related activities.

Business Type activities increased the School District's net position by \$2,203

**General Fund Budgeting Highlights**

Final budgeted revenues were \$2,652,070, which was equal to the original budget. Final budgeted appropriations were \$ 2,814,734 which was an increase of \$2,897 from the original budget. The difference is prior year reserve for encumbrances.

**Financial Analysis of the Government's Funds**

**Governmental Funds** - At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$ 477,015, an increase of \$43,479 in comparison with the prior year.

**FARMINGDALE SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Continued)**

**Proprietary Funds** - At the end of the current fiscal year, the School District's proprietary funds reported a combined ending fund balance of \$12,704, an increase of \$2,203 in comparison with the prior year.

**Capital Assets**

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$ 651,597 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$ 161,759. This decrease is primarily due to the current year depreciation expense. Table 3 shows fiscal 2017 balances compared to 2016.

**Table 3  
Summary of Capital Assets**

<u>Capital Assest (Net of Depreciation):</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 149,706	\$ 149,706	-	0.0%
Building and Improvements	1,379,435	1,174,195	205,240	17.5%
Equipment	838,669	822,982	15,687	1.9%
Accumulated Depreciation	(1,716,213)	(1,657,247)	(58,966)	3.6%
	<u>\$ 651,597</u>	<u>\$ 489,636</u>	<u>\$ 161,961</u>	33.1%
Depreciation Expense	<u>\$ 78,659</u>	<u>\$ 33,814</u>		

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

**Contacting the School Districts Financial Management**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Farmingdale Borough School District Business Administrator, 49 Academy Street, Farmingdale, New Jersey 07727; Phone number (732) 938-9611.

**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$ 396,061	\$ 8,197	\$ 404,258
Receivables, Net (Note 4)	20,080	4,507	24,587
Restricted Cash & Cash Equivalents	66,502	-	66,502
Capital Assets, Net (Note 5)			
Non-depreciable	149,706	-	149,706
Depreciable	501,891	-	501,891
<b>Total Assets</b>	<b>1,134,240</b>	<b>12,704</b>	<b>1,146,944</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	166,128	-	166,128
<b>Total Deferred Outflow of Resources</b>	<b>166,128</b>	<b>-</b>	<b>166,128</b>
<b>LIABILITIES:</b>			
Accounts Payable	3,474	-	3,474
Due to Other Governments	18,500	-	18,500
Unearned Revenue	2,154	-	2,154
Noncurrent Liabilities (Note 7):			
Due in more than one year	456,996	-	456,996
<b>Total Liabilities</b>	<b>481,124</b>	<b>-</b>	<b>481,124</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	64,307	-	64,307
<b>Total Deferred Inflow of Resources</b>	<b>64,307</b>	<b>-</b>	<b>64,307</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	651,597	-	651,597
Restricted for:			
Capital Projects	31,502	-	31,502
Excess Surplus	121,124	-	121,124
Maintenance Reserve	35,000	-	35,000
Unrestricted (Deficit)	(84,286)	12,704	(71,582)
<b>Total Net Position</b>	<b>\$ 754,937</b>	<b>\$ 12,704</b>	<b>\$ 767,641</b>

**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	850,637	\$ -	81,268	\$ -	(769,369)	\$ -	(769,369)
Special Education Instruction	530,513	-	-	-	(530,513)	-	(530,513)
Other Instruction	17,861	-	-	-	(17,861)	-	(17,861)
Support Services:							
Tuition	48,408	-	-	-	(48,408)	-	(48,408)
Student & Instruction Related Services	360,921	-	-	-	(360,921)	-	(360,921)
General Administrative	131,844	-	-	-	(131,844)	-	(131,844)
School Administrative Services	75,882	-	-	-	(75,882)	-	(75,882)
Central Services	74,421	-	-	-	(74,421)	-	(74,421)
Plant Operations & Maintenance	255,178	-	-	-	(255,178)	-	(255,178)
Pupil Transportation	10,757	-	-	-	(10,757)	-	(10,757)
Unallocated Benefits	363,950	-	-	-	(363,950)	-	(363,950)
On Behalf TPAF Pension and Social Security Contributions	366,563	-	366,563	-	-	-	-
Interest & Other Charges	454	-	-	-	(454)	-	(454)
Unallocated Depreciation	78,659	-	-	-	(78,659)	-	(78,659)
Total Governmental Activities	3,166,048	-	447,831	-	(2,718,217)	-	(2,718,217)
Business-Type Activities:							
Food Service	23,152	6,895	18,237	-	-	1,980	1,980
Total Business-Type Activities	23,152	6,895	18,237	-	-	1,980	1,980
Total Primary Government	\$ 3,189,200	\$ 6,895	\$ 466,068	\$ -	\$ (2,718,217)	\$ 1,980	\$ (2,716,237)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					1,852,233	-	1,852,233
Federal & State Aid Not Restricted					991,300	-	991,300
Tuition Charges					57,569	-	57,569
Miscellaneous					5,555	23	5,578
Total General Revenues					2,906,457	23	2,906,480
Change In Net Position					188,240	2,003	190,243
Net Position - Beginning					566,697	10,701	577,398
Net Position - Ending					\$ 754,937	\$ 12,704	\$ 767,641

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

## B. Fund Financial Statements

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## Governmental Funds

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$ 390,433	\$ 5,628	\$ 396,061
Receivables, Net:			
Due from Other Governments:			
State	11,165	-	11,165
Other Receivables	8,915	-	8,915
Restricted Cash & Cash Equivalents	66,502	-	66,502
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 477,015	\$ 5,628	\$ 482,643
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES &amp; FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ -	\$ 3,474	\$ 3,474
Unearned Revenue	-	2,154	2,154
	<hr/>	<hr/>	<hr/>
Total Liabilities	-	5,628	5,628
	<hr/>	<hr/>	<hr/>
<b>Fund Balances:</b>			
<b>Restricted for:</b>			
Capital Reserve	31,502	-	31,502
Maintenance reserve	35,000	-	35,000
Excess Surplus - Current year	76,659	-	76,659
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	44,465	-	44,465
<b>Assigned to:</b>			
Reserve for Encumbrances	964	-	964
Designated for Subsequent Year's Expenditures	115,302	-	115,302
Unassigned	173,123	-	173,123
	<hr/>	<hr/>	<hr/>
Total Fund Balances	\$ 477,015	\$ -	\$ 477,015
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	<u>\$ 477,015</u>	<u>\$ 5,628</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,367,810 and the accumulated depreciation is \$1,716,213			651,597
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.			
Deferred Outflows related to pensions			166,128
Deferred Inflows related to pensions			(64,307)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.			(18,500)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			<hr/> (456,996)
Net Position of Governmental Activities			<hr/> <u>\$ 754,937</u>

**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:			
Local Sources:			
Local Tax Levy	\$ 1,852,233	\$ -	\$ 1,852,233
Tuition Charges	57,369	-	57,369
Miscellaneous	5,555	209,734	215,289
Total Local Sources	1,915,157	209,734	2,124,891
State Sources	1,152,623	-	1,152,623
Federal Sources	-	76,774	76,774
Total Revenues	3,067,780	286,508	3,354,288
Expenditures:			
Instruction:			
Regular Instruction	850,637	-	850,637
Special Education Instruction	449,245	81,268	530,513
Other Instruction	17,861	-	17,861
Support Services:			
Tuition	48,408	-	48,408
Student & Instruction Related Services	360,921	-	360,921
General Administrative	131,844	-	131,844
School Administrative Services	75,882	-	75,882
Central Services	74,421	-	74,421
Plant Operations & Maintenance	255,178	-	255,178
Student Transportation Services	10,757	-	10,757
Unallocated Benefits	346,750	-	346,750
On Behalf TPAF Pension and Social Security Contributions	366,563	-	366,563
Capital Outlay	35,380	205,240	240,620
Debt Service:			
Interest & Other Charges	454	-	454
Total Expenditures	3,024,301	286,508	3,310,809
Excess/(Deficiency) of Revenues over Expenditures	43,479	-	43,479
Net changes in fund balances	43,479	-	43,479
Fund Balance, July 1	433,536	-	433,536
Fund Balance, June 30	\$ 477,015	\$ -	\$ 477,015

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



**FARMINGDALE PUBLIC SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ 43,479

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.

	(58,966)	
Depreciation Expense	(19,693)	
Adjustments	240,620	
Capital Outlays	240,620	161,961

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (35,200)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 18,000

Change in Net Position of Governmental Activities \$ 188,240

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## Proprietary Funds

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTAL
	FOOD SERVICE	LATCH-KEY PROGRAM	
Current Assets:			
Cash & Cash Equivalents	\$ 3,979	\$ 4,218	\$ 8,197
Accounts Receivable:			
State Aid	85	-	85
Federal Aid	4,422	-	4,422
Total Current Assets	8,486	4,218	12,704
Noncurrent Assets:			
Furniture, Machinery & Equipment	6,896	-	6,896
Less: Accumulated Depreciation	(6,896)	-	(6,896)
Total Noncurrent Assets	-	-	-
Total Assets	8,486	4,218	12,704
NET POSITION			
Unrestricted	8,486	4,218	12,704
Total Net Position	\$ 8,486	\$ 4,218	\$ 12,704

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

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	LATCH-KEY PROGRAM	PAY TO PLAY	
Operating Revenues:				
Charges for Services:				
Daily Sales	\$ 5,995	\$ -	\$ -	\$ 5,995
Tuition	-	-	900	900
	<hr/>			
Total Operating Revenues	5,995	-	900	6,895
	<hr/>			
Operating Expenses:				
Salaries	-	-	900	900
Depreciation	202	-	-	202
Cost of Sales	22,050	-	-	22,050
	<hr/>			
Total Operating Expenses	22,252	-	900	23,152
	<hr/>			
Operating Loss	(16,257)	-	-	(16,257)
	<hr/>			
Nonoperating Revenues/(Expenses):				
Interest Income	23	-	-	23
State sources:				
State School Lunch Program	354	-	-	354
Federal sources:				
Healthy Hunger-Free Kids	1,981	-	-	1,981
National PB Program	425	-	-	425
National School Lunch Program	15,477	-	-	15,477
	<hr/>			
Total Nonoperating Revenues/(Expenses)	18,260	-	-	18,260
	<hr/>			
Change in Net Position	2,003	-	-	2,003
Total Net Position - Beginning	6,483	4,218	-	10,701
	<hr/>			
Total Net Position - Ending	\$ 8,486	\$ 4,218	\$ -	\$ 12,704
	<hr/>			

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

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	LATCH-KEY PROGRAM	PAY TO PLAY	
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 5,995	\$ -	\$ 900	\$ 6,895
Payments to Suppliers	(23,544)	-	(900)	(24,444)
Net Cash Provided/(Used) by Operating Activities	(17,549)	-	-	(17,549)
Cash Flows From Noncapital Financing Activities:				
Federal and State Subsidies	14,732	-	-	14,732
Net Cash Provided/(Used) by Noncapital Financing Activities	14,732	-	-	14,732
Cash Flows From Investing Activities:				
Interest Income	23	-	-	23
Net Cash Provided/(Used) by Investing Activities	23	-	-	23
Net Increase/(Decrease) in Cash & Cash Equivalents	(2,794)	-	-	(2,794)
Balances - Beginning of Year	6,773	4,218	-	10,991
Balances - End of Year	\$ 3,979	\$ 4,218	\$ -	\$ 8,197

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

Operating Activities:				
Operating Income (Loss)	(16,257)	-	-	(16,257)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation Expense	202	-	-	202
Change in Assets and Liabilities	-	-	-	-
(Increase)/Decrease in Accounts Receivable	-	-	-	-
Increase/(Decrease) in Accounts Payable	(1,494)	-	-	(1,494)
Total Adjustments	(17,549)	-	-	(17,549)
Net Cash Provided/(Used) by Operating Activities	\$ (17,549)	\$ -	\$ -	\$ (17,549)

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

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## Fiduciary Fund

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

ASSETS	AGENCY FUNDS		TOTAL
	Payroll Fund	Student Activities	
Cash & Cash Equivalents	\$ 28,965	\$ 16,173	\$ 45,138
Total Assets	\$ 28,965	\$ 16,173	\$ 45,138
<b>LIABILITIES</b>			
Due to Student Activities	\$ -	\$ 16,173	\$ 16,173
Payroll Deductions & Withholdings	28,965	-	28,965
Total Liabilities	\$ 28,965	\$ 16,173	\$ 45,138

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

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**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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# FARMINGDALE PUBLIC SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

### Note 1. Summary of Significant Accounting Policies

#### **Basis of Presentation**

The financial statements of the Farmingdale Public School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

#### **Reporting Entity**

The Farmingdale Public School District is a Type II School District located in the County of Monmouth, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year terms. These terms are staggered so that members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through eighth at its school. The School District has an approximate enrollment at June 30, 2017 of 142 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

#### **Component Units**

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

# FARMINGDALE PUBLIC SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### **Basis of Accounting, Measurement Focus and Financial Statement Presentation**

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### **A. Government-Wide Financial Statements**

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

#### **B. Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related



# FARMINGDALE PUBLIC SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Department of Education the School District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

# FARMINGDALE PUBLIC SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

**Special Revenue Fund** - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

### C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds would also be presented in these statements. However, internal service funds balances and activities would be combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District reports the following major proprietary funds:

**Food Service Fund** – The food service fund accounts for the financial transactions related to the food service operations of the School District.

**Pay to Play Program** – The Pay to play fund accounts for the financial transactions related to participation in clubs and activities operations to the School District.

**Latch-Key Program** – The Latch-Key fund accounts for the financial transactions related to the after school care operations to the School District.

### D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds and, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

# FARMINGDALE PUBLIC SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

**Agency Funds** - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

#### **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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

#### **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 assigned fund balances at fiscal

# FARMINGDALE PUBLIC SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

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 School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

### Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

*N.J.S.A.17:9-41* et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

### Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

**Compensated Absences**

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the School District is eligible to realize the revenue.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**Deferred Outflows and Deferred Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

# FARMINGDALE PUBLIC SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### **Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

#### **Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

#### **Pensions**

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

#### **Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District’s policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District’s policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**Impact of Recently Issued Accounting Principles**

**Adopted Accounting Pronouncements**

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment



# FARMINGDALE PUBLIC SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

### Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

FARMINGDALE PUBLIC SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)

**Note 2. Deposits and Investments**

**Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$661,493 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 590,211
Uninsured and Uncollateralized	<u>71,282</u>
	<u>\$ 661,493</u>

**Investments**

The School District had no investments at June 30, 2017.

**Note 3. Reserve Accounts**

**Capital Reserve**

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3. Reserve Accounts (continued)**

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	31,344
Increased by:		
Interest Earnings		<u>158</u>
Ending Balance, June 30, 2017	\$	<u>31,502</u>

**Maintenance Reserve**

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	20,000
Increased by:		
Deposits approved by Board		<u>15,000</u>
Ending Balance, June 30, 2017	\$	<u>35,000</u>

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 4. Accounts Receivable (continued)**

<u>Description</u>	<u>Governmental Funds</u>		<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards \$	-	\$ -	\$ 4,422	\$ 4,422
State Awards	11,165	11,165	85	85
Tuition	8,915	8,915		-
<b>Total</b>	<b>\$ 20,080</b>	<b>\$ 20,080</b>	<b>\$ 4,507</b>	<b>\$ 4,507</b>

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2017</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 149,706	\$ -	\$ -	\$ 149,706
<b>Total Capital Assets not being depreciated</b>	<b>149,706</b>	<b>-</b>	<b>-</b>	<b>149,706</b>
Capital Assets being depreciated:				
Buildings and Improvements	1,174,195	205,240	-	1,379,435
Equipment	822,982	35,380	(19,693)	838,669
<b>Total Capital Assets being depreciated</b>	<b>1,997,177</b>	<b>240,620</b>	<b>(19,693)</b>	<b>2,218,104</b>
Less: Accumulated Depreciation:				
Buildings and Improvements	(955,492)	(24,003)	-	(979,495)
Equipment	(701,755)	(34,963)	-	(736,718)
<b>Total Accumulated Depreciation</b>	<b>(1,657,247)</b>	<b>(58,966)</b>	<b>-</b>	<b>(1,716,213)</b>
<b>Total Capital Assets being depreciated, net</b>	<b>\$ 339,930</b>	<b>\$ 181,654</b>	<b>\$ (19,693)</b>	<b>\$ 501,891</b>
<b>Total Governmental Activities Capital Assets, net</b>	<b>\$ 489,636</b>	<b>\$ 181,654</b>	<b>\$ (19,693)</b>	<b>\$ 651,597</b>

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 5. Capital Assets (continued)**

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
<b>Business-Type Activities:</b>				
Equipment	\$ 6,896	\$ -	\$ -	\$ 6,896
	<u>6,896</u>	<u>-</u>	<u>-</u>	<u>6,896</u>
Less: Accumulated Depreciation:				
Equipment	(6,694)	(202)	-	(6,896)
	<u>(6,694)</u>	<u>(202)</u>	<u>-</u>	<u>(6,896)</u>
Total Business-Type Activities Capital Assets, net	\$ 202	\$ (202)	\$ -	\$ -

Depreciation expense was not allocated among the various functions/programs of the School District.

**Note 6. Interfund Receivables, Payables and Transfers**

There were no individual fund receivables/payables balances at June 30, 2017.

There was no interfund transfers during the year.

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
Compensated Absences	\$ 42,000	\$ -	\$ 18,000	\$ 24,000	\$ -
Net Pension Liability	<u>353,170</u>	<u>79,826</u>	<u>-</u>	<u>432,996</u>	<u>-</u>
	\$ 395,170	\$ 79,826	\$ 18,000	\$ 456,996	\$ -

For governmental activities, compensated absences and net pension liability are liquidated by the general fund.

FARMINGDALE PUBLIC SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Long-Term Obligations (continued)

**Bonds Payable**

As of June 30, 2017, the School District had no bonds payable.

**Bonds Authorized but not Issued**

As of June 30, 2017, the School District had no bonds authorized but not issued.

Note 8. Pension Plans

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS)**

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2017, the School District reported a liability of \$432,966 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .00146%, which was a decrease of .00011% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$34,661 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:



**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 8,052	\$ -
Changes of Assumptions	89,694	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	16,511	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	33,371	64,307
School District contributions subsequent to measurement date	18,500	
	\$ 166,128	\$ 64,307

\$18,500 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS)**

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

FARMINGDALE PUBLIC SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS)

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS)**

	<b>At 1% Decrease <u>(2.98%)</u></b>	<b>At Current Discount Rate <u>(3.98%)</u></b>	<b>At 1% Increase <u>(4.98%)</u></b>
School District's Proportionate Share of the Net Pension Liability	\$ 530,586	\$ 432,996	\$ 352,427

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119

School District's portion	0.00146%	0.00157%
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**B. Teachers' Pension and Annuity Fund (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

## FARMINGDALE PUBLIC SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 8. Pension Plans (continued)

##### B. Teachers' Pension and Annuity Fund (TPAF)

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

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was 9,908,595. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .01259%, which a decrease of .0000581% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$744,493 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

FARMINGDALE PUBLIC SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF)

**Actuarial Assumptions** – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:



**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF)**

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	11,833,077.00	9,908,595.00	8,337,007.00
	\$ 11,833,077.00	\$ 9,908,595.00	\$ 8,337,007.00

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

**Note 9. State Post-Retirement Medical 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. 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 benefits changed from a pre-funding 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 employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$144,917, \$120,749 and \$241, respectively.

**Note 11. Risk Management**

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

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Litigation** – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts' attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**Economic Dependency** – The School 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, could have an effect on the School District's programs and activities.

**Note 14. Compensated Absences**

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

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 14. Compensated Absences**

School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$24,000.

**Note 15. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

**Note 16. Operating Leases**

The School District has commitments to lease under operating leases for 48 months. Total lease payments made during the year ended June 30, 2017 amounted to \$4,932. Future minimum lease payments are as follows:

Fiscal Year Ending	
<u>June 30,</u>	
2017-18	\$ 4,932
2018-19	4,932
2019-20	<u>2,055</u>
Total Minimum Lease Payments	<u>\$ 11,919</u>

**FARMINGDALE PUBLIC SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 17. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$76,659.

**Note 18. Fund Balances**

**General Fund** – Of the \$477,015 General Fund fund balance at June 30, 2017, \$31,502 has been restricted for the Capital Reserve Account; \$35,000 has been restricted for the Maintenance Reserve Account; \$76,659 has been restricted for current year excess surplus; \$44,465 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$964 has been assigned to other purposes; \$115,302 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$173,123 has been unassigned.

**Note 19. Deficit in Net Position**

**Unrestricted Net Position** – The School District had a deficit in unrestricted net position in the amount of \$71,582 at June 30, 2017. The deficit is caused by the implementation of GASB 68 which requires the School District to report their proportionate share of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 1,852,233	\$ -	\$ 1,852,233	\$ 1,852,233	\$ -
Tuition	10-1310	10,908	-	10,908	39,540	28,632
Tuition from other LEA's	10-1320	-	-	-	17,829	17,829
Interest	10-1510	4,000	-	4,000	3,821	(179)
Miscellaneous	10-1XXX	-	-	-	1,734	1,734
Total Local Sources		1,867,141	-	1,867,141	1,915,157	48,016
State Sources:						
Equalization Aid	10-3176	503,025	-	503,025	503,025	-
Adjustment Aid	10-3178	174,253	-	174,253	174,253	-
Categorical Security Aid	10-3177	16,038	-	16,038	16,038	-
Transportation Aid	10-3121	2,836	-	2,836	2,836	-
Special Education Aid	10-3132	84,317	-	84,317	84,317	-
PARCC Readiness Aid	10-3181	1,440	-	1,440	1,440	-
Per Pupil Growth Aid	10-3182	1,440	-	1,440	1,440	-
Professional Learning Community Aid	10-3183	1,580	-	1,580	1,580	-
Non Public Transportation		-	-	-	1,566	1,566
Nonbudgeted:						
On-behalf of TPAF Pension Contributions	10-3901	-	-	-	144,917	144,917
On-behalf of TPAF Post-Retirement						
Medical Contributions	10-3901	-	-	-	120,749	120,749
On-behalf of TPAF Long-Term						
Disability Insurance	10-3901	-	-	-	241	241
Reimbursed TPAF Social Security	10-3902	-	-	-	100,656	100,656
Total State Sources		784,929	-	784,929	1,153,058	368,129
Total Revenues		2,652,070	-	2,652,070	3,068,215	416,145

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	32,024	-	32,024	28,722	3,302
Kindergarten	11-110-100-101	51,500	890	52,390	52,390	-
Grades 1 - 5	11-120-100-101	375,439	21,353	396,792	392,029	4,763
Grades 6 - 8	11-130-100-101	290,350	6,203	296,553	296,501	52
Regular Programs - Undistributed Instruction:						
Other Salaries For Instruction	11-190-100-106	48,778	-	48,778	48,700	78
Purchased Professional - Educational Services	11-150-100-320	1,500	-	1,500	-	1,500
Purchased Professional - Technical Services	11-190-100-340	-	-	-	-	-
General Supplies	11-190-100-610	28,600	1,182	29,782	29,781	1
Textbooks	11-190-100-640	7,000	(1,182)	5,818	2,514	3,304
Total Regular Programs - Instruction		835,191	28,446	863,637	850,637	13,000
Special Education:						
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	463,443	(6,933)	456,510	449,245	7,265
Total Special Education		463,443	(6,933)	456,510	449,245	7,265
School Sponsored Cocurricular Activities:						
Other Objects	11-401-100-800	6,400	-	6,400	3,727	2,673
Total Total School-Spon. Co/Extra Curr. Activities		6,400	-	6,400	3,727	2,673
Before and After School Instruction:						
Teachers Salaries	11-421-100-101	18,000	-	18,000	14,134	3,866
Total Before/After School Program Instruction		18,000	-	18,000	14,134	3,866

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Summer School:						
Salaries	11-422-100-101	3,000	-	3,000	-	3,000
		3,000	-	3,000	-	3,000
Total Instruction		1,326,034	21,513	1,347,547	1,317,743	29,804
Undistributed Expenditures						
Tuition - Special Education	11-000-100-562	52,450	(2,300)	50,150	48,408	1,742
Total Tuition-Special Education		52,450	(2,300)	50,150	48,408	1,742
Attendance & Social Work Services:						
Salaries	11-000-213-100	23,919	-	23,919	23,919	-
Total Attendance & Social Work Services		23,919	-	23,919	23,919	-
Health Services:						
Salaries	11-000-213-100	84,542	(309)	84,233	81,345	2,888
Other Purchased Services	11-000-213-500	2,000	-	2,000	1,522	478
Supplies and Materials	11-000-213-600	800	309	1,109	1,109	-
Total Health Services		87,342	-	87,342	83,976	3,366
Other Support Services - Students - Related Services:						
Purchased Prof. Ed. Services	11-000-216-320	90,768	-	90,768	88,708	2,060
Total Other Support Services - Students - Related Services		90,768	-	90,768	88,708	2,060
Other Support Services - Students - Special Services:						
Salaries - Secretarial and Clerical	11-000-219-105	25,795	-	25,795	25,534	261
Purchased Professional Education Services	11-000-219-320	87,440	(6,402)	81,038	41,526	39,512

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Total Other Support Services - Students - Special Services		113,235	(6,402)	106,833	67,060	39,773
Educational Media Services/School Library:						
Salaries	11-000-222-100	56,229	(258)	55,971	55,276	695
Purchased Professional & Educational Services	11-000-222-300	30,500	-	30,500	29,536	964
Supplies and Materials	11-000-222-600	12,530	(843)	11,687	8,046	3,641
Total Educational Media Services/School Library		99,259	(1,101)	98,158	92,858	5,300
Instructional Staff Training Services:						
Purchased Professional - Educational Staff	11-000-223-320	1,000	3,400	4,400	4,400	-
Total Instructional Staff Training Services		1,000	3,400	4,400	4,400	-
Support Services General Administration:						
Salaries	11-000-230-100	82,649	4,374	87,023	86,232	791
Legal Services	11-000-230-331	10,000	6,403	16,403	16,403	-
Audit Fees	11-000-230-332	7,600	-	7,600	7,500	100
Communications/Telephone	11-000-230-530	3,900	805	4,705	4,705	-
Other Purchasing Services	11-000-230-590	2,000	716	2,716	2,716	-
Miscellaneous Expenditures	11-000-230-890	14,199	(1,521)	12,678	12,195	483
BOE Membership Dues & Fees	11-000-230-895	2,300	-	2,300	2,093	207
Total Support Services General Administration		122,648	10,777	133,425	131,844	1,581
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	66,275	4,374	70,649	70,172	477

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Salaries of Secretarial & Clerical Assistants	11-000-240-105	5,710	-	5,710	5,710	-
Total Support Services School Administration		71,985	4,374	76,359	75,882	477
Central Services:						
Salaries	11-000-251-100	58,888	-	58,888	58,887	1
Purchased Technical Services	11-000-251-330	16,025	-	16,025	15,534	491
Total Central Services		74,913	-	74,913	74,421	492
Required Maintenance for School Facilities: Cleaning, Repair & Maintenance Services	11-000-261-420	88,900	13,392	102,292	102,292	-
Total Required Maintenance for School Facilities		88,900	13,392	102,292	102,292	-
Custodial Services:						
Salaries	11-000-262-100	34,759	1,888	36,647	36,647	-
Other Purchased Property Services	11-000-262-490	2,100	(33)	2,067	1,928	139
Insurance	11-000-262-520	43,000	415	43,415	43,414	1
General Supplies	11-000-262-610	11,200	(1,906)	9,294	9,073	221
Energy (Heat & Electricity)	11-000-262-620	-	1,234	1,234	1,234	-
Natural Gas	11-000-262-621	21,000	(5,090)	15,910	15,910	-
Energy - Electricity	11-000-262-622	37,000	(6,585)	30,415	30,415	-
Other Objects	11-000-262-800	4,300	-	4,300	4,155	145
Total Custodial Services		153,359	(10,077)	143,282	142,776	506
Undistributed Expenditures - Care & Upkeep of Grounds: Salaries	11-000-263-100	9,945	-	9,945	9,945	-
Total Care and Upkeep of Grounds		9,945	-	9,945	9,945	-

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Security:						
Purchased Professional & Technical Services	11-000-266-300	700	-	700	165	535
Total Security		700	-	700	165	535
Total Other Operation & Maintenance of Plant Services		252,904	3,315	256,219	255,178	1,041
Student Transportation Services:						
Contracted Services - Other Than Between Home and School	11-000-270-512	6,000	-	6,000	4,779	1,221
Contracted Services - Non Public Contracted Services - Jointure	11-000-270-503	8,840	-	8,840	3,978	4,862
Agreements - (Special Education Contracted Services - ESC's & CTSA's - (Special Education Students) Students)	11-000-270-518	1,500	-	1,500	-	1,500
Total Student Transportation Services	11-000-270-515	2,000	-	2,000	2,000	-
		18,340	-	18,340	10,757	7,583
Unallocated Benefits Employee Benefits:						
Social Security Contributions	11-000-291-220	23,500	6,500	30,000	29,583	417
Other Retirement Contributions - PERS	11-000-291-241	18,500	-	18,500	13,293	5,207
Other Retirement Contributions - ERIP	11-000-291-249	15,000	-	15,000	1,579	13,421
Unemployment Compensation	11-000-291-250	14,000	(6,500)	7,500	90	7,410
Health Benefits	11-000-291-270	366,271	(42,758)	323,513	289,969	33,544
Tuition Reimbursement	11-000-291-280	10,000	-	10,000	7,762	2,238
Other Employee Benefits	11-000-291-290	4,315	1,699	6,014	4,474	1,540
Total Unallocated Benefits - Employee Benefits		451,586	(41,059)	410,527	346,750	63,777
Nonbudgeted:						
On-behalf of TPAF Pension Contributions		-	-	-	144,917	(144,917)
On-behalf of TPAF Post-Retirement						

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Medical Contributions		-	-	-	120,749	(120,749)
On-behalf of TPAF Long-Term Disability Insurance		-	-	-	241	(241)
Reimbursed TPAF Social Security		-	-	-	100,656	(100,656)
Total Nonbudgeted		-	-	-	366,563	(366,563)
Total Undistributed Expenditures		1,460,349	(28,996)	1,431,353	1,670,724	(239,371)
Total Expenditures - Current Expense		2,786,383	(7,483)	2,778,900	2,988,467	(209,567)
Capital Outlay:						
Equipment	12-000-100-730	25,000	10,380	35,380	35,380	-
Undistributed Expenditures - Instruction						
Total Equipment		25,000	10,380	35,380	35,380	-
Facilities Acquisition & Construction Services:						
Assessment for Debt Service on SDA Funding	12-000-400-896	454	-	454	454	-
Total Facilities Acquisition & Construction Services		454	-	454	454	-
Total Capital Outlay		25,454	10,380	35,834	35,834	-
Total Expenditures		2,811,837	2,897	2,814,734	3,024,301	(209,567)

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(159,767)	(2,897)	(162,664)	43,914	206,578
Fund Balances, July 1		511,544	-	511,544	511,544	-
<b>Fund Balances, June 30</b>		<u>\$ 351,777</u>	<u>\$ (2,897)</u>	<u>\$ 348,880</u>	<u>\$ 555,458</u>	<u>\$ 206,578</u>

**RECAPITULATION OF BUDGET TRANSFERS**

Prior Year Reserve for Encumbrances	<u>\$ 2,897</u>
Total Budget Transfers	<u><u>\$ 2,897</u></u>

**RECAPITULATION OF FUND BALANCE**

Restricted Fund Balance:		
Excess Surplus Designated for Subsequent Year's Expenditures	\$	44,465
Excess Surplus - Current Year		76,659
Capital Reserve		31,502
Maintenance Reserve		35,000
Assigned Fund Balance:		
Reserve for Encumbrances		964
Designated for Subsequent Year's Expenditures		115,302
Unassigned Fund Balance		<u>251,566</u>
Subtotal		<u>555,458</u>
Reconciliation to Governmental Fund Statements (GAAP):		
Last State Aid Payments Not Recognized on GAAP Basis		<u>(78,443)</u>
Fund Balance per Governmental Funds (GAAP)	\$	<u><u>477,015</u></u>



**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Federal Sources	\$ 76,774	\$ -	\$ 76,774	\$ 76,774	\$ -
Local Sources	130,249	80,802	211,051	209,734	(1,317)
<b>Total Revenues</b>	<b>207,023</b>	<b>80,802</b>	<b>287,825</b>	<b>286,508</b>	<b>(1,317)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Other Instructional Salaries	70,141	(47,698)	22,443	22,443	-
Purchased Professional Services and Technical Services		44,224	44,224	44,224	-
Benefits	-	3,474	3,474	3,474	-
Supplies and Materials	372	-	372	372	-
Improvements of Instruction Services	5,889	-	5,889	5,889	-
Instructional Equipment	837	4,974	5,811	4,494	1,317
Special Projects	129,412	(129,412)	-	-	-
General Supplies	372	-	372	372	-
<b>Total Instruction</b>	<b>207,023</b>	<b>(124,438)</b>	<b>82,585</b>	<b>81,268</b>	<b>1,317</b>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	-	205,240	205,240	205,240	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>205,240</b>	<b>205,240</b>	<b>205,240</b>	<b>-</b>
<b>Total Expenditures</b>	<b>207,023</b>	<b>80,802</b>	<b>287,825</b>	<b>286,508</b>	<b>1,317</b>
<b>Total Outflows</b>	<b>207,023</b>	<b>80,802</b>	<b>287,825</b>	<b>286,508</b>	<b>1,317</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 3,068,215	\$ 286,508
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	78,008	-
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)	(78,443)	-
	3,067,780	286,508
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	3,067,780	286,508
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 3,024,301	\$ 286,508
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	-
	-	-
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 3,024,301	\$ 286,508

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.001%	0.002%	0.002%	0.002%
School District's proportionate share of the net pension liability	\$ 432,996	\$ 353,170	\$ 363,605	\$ 3,087
School District's covered payroll	\$ 87,578	\$ 108,527	\$ 122,691	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	20.23%	30.73%	33.74%	N/A
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.80%	48.720%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribution	\$ 18,500	\$ 13,526	\$ 16,010	\$ 12,170
Contributions in relation to the contractually required contribution	<u>18,500</u>	<u>13,526</u>	<u>16,010</u>	<u>12,170</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 145,119	\$ 87,578	\$ 108,527	\$ 122,691
Contributions as a percentage of covered payroll	12.75%	15.44%	14.75%	9.92%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS' PENSION AND ANNUITY FUND (TPAF)**  
**LAST FOUR FISCAL YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	\$ 9,908,595	8,238,814	7,064,268	6,488,366
	<u>\$ 9,908,595</u>	<u>\$ 8,238,814</u>	<u>\$ 7,064,268</u>	<u>\$ 6,488,366</u>
School District's covered payroll	\$ 1,468,620	\$ 1,331,812	1,297,168	1,264,168
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.760%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	IDEA-B BASIC	IDEA-B PRESCHOOL	IDEA-B	TITLE 1 PART A	TITLE IIA	TECH GRANT	PLAYGROUND GRANT	TOTAL
<b>Revenues:</b>								
Federal Sources	\$ 44,224	\$ 744	\$ 744	\$ 25,917	\$ 5,889	\$ -	\$ -	\$ 76,774
Local Sources	-	-	-	-	-	4,494	205,240	209,734
<b>Total Revenues</b>	<b>\$ 44,224</b>	<b>\$ 744</b>	<b>\$ 744</b>	<b>\$ 25,917</b>	<b>\$ 5,889</b>	<b>\$ 4,494</b>	<b>\$ 205,240</b>	<b>\$ 286,508</b>
<b>Expenditures:</b>								
Instruction:								
Salaries of Teachers	-	-	-	22,443	-	-	-	22,443
Other Instructional Salaries	44,224	-	-	3,474	-	-	-	44,224
Purchased Professional Services and Technical Services	-	-	372	-	-	-	-	3,474
Benefits	-	-	-	-	-	-	-	372
Supplies and Materials	-	-	-	-	5,889	-	-	5,889
Improvements of Instruction Services	-	-	-	-	-	4,494	-	4,494
Instructional Equipment	-	-	372	-	-	-	-	372
General Supplies	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>44,224</b>	<b>744</b>	<b>744</b>	<b>25,917</b>	<b>5,889</b>	<b>4,494</b>	<b>-</b>	<b>81,268</b>
Facilities Acquisition and Construction Services:								
Non-Instructional Equipment	-	-	-	-	-	-	205,240	205,240
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205,240</b>	<b>205,240</b>
<b>Total Expenditures</b>	<b>\$ 44,224</b>	<b>\$ 744</b>	<b>\$ 744</b>	<b>\$ 25,917</b>	<b>\$ 5,889</b>	<b>\$ 4,494</b>	<b>\$ 205,240</b>	<b>\$ 286,508</b>

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F. Capital Projects Fund

Not Applicable

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Enterprise Funds

(See Exhibits B-4, B-5, B-6)

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

ASSETS	AGENCY FUNDS		TOTAL
	Student Activities	Payroll Account	
Cash & Cash Equivalents	\$ 16,173	\$ 28,965	\$ 45,138
Total Assets	<u>\$ 16,173</u>	<u>\$ 25,031</u>	<u>\$ 41,204</u>
<b>LIABILITIES</b>			
Payroll Deductions & Withholding Due to Student Groups	\$ -	\$ 28,965	\$ 28,965
	16,173	-	16,173
Total Liabilities	<u>\$ 16,173</u>	<u>\$ 28,965</u>	<u>\$ 45,138</u>

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
FIDUCIARY FUNDS  
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Farmingdale Elementary School	\$ 12,693	\$ 33,765	\$ 30,285	\$ 16,173

**SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 20,765	\$ 1,055,194	\$ 1,046,994	\$ 28,965
Total Assets	\$ 20,765	\$ 1,055,194	\$ 1,046,994	\$ 28,965
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 20,765	\$ 1,055,194	\$ 1,046,994	\$ 28,965
Total Liabilities	\$ 20,765	\$ 1,055,194	\$ 1,046,994	\$ 28,965

**STATISTICAL SECTION (Unaudited)**

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### Financial Trend Information

Financial trend information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial trends.

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**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities:</b>										
Invested in Capital Assets	\$ 651,597	\$ 489,636	\$ 523,450	\$ 560,970	\$ 604,568	\$ 523,254	\$ 505,938	\$ 533,199	\$ 561,178	\$ 591,587
Net of Related Debt	303,892	136,611	233,319	261,855	237,592	202,255	170,922	221,719	152,143	111,252
Restricted	(200,552)	(59,550)	(183,155)	135,354	144,445	170,759	138,753	110,781	158,313	157,008
<b>Total Governmental Activities</b>	<b>\$ 754,937</b>	<b>\$ 566,697</b>	<b>\$ 573,614</b>	<b>\$ 958,179</b>	<b>\$ 986,605</b>	<b>\$ 896,268</b>	<b>\$ 815,613</b>	<b>\$ 865,699</b>	<b>\$ 871,634</b>	<b>\$ 859,847</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ -	\$ 202	\$ 345	\$ 488	\$ 775	\$ -	\$ -	\$ -	\$ -	\$ 5,057
Unrestricted	12,704	10,499	7,648	14,922	11,675	11,673	6,883	2,275	5,723	-
<b>Total Business-Type Activities</b>	<b>\$ 12,704</b>	<b>\$ 10,701</b>	<b>\$ 7,993</b>	<b>\$ 15,410</b>	<b>\$ 12,450</b>	<b>\$ 11,673</b>	<b>\$ 6,883</b>	<b>\$ 2,275</b>	<b>\$ 5,723</b>	<b>\$ 5,057</b>
<b>Government-Wide:</b>										
Net Investment in Capital Assets	\$ 651,597	\$ 489,838	\$ 523,795	\$ 561,458	\$ 605,343	\$ 523,254	\$ 505,938	\$ 533,199	\$ 561,178	\$ 591,587
Restricted	303,892	136,611	233,319	261,855	237,592	202,255	170,922	221,719	152,143	111,252
Unrestricted	(187,848)	(49,051)	(175,507)	150,276	156,120	182,432	145,636	113,056	164,036	157,008
<b>Total Government-Wide Net Position</b>	<b>\$ 767,641</b>	<b>\$ 577,398</b>	<b>\$ 581,607</b>	<b>\$ 973,589</b>	<b>\$ 999,055</b>	<b>\$ 907,941</b>	<b>\$ 822,496</b>	<b>\$ 867,974</b>	<b>\$ 877,357</b>	<b>\$ 859,847</b>

Source: District CAFR, Schedule A-1

**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)**  
**LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses:</b>										
Governmental Activities	\$ 3,166,048	3,105,365	2,739,895	2,682,432	962,848	2,463,290	2,526,821	2,419,354	2,451,908	2,663,433
Business Type Activities	23,152	29,713	42,530	31,100	36,009	28,073	18,342	18,746	20,206	17,637
<b>Total District Expenses</b>	<b>3,189,200</b>	<b>3,135,078</b>	<b>2,782,425</b>	<b>2,713,532</b>	<b>998,857</b>	<b>2,491,363</b>	<b>2,545,163</b>	<b>2,438,100</b>	<b>2,472,114</b>	<b>2,681,070</b>
<b>Program Revenues:</b>										
Governmental Activities	447,831	105,387	89,029	93,507	53,646	82,141	76,289	71,438	57,244	82,308
Business Type Activities	25,132	32,391	15,083	34,033	35,535	19,215	7,973	19,692	12,776	11,132
<b>Total District Program Revenues</b>	<b>472,963</b>	<b>137,778</b>	<b>104,112</b>	<b>127,540</b>	<b>89,181</b>	<b>101,356</b>	<b>84,262</b>	<b>91,130</b>	<b>70,020</b>	<b>93,440</b>
<b>Net (Expense):</b>										
Governmental Activities	(2,718,217)	(2,999,978)	(2,650,866)	(2,588,925)	(909,202)	(2,381,149)	(2,450,532)	(2,347,916)	(2,394,664)	(2,581,125)
Business Type Activities	1,980	2,678	(27,447)	2,933	(474)	(8,858)	(10,369)	946	(7,430)	(6,505)
<b>Total District-Wide Net Expense</b>	<b>(2,716,237)</b>	<b>(2,997,300)</b>	<b>(2,678,313)</b>	<b>(2,585,992)</b>	<b>(909,676)</b>	<b>(2,390,007)</b>	<b>(2,460,901)</b>	<b>(2,346,970)</b>	<b>(2,402,094)</b>	<b>(2,587,630)</b>
<b>General Revenues and Other Changes</b>										
<b>In Net Position:</b>										
Governmental Activities	2,906,457	2,993,061	2,629,905	2,560,499	2,605,599	2,433,836	2,400,446	2,413,420	2,406,451	2,586,171
Business Type Activities	23	30	30	27	24	19	15	28	8,096	5,802
<b>Total District-Wide</b>	<b>2,906,480</b>	<b>2,993,091</b>	<b>2,629,935</b>	<b>2,560,526</b>	<b>2,605,623</b>	<b>2,433,855</b>	<b>2,400,461</b>	<b>2,413,448</b>	<b>2,414,547</b>	<b>2,591,973</b>
<b>Changes in Net Position:</b>										
Governmental Activities	188,240	(6,917)	(20,961)	(28,426)	1,696,397	52,687	(50,086)	65,504	11,787	5,046
Business Type Activities	2,003	2,708	(27,417)	2,960	(450)	(8,839)	(10,354)	974	666	(703)
<b>Total District</b>	<b>190,243</b>	<b>(4,209)</b>	<b>(48,378)</b>	<b>(25,466)</b>	<b>1,695,947</b>	<b>43,848</b>	<b>(60,440)</b>	<b>66,478</b>	<b>12,453</b>	<b>4,343</b>



**FARMINGDALE PUBLIC SCHOOL DISTRICT  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 303,892	258,473	233,406	261,214	237,592	202,255	170,922	221,719	152,143	108,775
Unassigned	173,123	175,063	174,703	177,995	156,120	212,759	138,753	110,781	158,313	206,255
Total General Fund	\$ 477,015	433,536	408,109	439,209	393,712	415,014	309,675	332,500	310,456	315,030
All Other Governmental Funds:										
Unassigned, Reported in:										
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	2	2	2
Total All Other Governmental Funds	-	-	-	-	-	-	-	2	2	2

Source: District CAFR, Schedule B-1

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FOR FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Tax Levy	\$ 1,852,233	\$ 1,680,867	\$ 1,504,784	\$ 1,530,181	\$ 1,555,883	\$ 1,443,073	\$ 1,422,435	\$ 1,394,544	\$ 1,414,925	\$ 1,429,736
Tuition Charges	57,369	26,045	14,784	20,105	13,960	16,641	29,465	15,500	6,990	N/A
Interest	3,821	3,247	-	-	3,247	-	2,902	4,572	9,976	13,655
Miscellaneous	211,468	201,368	4,078	3,280	8,159	3,094	6,982	4,438	747	25,000
State Sources	1,152,623	1,107,341	1,065,043	1,027,038	1,041,557	985,990	938,662	809,587	856,634	823,847
Federal Sources	76,774	79,342	74,245	73,402	69,686	93,468	76,289	74,039	57,244	57,309
<b>Total Revenue</b>	<b>3,354,288</b>	<b>3,098,210</b>	<b>2,662,934</b>	<b>2,654,006</b>	<b>2,689,245</b>	<b>2,542,266</b>	<b>2,476,735</b>	<b>2,302,680</b>	<b>2,346,516</b>	<b>2,349,547</b>
<b>Expenditures:</b>										
Instruction:										
Regular Instruction	850,637	831,905	829,781	810,432	777,093	780,436	778,411	763,563	882,485	936,113
Special Education Instruction	530,513	506,142	425,087	418,861	390,906	376,121	369,934	311,716	270,424	209,077
Other Instruction	17,861	4,055	6,081	7,750	6,999	1,240	2,200	4,331	5,097	5,617
Support Services:										
Tuition	48,408									
Student & Inst. Related Services	360,921	387,867	349,325	304,562	440,416	361,878	338,235	333,634	279,396	293,271
General Administration	131,844	113,723	149,126	122,855	168,523	101,574	100,252	94,070	111,257	119,756
School Administrative Services	75,882	65,600	67,143	-	-	-	60,527	60,527	58,199	55,551
Central Services	74,421	59,280	58,551	-	56,004	121,780	71,325	60,951	46,673	45,791
Admin. Information Technology	255,178	-	-	-	-	-	-	-	-	-
Plant Operations and Maintenance	10,757	226,394	213,177	261,693	237,936	218,798	227,275	199,850	202,688	222,802
Pupil Transportation	346,750	13,462	22,125	32,195	12,010	8,362	10,614	10,427	16,402	17,277
Bus. & Other Supp Serv.-Employee Benefits	-	-	-	118,697	-	-	-	-	-	-
Other Support Services	366,563	-	-	-	-	-	-	-	-	-
Employee Benefits	-	339,313	347,123	315,760	318,249	260,936	314,120	318,229	318,229	324,953
On-Behalf TPAF Pension Contribution	-	220,926	184,339	147,596	176,756	123,901	128,890	91,045	77,519	210,304
Reimbursed TPAF SS Contributions	35,380	103,066	97,719	97,979	95,036	97,398	97,777	99,922	94,654	1,000,151
Food Service	-	-	-	-	-	-	-	-	8,000	5,700
Education Jobs	-	-	-	-	-	27,968	-	-	-	-
Capital Outlay	205,694	454	454	454	294	214	-	-	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest & Other Charges	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>3,310,809</b>	<b>2,872,187</b>	<b>2,750,031</b>	<b>2,638,834</b>	<b>2,680,222</b>	<b>2,480,606</b>	<b>2,499,560</b>	<b>2,348,265</b>	<b>2,371,023</b>	<b>3,446,363</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>43,479</b>	<b>226,023</b>	<b>(87,097)</b>	<b>15,172</b>	<b>9,023</b>	<b>61,660</b>	<b>(22,825)</b>	<b>(45,585)</b>	<b>(24,507)</b>	<b>(1,096,816)</b>
<b>Other Financing Sources/(Uses):</b>										
Adjustments to Net Position	-	-	-	-	-	1,679	-	-	-	-
<b>Total Other Financing Sources/ (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 43,479</b>	<b>\$ 226,023</b>	<b>\$ (87,097)</b>	<b>\$ 15,172</b>	<b>\$ 9,023</b>	<b>\$ 63,339</b>	<b>\$ (22,825)</b>	<b>\$ (45,585)</b>	<b>\$ (24,507)</b>	<b>\$ (1,096,816)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>										

Source: District CAFR, Schedule B-2

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	RENTALS	MISCELLANEOUS	TUITION	TOTAL
2017	\$ 3,821	\$ -	\$ 1,734	\$ 57,369	\$ 62,924
2016	3,281	-	2,164	26,045	31,490
2015	2,935	-	3,302	14,784	21,021
2014	2,818	-	3,230	20,105	26,153
2013	2,586	-	1,366	13,960	17,912
2012	2,979	-	849	16,641	20,469
2011	2,902	-	4,952	29,465	37,319
2010	4,571	-	4,438	15,500	24,509
2009	9,975	-	1,797	6,989	18,761
2008	13,535	-	120	-	13,655

Source: District records

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### Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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FARMINGDALE PUBLIC SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	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>
2017	\$ 3,226,700	\$ 106,525,800	\$ 584,700	\$ 2,700	\$ 26,700,800	\$ 3,311,800	\$ 15,321,400	\$ 155,673,900	\$ -	-	\$ 155,673,900	\$ 146,043,388	1.218
2016	1,898,600	105,737,300	590,000	2,700	27,171,700	3,318,200	15,315,400	154,033,900	-	-	154,033,900	145,958,075	1.192
2015	1,905,600	106,279,000	563,600	2,700	27,115,000	3,319,800	15,314,700	154,500,400	-	-	154,500,400	138,780,348	1.078
2014	1,865,300	110,869,600	600,000	14,200	20,523,500	2,742,800	13,947,400	150,562,800	-	-	150,562,800	138,417,398	1.027
2013	1,865,300	111,706,500	721,700	14,200	20,320,000	2,742,800	13,947,400	151,317,900	-	-	151,317,900	150,852,464	1.041
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
2011	1,918,800	111,858,800	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
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
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
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

Source: Monmouth County Certified General Tax Rate  
 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 ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger Systems  
 b Tax rates are per \$100

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			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		
2017	1.218	-	1.218	0.244	0.345	0.278	2.085	
2016	1.192	-	1.192	0.241	0.326	0.288	2.047	
2015	1.078	-	1.078	0.217	0.308	0.281	1.884	
2014	1.027	-	1.027	0.212	0.298	0.290	1.827	
2013	1.041	-	1.041	0.212	0.397	0.293	1.943	
2012	0.960	-	0.960	0.211	0.350	0.290	1.811	
2011	0.926	-	0.926	0.208	0.360	0.275	1.769	
2010	0.920	-	0.920	0.203	0.277	0.278	1.678	
2009	0.900	-	0.900	0.183	0.316	0.275	1.674	
2008	0.915	-	0.915	0.173	0.335	0.269	1.692	

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.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

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



FARMINGDALE PUBLIC SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAX PAYERS,  
 CURRENT YEAR AND TEN YEARS AGO

	2017			2008		
	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	\$ 12,799,200	1	8.22%	\$ 11,500,000	1	7.67%
Farmingdale LLC, F. Stern	7,522,700	2	4.83%	3,795,400	2	2.53%
Farmingdale Shopping Center LLC	3,600,300	3	2.31%	2,442,200	4	1.63%
R. T. Equities, LLC	2,387,200	4	1.53%	2,107,200	6	1.40%
Farmingdale BP , JFD Associates	1,496,500	5	0.96%	904,100	9	0.60%
Academy Apartments LLC	1,377,200	6	0.88%	-	-	-
A Four Properties, LLC	1,135,000	7	0.73%	-	-	-
Bell Atlantic	1,011,900	8	0.65%	992,800	8	0.66%
Roadside Holdings, LLC	821,400	9	0.53%	-	-	-
Bank of America	709,400	10	0.46%	-	-	-
Merkler, Walter & Mary C.				2,876,600	3	1.92%
Verizon Communications				2,330,926	5	1.55%
Morgan, John P.				1,297,000	7	0.86%
Boud Ave. Co., LLC				896,700	10	0.60%
<b>Total</b>	<b>\$ 32,860,800</b>		<b>21.10%</b>	<b>\$ 29,142,926</b>		<b>19.42%</b>

Source: Municipal Tax Assessor

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

YEAR ENDED December 31,	TAXES LEVIED FOR THE YEAR	COLLECTED WITHIN THE FISCAL		COLLECTIONS IN SUBSEQUENT YEARS
		YEAR OF THE LEVY <sup>(a)</sup>		
		AMOUNT	PERCENTAGE OF LEVY	
2017	\$ 1,852,233.00	\$ 1,852,233.00	100.00%	-
2016	1,680,867	1,680,867	100.00%	-
2015	1,560,784	1,560,784	100.00%	-
2014	1,530,181	1,530,181	100.00%	-
2013	1,495,833	1,495,833	100.00%	-
2012	1,443,073	1,443,073	100.00%	-
2011	1,422,436	1,422,436	100.00%	-
2010	1,394,545	1,394,545	100.00%	-
2009	1,394,545	1,394,545	100.00%	-
2008	1,429,736	1,429,736	100.00%	-

Source: District records including the Certificate and Report of School Taxes

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

### Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the school District's outstanding debt and its debt capacity.

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**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
*(Dollars in Thousands, Except per Capita)*

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES		TOTAL DISTRICT	% OF PERSONAL INCOME <sup>(a)</sup>	PER CAPITA PERSONAL INCOME <sup>(a)</sup>
	GENERAL OBLIGATION BONDS	CERTIFICATIONS OF PARTICIPATION	CAPITAL LEASES *	BOND ANTICIPATION NOTES (BANS)	CAPITAL LEASES				
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	
2016	-	-	-	-	-	-	0.00%	-	
2015	-	-	-	-	-	-	0.00%	-	
2014	-	-	-	-	-	-	0.00%	-	
2013	-	-	-	-	-	-	0.00%	-	
2012	-	-	-	-	-	-	0.00%	-	
2011	47,481	-	-	-	-	47,481	0.05%	30	
2010	90,000	-	-	-	-	90,000	0.10%	28	
2009	87,674	-	-	-	-	87,674	0.10%	56	
2008	131,511	-	-	-	-	131,511	0.16%	83	

**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 were calculated using personal income and population for the prior calendar year.

**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*(Dollars in Thousands, Except per Capita)*

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE <sup>(a)</sup> OF PROPERTY	PER CAPITA PERSONAL INCOME <sup>(b)</sup>
	GENERAL OBLIGATION BONDS	DEDUCTIONS				
2017	\$ -	\$ -		\$ -	0.00%	\$ -
2016	-	-		-	0.00%	-
2015	-	-		-	0.00%	-
2014	-	-		-	0.00%	-
2013	-	-		-	0.00%	-
2012	-	-		-	0.00%	-
2011	-	-		-	0.00%	-
2010	-	-		-	0.00%	-
2009	-	-		-	0.00%	-
2008	-	-		-	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 PUBLIC SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes			
Borough of Farmingdale	\$ 541,630	100%	\$ 541,630
County of Monmouth	435,341,390	0.124%	539,823
Other Debt			
Freehold Regional High School District	14,840,000	0.399%	59,212
Subtotal, Overlapping debt			1,140,665
Farmingdale School			-
Total direct and overlapping debt			\$ <u>1,140,664.92</u>

Sources: Assessed Value data used to estimate applicable percentages provided by 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 Borough of Farmingdale. 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 government unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 5,743,757	\$ 5,642,078	\$ 5,707,336	\$ 5,868,298	\$ 6,000,938	\$ 6,074,872	\$ 6,094,336	\$ 6,146,961	\$ 6,090,315	\$ 6,061,699
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 5,743,757	\$ 5,642,078	\$ 5,707,336	\$ 5,868,298	\$ 6,000,938	\$ 6,074,872	\$ 6,094,336	\$ 6,146,961	\$ 6,090,315	\$ 6,061,699

Total Net Debt Applicable to the Limit as a % of Debt Limit

**Legal Debt Margin Calculation for Fiscal Year 2017**

	Equalized Valuation Basis
	2015 \$ 138,780,348
	2016 145,958,075
	2017 146,043,388
	<u>\$ 430,781,811</u>
Average Equalized Valuation of Taxable Property	<u>\$ 143,593,937</u>
Debt Limit (4 % of Average Equalized Valuation of Taxable Property) (a)	\$ 5,743,757
Net Bonded School Debt	<u>\$ -</u>
Legal Debt Margin	<u>\$ 5,743,757</u>

**Source:** Monmouth County Tax Office

**a** Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts



## Demographic and Economic Information

Demographic and economic information is intended to (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District's operates.

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)		PERSONAL INCOME (b)		PER CAPITA PERSONAL INCOME (c)		UNEMPLOYMENT RATE (d)
2017	1,310	**	\$ 41,918,690	\$	31,999	**	3.7%
2016	1,289	**	38,921,355		30,195	**	4.4%
2015	1,279	**	46,510,835		36,365	**	4.9%
2014	1,311		77,592,846		59,186		5.8%
2013	1,319		76,970,245		58,355		4.8%
2012	1,330		75,750,150		56,955		4.8%
2011	1,572		86,100,012		54,771		4.7%
2010	1,587		90,070,185		56,755		2.8%
2009	1,569		85,982,769		54,801		2.2%
2008	1,581		81,350,355		51,455		2.4%

**Source:**

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal Income has been estimated based upon the municipal population and per capita personal income and labor force

c Per Capita Personal income - NJ Dept of Labor by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis by county. Per Capita personal income for Farmingdale Borough was not available

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

\*\* Population and Per Capita data from [newjersey.hometownlocator.com](http://newjersey.hometownlocator.com)

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO**

	2017			2008		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL 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
<b>Total</b>	<b>-</b>		<b>N/A</b>	<b>-</b>		<b>N/A</b>

Source: Information is not available

## Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**FARMINGDALE PUBLIC SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	13.5	13.5	13.5	13.5	12.0	12.0	12.0	12.0	12.5	12.5
Special Education, teachers/aides	8.0	8.0	7.0	6.0	6.0	6.0	5.5	5.5	5.5	6.0
Support Services:										
Student & Instruction Related Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	-
General Administration	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
School Administration	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other Administrative Services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0
Central Services	-	-	-	-	-	-	-	-	-	-
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.2	1.2	1.2	1.2
Plant Operations and Maintenance	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Pupil Transportation	-	-	-	-	-	-	-	-	-	-
Other Support Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
<b>Total</b>	<b>30.0</b>	<b>30.0</b>	<b>29.0</b>	<b>29.0</b>	<b>27.5</b>	<b>27.5</b>	<b>27.2</b>	<b>27.2</b>	<b>27.7</b>	<b>25.7</b>

**Source:** District Personnel Records

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST NINE FISCAL YEARS**

SCHOOL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	PUPIL COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2017	166	\$ 2,621,903	15,795	6.22%	20	1:08	163.9	155	-1.27%	94.0%
2016	166	2,468,399	14,870	2.52%	19	1:08	166.0	158	-0.06%	95.18%
2015	165	2,393,274	14,505	-4.32%	18	1:08	166.1	156	11.78%	93.92%
2014	153	2,319,402	15,159	-2.28%	18	1:08	148.6	142	-1.78%	95.56%
2013	151	2,342,472	15,513	13.44%	18	1:08	151.3	144	-2.20%	95.18%
2012	159	2,174,346	13,675	-0.88%	18	1:08	154.7	147	-2.34%	95.02%
2011	159	2,193,626	13,796	-4.99%	18	1:08	158.4	149	4.49%	94.07%
2010	152	2,207,186	14,521	-10.20%	18	1:08	151.6	143	3.41%	94.30%
2009	146	2,360,799	16,170	2.44%	19	1:08	146.6	139	2.73%	94.82%
2008	142	2,241,435	15,785	11.07%	18	1:08	142.7	134	-4.74%	93.90%

**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 PUBLIC SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary (1928) a	21,366	21,366	21,366	21,366	21,366	21,366	21,366	21,366	21,366	21,366
Square Feet	275	275	275	275	275	275	275	275	275	275
Capacity (Students)	166	151	142	146	152	159	159	151	153	165

Number of Schools at June 30, 2017:  
Elementary = 1

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 PUBLIC SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST SEVEN FISCAL YEARS**

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

*School Facilities			
	Project # (s)	Farmingdale	Total
2017	N/A	\$ 102,292	\$ 102,292.00
2016	N/A	89,344	89,344
2015	N/A	87,112	87,112
2014	N/A	105,537	105,537
2013	N/A	92,830	92,830
2012	N/A	79,580	79,580
2011	N/A	72,116	72,116
		\$ 628,811	\$ 628,811.00

\*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 PUBLIC SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2017**

	Coverage	DEDUCTIBLE
<b>School Package Policy (1):</b>		
Building and Contents (All Locations)	\$ 11,090,038	\$ 5,000
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Comprehensive Crime Coverage	100,000	
 <b>Computers and Scheduled Equipment</b>		
Data Processing Equipment	200,000	1,000
Other	N/A	
 <b>Boiler and Machinery</b>	11,508,339	
 <b>Umbrella Liability</b>	5,000,000	
 <b>School Board Legal Liability</b>	5,000,000	5,000
 <b>Student Accident</b>	1,000,000	
<b>Environmental</b>	1,000,000	25,000
<b>CAP/Umbrella</b>	50,000,000	
 (1) NJ Schools Insurance Group		
(2) Selective		
(3) Chubb Group Insurance		
(4) Fireman's Fund Ins. Co.		
(5) School Allian Insurance Fund		
 Workers Compensation	2,000,000	
Supplemental Workers Compensation	1,750 Per Week	
Bonds: (2) Treasurer	161,000	
BS/BA	161,000	
Source: G.R. Murray Ins. Broker		

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Farmingdale Public School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Farmingdale Public School District’s basic financial statements, and have issued our report thereon dated October 10, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Farmingdale Public School District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Farmingdale Public School District’s internal control.

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Farmingdale Public School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert Allison  
Certified Public Accountant  
Public School Accountant, No. 897

Freehold, New Jersey  
October 10, 2017





HOLMAN | FRENIA  
ALLISON, P.C.

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## EXHIBIT K-2

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

Honorable President and Members  
of the Board of Education  
Farmingdale Public School District  
County of Monmouth  
Farmingdale, New Jersey 07727

#### **Report on Compliance for Each Major State Program**

We have audited the Farmingdale Public School District's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The Farmingdale Public School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Farmingdale Public School District's major state programs based on our audit of the types of compliance requirements referred to above. 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; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB's Circular 15-08 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 state program occurred. An audit includes examining, on a test basis, evidence about the School District'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 on compliance for each major state program. However, our audit does not provide a legal determination of the School District's compliance.

### **Opinion on Each Major State Program**

In our opinion, the Farmingdale Public School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of the Farmingdale Public School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 15-08, 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 School District'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 state 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 state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert Allison  
Certified Public Accountant  
Public School Accountant, No. 897

Freehold, New Jersey  
October 10, 2017

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FARMINGDALE PUBLIC SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CARRYOVER/ WALKOVER AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE)	BALANCE, JUNE 30, 2017 DUE TO GRANTOR	UNEARNED REVENUE
U.S. Department of Agriculture												
Passed Through New Jersey Department of Agriculture:												
Child Nutrition Cluster:												
School Breakfast Program	10.553	171NJ304N1099	100-010-3350-028	\$ 1,981.00	7/1/16-6/30/17	\$ -	\$ -	\$ 1,492	\$ (1,981)	\$ (489)	\$ -	\$ -
School Breakfast Program	10.553	16161NJ304N1099	100-010-3350-028	2,620	7/1/15-6/30/16	(164)	-	164	-	-	-	-
						(164)	-	1,656	(1,981)	(489)	-	-
National School Lunch Program												
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	15,477	7/1/16-6/30/17	-	-	11,644	(15,477)	(3,833)	-	-
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-026	15,676	7/1/15-6/30/16	(797)	-	797	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	171NJ304N1099	100-010-3350-026	425	7/1/16-6/30/17	-	-	325	(425)	(100)	-	-
Healthy Hunger-Free Kids Act	10.555	16161NJ304N1099	100-010-3350-026	490	7/1/15-6/30/16	(22)	-	22	-	-	-	-
Total Child Nutrition Cluster						(983)	-	14,444	(17,883)	(4,422)	-	-
Total U.S. Department of Agriculture						(1,147)	-	16,100	(19,864)	(4,911)	-	-
U.S. Department of Education												
Passed Through New Jersey Department of Education:												
I.D.E.A. Part B (Special Education Cluster)												
Basic	84.027	H027A160100	100-034-5065-016	44,224	7/1/16-6/30/17	-	-	44,224	(44,224)	-	-	-
Preschool	84.173	H173A150114	100-034-5065-020	744	7/1/16-6/30/17	-	-	744	(744)	-	-	-
Total Special Education Cluster						-	-	44,968	(44,968)	-	-	-
No Child Left Behind (N.C.L.B.):												
Title I - Part A	84.010	S010A160030	100-034-5064-194	25,917	7/1/16-6/30/17	-	-	25,917	(25,917)	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	5,889	7/1/16-6/30/17	-	-	5,889	(5,889)	-	-	-
Total No Child Left Behind						-	-	31,806	(31,806)	-	-	-
Total U.S. Department of Education						-	-	76,774	(76,774)	-	-	-
Total Expenditures of Federal Awards						\$ (1,147)	\$ -	\$ 92,874	\$ (96,638)	\$ (4,911)	\$ -	\$ -

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE, JUNE 30, 2017		MEMO		
								ACCOUNTS RECEIVABLE	UNEARNED REVENUE	GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>State Department of Education:</b>												
<b>General Fund:</b>												
Equalization Aid	495-034-5120-078	\$ 503,025	7/1/16-6/30/17	\$ -	-	503,025	(503,025)	-	\$ -	-	\$ 50,270	\$ 503,025
Security Aid	495-034-5120-084	16,038	7/1/16-6/30/17	-	-	16,038	(16,038)	-	-	-	1,603	16,038
Adjustment Aid	495-034-5120-085	174,253	7/1/16-6/30/17	-	-	174,253	(174,253)	-	-	-	17,414	174,253
Special Education Categorical Aid	495-034-5120-089	84,317	7/1/16-6/30/17	-	-	84,317	(84,317)	-	-	-	8,426	84,317
Per Pupil Growth Aid	495-034-5120-097	1,440	7/1/16-6/30/17	-	-	1,440	(1,440)	-	-	-	144	1,440
PARCC Readiness	495-034-5120-098	1,440	7/1/16-6/30/17	-	-	1,440	(1,440)	-	-	-	144	1,440
Professional Learning Community Aid	495-034-5120-101	1,580	7/1/16-6/30/17	-	-	1,580	(1,580)	-	-	-	158	1,580
Total State Aid Public				-	-	782,093	(782,093)	-	-	-	78,159	782,093
Transportation Aid	495-034-5120-014	2,836	7/1/16-6/30/17	-	-	2,836	(2,836)	-	-	-	284	2,836
Additional Nonpublic School Transportation Aid	495-034-5120-014	1,566	7/1/16-6/30/17	-	-	-	(1,566)	-	-	-	1,566	1,566
Additional Nonpublic School Transportation Aid	495-034-5120-014	1,740	7/1/15-6/30/16	(1,740)	-	1,740	-	-	-	-	-	-
Extraordinary Aid	495-034-5120-044	1,331	7/1/15-6/30/16	(1,331)	-	1,331	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	100-034-5094-003	100,656	7/1/16-6/30/17	-	-	91,068	(100,656)	-	-	-	9,588	100,656
Reimbursed TPAF Social Security Contributions	100-034-5094-003	103,066	7/1/15-6/30/16	(49,939)	-	4,939	-	-	-	-	-	-
Medical (Noncash Assistance)	495-034-5094-001	120,749	7/1/16-6/30/17	-	-	120,749	(120,749)	-	-	-	-	120,749
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	144,917	7/1/16-6/30/17	-	-	144,917	(144,917)	-	-	-	-	144,917
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	241	7/1/16-6/30/17	-	-	241	(241)	-	-	-	-	241
Total General Fund				(8,010)	-	1,149,914	(1,153,058)	(11,154)	-	-	89,597	1,153,058
<b>New Jersey Department of Agriculture:</b>												
Enterprise Fund:												
National School Lunch Program	100-010-3350-023	354	7/1/16-6/30/17	-	-	267	(354)	(87)	-	-	87	354
National School Lunch Program	100-010-3350-023	401	7/1/15-6/30/16	(19)	-	19	-	-	-	-	-	-
Total Enterprise Fund				(19)	-	286	(354)	(87)	-	-	87	354
Total State Financial Assistance				(8,029)	-	1,150,200	(1,153,412)	(11,241)	\$ -	\$ -	\$ 89,684	\$ 1,153,412
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement												
Medical (Noncash Assistance)	495-034-5094-001	\$ 120,749	7/1/16-6/30/17	-	-	-	-	-	-	-	\$ 120,749	
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	144,917	7/1/16-6/30/17	-	-	-	-	-	-	-	144,917	
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	241	7/1/16-6/30/17	-	-	-	-	-	-	-	241	
<b>Total State Financial Assistance subject to Calculation for Major Program Determination</b>												
												\$ (887,505)

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Farmingdale Public School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. 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, 2017.

**Note 3. Relationship to Basic Financial Statements**

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

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 3. Relationship to Basic Financial Statements (continued)**

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund 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 special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(435) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,152,623	\$ 1,152,623
Special Revenue Fund	76,774	-	76,774
Food Service Fund	<u>17,883</u>	<u>354</u>	<u>18,237</u>
Total Awards & Financial Assistance	<u>\$ 94,657</u>	<u>\$ 1,152,977</u>	<u>\$ 1,247,634</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. Federal and State Loans Outstanding**

The Farmingdale Public School District had no loan balances outstanding at June 30, 2017.



**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued \_\_\_\_\_ Unmodified \_\_\_\_\_

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ yes   X   no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

**SECTION IS N/A - NOT REQUIRED**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ none reported

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

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section I - Summary of Auditor's Results (continued)**

**State Financial Assistance**

Dollar threshold used to determine Type A programs \_\_\_\_\_ \$750,000 \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ X \_\_\_\_\_ yes \_\_\_\_\_ no

Internal control over major programs:

    1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

    2) Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Type of auditor's report issued on compliance for major programs \_\_\_\_\_ Unmodified \_\_\_\_\_

Any audit findings disclosed that are required to be reported  
in accordance with New Jersey OMB's Circular 15-08? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

495-034-5120-078	State Aid Public:
495-034-5120-084	Equalization Aid
495-034-5120-085	Security Aid
495-034-5120-089	Adjustment Aid
495-034-5120-097	Special Education Categorical Aid
495-034-5120-098	Per Pupil Growth Aid
495-034-5120-101	PARCC Readiness Aid
	Professional Learning Community Aid

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

N/A – Federal single audit not required

**STATE FINANCIAL ASSISTANCE**

None.

**FARMINGDALE PUBLIC SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.