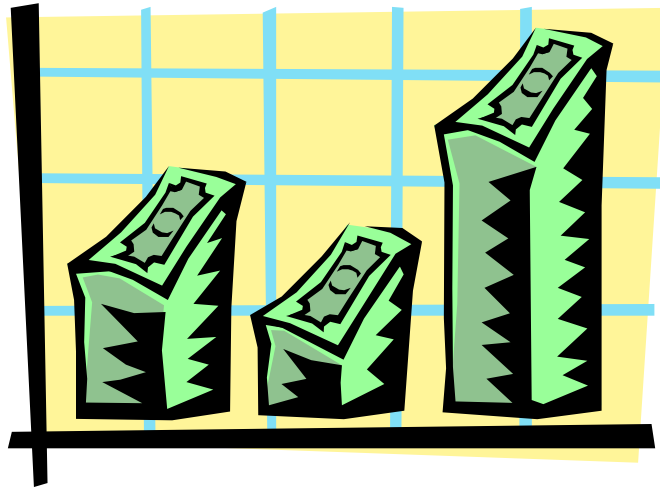




Comprehensive Annual Financial Report



Farmingdale Board of Education
Farmingdale, New Jersey

For the Fiscal Year Ended June 30, 2018

PREPARED BY:
FARMINGDALE BOARD OF EDUCATION
FINANCE DEPARTMENT

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
FARMINGDALE PUBLIC SCHOOL DISTRICT
FARMINGDALE, NEW JERSEY**

YEAR ENDED JUNE 30, 2018

**PREPARED BY DISTRICT FINANCE OFFICER
SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY
KAREN MINUTOLO**

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INTRODUCTORY SECTION

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FARMINGDALE SCHOOL DISTRICT

49 Academy Street
Farmingdale, New Jersey 07727
Phone 732-938-9611 Fax 732-938-2317
www.farmingdaleschool.com

Mrs. Edith Conroy
Superintendent of Schools
Principal

Mrs. Karen Minutolo
Business Administrator /
Board Secretary

February 13, 2019

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, 2018. 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 contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.;
- The Single Audit Section – The District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, "*Single Audit Policy for Recipients of*

Federal Grants, State Grants and State Aid". Information related to this Single Audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are 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.

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. Our students have 1:1 access to devices in all grades Pre-K-8. Faculty infuses 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 had passed a referendum 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.

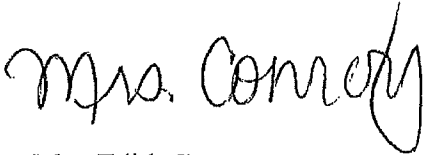
Independent Audit

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.

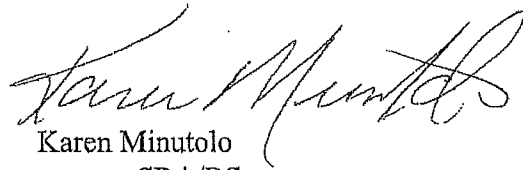
Acknowledgements

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,



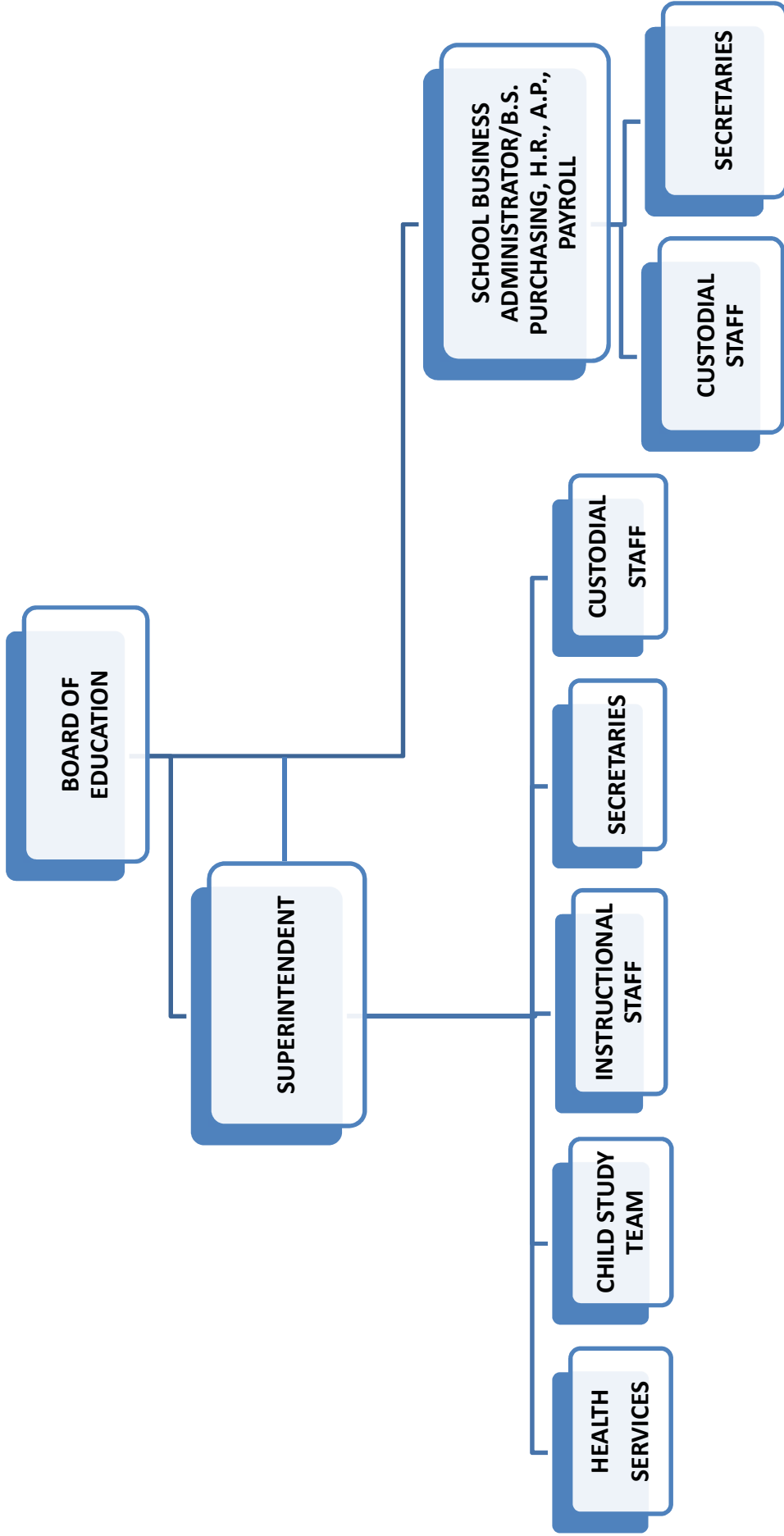
Mrs. Edith Conroy
Superintendent of Schools



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, 2018

Members of the Board of Education

Term Expires

Beau Byrtus, President	2018
Bonnie Wright, Vice-President	2019
Carly Immen (until 2/18)	2019
Jessica Verney (from 4/18 – current)	2019
Elizabeth Rhein (until Dec/17)	2017
Mr. Yost (Jan/18 – current)	2020
William Shaffer	2018

Other Officials

Mrs. Edith Conroy, Superintendent/Principal

Karen Minutolo, Business Administrator/Board Secretary

George Lang, Treasurer

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FARMINGDALE BOARD OF EDUCATION CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Adams, Gutierrez & Lattiboudere, LLC
Counselors at Law
1037 Raymond Blvd.
Suite 900
Newark, NJ 070102

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

Official Depository

New York Community Bank
Main Street
Farmingdale, New Jersey 07727

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FINANCIAL SECTION

Second Section

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INDEPENDENT AUDITORS 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, 2018, 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, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, &74. Our opinion is not modified with respect to this matter.

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 and other post employment benefits, 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 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 February 13, 2019 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 W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
February 13, 2019

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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FARMINGDALE PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018 UNAUDITED

This section of the Farmingdale Public School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments* issued in June 1999 that is also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

- In total, net position of governmental activities decreased \$87,997.39, which represents a 11.66% decrease from 2017. Total net position of business-type activities decreased \$2,712.47, which represents an 21.35% decrease from 2017.
- General revenues accounted for \$2,735,836.97 in revenue or 68.76% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,242,767.68 or 31.24% of total revenues of \$3,438,901.84.
- Total assets of governmental activities increased by \$4,782,592.78 as cash and cash equivalents increased by \$4,443,135.89, receivables decreased by \$13,397.79, restricted cash and cash equivalents increased by \$4,157.15, and total capital assets increased by \$1,000,294.53.
- Total liabilities of governmental activities increased by \$4,772,519.17, because of the bonds issued during the school year.
- The District had \$4,044,636.48 in governmental activity expenses; only \$1,220,802.12 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily property taxes) of \$1,911,592.00 were not adequate to provide for these programs, resulting in a decrease in net position for governmental activities of \$87,997.39.
- In the governmental funds, the general fund had \$3,169,834.78 in revenues and \$3,160,474.17 in expenditures. The general fund's fund balance increased by \$9,360.61 over 2017.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position (A-1) presents information on the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Changes in Net Position (A-2) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods of the district.

The government-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund, and debt service fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds

The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The district has three enterprise funds including the food service fund, pay to play, and latch-key program.

The enterprise funds detail financial statements can be found as Exhibits B-4 through B-6 in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for student activities and groups, for payroll transactions, student scholarship fund and for the District's unemployment trust fund. The basic fiduciary fund financial statements can be found as Exhibits B-7 and B-8 in this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

Other Information. The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

Government-Wide Financial Analysis

The District's financial position is the result of several types of financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position for June 30, 2018 and 2017, respectively:

Net Position
June 30, 2018

	Governmental Activities		Business-Type Activities	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets				
Current and Other				
Assets	\$ 4,916,538.25	\$ 482,643.00	\$ 15,012.32	\$ 12,704.00
Capital Assets, Net	1,000,294.53	651,597.00	-	-
Total Assets	<u>5,916,832.78</u>	<u>1,134,240.00</u>	<u>15,012.32</u>	<u>12,704.00</u>
Deferred Outflows of Resources				
Deferred Outflows				
Relating to Pension	120,759.00	496,356.00	-	-
Total Assets and Deferred Outflows of Resources	<u>120,759.00</u>	<u>496,356.00</u>	<u>-</u>	<u>-</u>
Liabilities				
Long-Term Liabilities	5,162,473.00	456,996.00	-	-
Other Liabilities	91,170.17	24,128.00	5,020.70	24,507.38
Total Liabilities	<u>5,253,643.17</u>	<u>481,124.00</u>	<u>5,020.70</u>	<u>24,507.38</u>
Deferred Inflows of Resources				
Deferred Inflows				
Relating to Pension	117,009.00	64,307.00	-	-
Total Liabilities and Deferred Inflows of Resources	<u>117,009.00</u>	<u>64,307.00</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in				
Capital Assets	(3,813,705.47)	651,597.00	-	-
Restricted	4,652,472.08	187,626.00	-	-
Unrestricted	(171,827.00)	(84,286.00)	9,991.62	12,704.00
Total Net Position	<u>\$ 666,939.61</u>	<u>\$ 754,937.00</u>	<u>\$ 9,991.62</u>	<u>\$ 12,704.00</u>

The District's largest net position component is the Restricted portion as shown above. Restricted balances represent resources that are subject to external restrictions on how they may be used.

Restricted net position increased \$4,464,846.08 from the prior year to \$4,652,472.08 at June 30, 2018, because of funds restricted for Capital Projects.

Unrestricted net position may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The (\$171,827.00) is shown as unrestricted net position for Governmental Activities.

The following table provides a summary of revenues and expenses for the District’s governmental and business-type activities and the change in net position for June 30, 2018 and 2017. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the ‘Financial Analysis of the District’s Funds’ section later in this report.

	<u>June 30, 2018</u>		
	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 16,375.82	\$ 16,375.82
Operating Grants and Contributions	1,220,802.12	5,589.74	1,226,391.86
General Revenues:			
Property Taxes	1,911,592.00	-	1,911,592.00
Federal and State Aid	787,739.00	-	787,739.00
Miscellaneous	36,505.97	-	36,505.97
Total Revenues	3,956,639.09	21,965.56	3,978,604.65
Expenses:			
Instructional Services	2,662,333.82	-	2,662,333.82
Support Services	1,313,090.66	24,678.03	1,337,768.69
Interest and Other Charges	69,212.00	-	69,212.00
Total Expenses	4,044,636.48	24,678.03	4,069,314.51
Change in Net Position	(87,997.39)	(2,712.47)	(90,709.86)
Net Position, Beginning	754,937.00	12,704.09	767,641.09
Net Position, Ending	\$ 666,939.61	\$ 9,991.62	\$ 676,931.23
	<u>June 30, 2017</u>		
	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 6,895.00	\$ 6,895.00
Operating Grants and Contributions	447,831.00	18,237.00	466,068.00
General Revenues:			
Property Taxes	1,852,233.00	-	1,852,233.00
Federal and State Aid	991,300.00	-	991,300.00
Miscellaneous	62,924.00	23.00	62,947.00
Total Revenues	3,354,288.00	25,155.00	3,379,443.00
Expenses:			
Instructional Services	1,399,011.00	-	1,399,011.00
Support Services	1,321,361.00	23,152.00	1,344,513.00
Interest and Other Charges	445,676.00	-	445,676.00
Total Expenses	3,166,048.00	23,152.00	3,189,200.00
Change in Net Position	188,240.00	2,003.00	190,243.00
Net Position, Beginning	566,697.00	10,701.09	577,398.09
Net Position, Ending	\$ 754,937.00	\$ 12,704.09	\$ 767,641.09

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2018 and 2017 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	<u>June 30, 2018</u>			
	Amount	Percent Of Total	Increase (Decrease) From 2017	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 1,415,669.35	38.98%	\$ 16,688.35	1.19%
Undistributed	1,794,296.85	49.41%	123,542.85	7.39%
Capital Outlay	421,255.81	11.60%	180,635.81	75.07%
Debt Service:				
Interest	454.00	0.01%	-	0.00%
Total	<u>\$ 3,631,676.01</u>	<u>100.00%</u>	<u>\$ 320,867.01</u>	<u>9.69%</u>

	<u>June 30, 2017</u>			
	Amount	Percent Of Total	Increase (Decrease) From 2016	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 1,398,981.00	42.25%	\$ 56,879.00	4.07%
Undistributed	1,670,754.00	50.46%	141,133.00	8.45%
Capital Outlay	240,620.00	7.27%	240,156.00	99.81%
Debt Service:				
Interest	454.00	0.01%	454.00	100.00%
Total	<u>\$ 3,310,809.00</u>	<u>100.00%</u>	<u>\$ 438,622.00</u>	<u>1.09%</u>

Instruction costs increased primarily due to negotiated salary increases and additional instructional positions being added.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2017-2018 budget. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.

Significant Budget Transfers and Variations:

- TPAF, which is the state’s contribution to the pension fund, is an “on-behalf” revenue and expenditure item to the district and is required to be reflected in the financial statements.
- In September of 2017, the District passed a bond referendum for the School Renovation Project. This project started the Summer of 2018 is expect to continue into the Summer of 2019.

Based on the financial results of 2017-2018 unassigned fund balance decreased by \$116.00 to \$251,450.00 (2% required per S-1701, net of allowable adjustments).

Proprietary Funds. The District’s proprietary fund provides the same type of information found in the district-wide financial statements, but in more detail.

At the end of the current fiscal year, the School District’s proprietary funds reported a combined ending fund balance of \$9,991.62, an decrease of \$2,712,47 in comparison with the prior year.

Capital Assets

At June 30, 2018 the District has capital assets of \$1,000,294.53, net of depreciation, which includes land, construction in progress, buildings/construction, machinery and equipment.

	<u>June 30, 2018</u>
	Governmental Activities
Land	\$ 149,706.00
Construction In Progress	391,873.53
Buildings/Construction	372,870.00
Machinery and Equipment	85,845.00
Total	<u>\$ 1,000,294.53</u>
	<u>June 30, 2017</u>
	Governmental Activities
Land	\$ 149,706.00
Construction In Progress	-
Buildings/Construction	399,940.00
Machinery and Equipment	101,951.00
Total	<u>\$ 651,597.00</u>

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2018 and 2017, the District’s outstanding debt issues included \$4,814,000.00 and \$0.00 respectively of general obligation bonds and \$4,320.00 and \$24,000.00 respectively in compensated absences payable.

Additional information on the District's debt administration and other obligations can be found in Note 7 to the basic financial statements.

Economic Factors and Subsequent Year's Budgets

- The District anticipates that the approved 2018-2019 budget will be adequate to satisfy all 2018-2019 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- It is expected the State of New Jersey will again delay the final state aid payments to school districts for 2018-2019.

Requests for Information

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, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 4,839,196.89	\$ 12,391.85	\$ 4,851,588.74
Receivables, Net (Note 4)	6,682.21	2,620.47	9,302.68
Restricted Cash & Cash Equivalents	70,659.15	-	70,659.15
Capital Assets, Net (Note 5)			
Non-Depreciable	541,579.53	-	541,579.53
Depreciable	458,715.00	-	458,715.00
Total Assets	5,916,832.78	15,012.32	5,931,845.10
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	120,759.00	-	120,759.00
Total Deferred Outflow of Resources	120,759.00	-	120,759.00
LIABILITIES:			
Accounts Payable	-	5,020.70	5,020.70
Due to Other Governments	14,376.00	-	14,376.00
Unearned Revenue	8,036.17	-	8,036.17
Accrued Interest	68,758.00	-	68,758.00
Noncurrent Liabilities (Note 7):			
Due in More Than One Year	5,162,473.00	-	5,162,473.00
Total Liabilities	5,253,643.17	5,020.70	5,258,663.87
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	117,009.00	-	117,009.00
Total Deferred Inflow of Resources	117,009.00	-	117,009.00
NET POSITION:			
Net Investment in Capital Assets	(3,813,705.47)	-	(3,813,705.47)
Restricted for:			
Capital Projects	4,453,785.62	-	4,453,785.62
Maintenance Reserve	39,000.00	-	39,000.00
Excess Surplus	159,686.46	-	159,686.46
Unrestricted (Deficit)	(171,827.00)	9,991.62	(161,835.38)
Total Net Position	\$ 666,939.61	\$ 9,991.62	\$ 676,931.23

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

FARMINGDALE PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

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	\$ 1,770,189.86	\$ -	\$ 709,344.32	\$ -	\$ (1,060,845.54)	\$ -	\$ (1,060,845.54)
Special Education Instruction	857,467.61	-	315,591.76	-	(541,875.85)	-	(541,875.85)
Other Instruction	34,676.35	-	12,762.66	-	(21,913.69)	-	(21,913.69)
Support Services:							
Tuition	48,408.00	-	-	-	(48,408.00)	-	(48,408.00)
Student & Instruction Related Services	525,439.40	-	82,322.73	-	(443,116.67)	-	(443,116.67)
General Administrative	172,488.80	-	23,515	-	(148,973.49)	-	(148,973.49)
School Administrative Services	105,567.38	-	14,392	-	(91,175.43)	-	(91,175.43)
Central Services	101,731.18	-	13,869	-	(87,862.22)	-	(87,862.22)
Plant Operations & Maintenance	344,325.81	-	46,942	-	(297,384.05)	-	(297,384.05)
Pupil Transportation	15,130.10	-	2,063	-	(13,067.42)	-	(13,067.42)
Interest & Other Charges	69,212.00	-	-	-	(69,212.00)	-	(69,212.00)
Total Governmental Activities	4,044,636.48	-	1,220,802.12	-	(2,823,834.36)	-	(2,823,834.36)
Business-Type Activities:							
Food Service	23,718.03	4,629.74	16,375.82	-	-	(2,712.47)	(2,712.47)
Pay to Play	960.00	960.00	-	-	-	-	-
Total Business-Type Activities	24,678.03	5,589.74	16,375.82	-	-	(2,712.47)	(2,712.47)
Total Primary Government	\$ 4,069,314.51	\$ 5,589.74	\$ 1,237,177.94	\$ -	(2,823,834.36)	(2,712.47)	(2,826,546.83)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					1,911,592.00	-	1,911,592.00
Federal & State Aid Not Restricted					787,739.00	-	787,739.00
Tuition Charges					18,073.00	-	18,073.00
Miscellaneous					18,432.97	-	18,432.97
Total General Revenues					2,735,836.97	-	2,735,836.97
Change In Net Position					(87,997.39)	(2,712.47)	(90,709.86)
Net Position - Beginning					754,937.00	12,704.09	767,641.09
Net Position - Ending					\$ 666,939.61	\$ 9,991.62	\$ 676,931.23

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
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2018

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	
ASSETS				
Cash & Cash Equivalents	\$ 409,609.25	\$ 7,461.17	\$ 4,422,126.47	\$ 4,839,196.89
Receivables, Net:				
Due from Other Governments:				
State	6,682.21	-	-	6,682.21
Restricted Cash & Cash Equivalents	70,659.15	-	-	70,659.15
Total Assets	<u>\$ 486,950.61</u>	<u>\$ 7,461.17</u>	<u>\$ 4,422,126.47</u>	<u>\$ 4,916,538.25</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Unearned Revenue	\$ 575.00	\$ 7,461.17	\$ -	\$ 8,036.17
Total Liabilities	<u>575.00</u>	<u>7,461.17</u>	<u>-</u>	<u>8,036.17</u>
Fund Balances:				
Restricted for:				
Capital Reserve	31,659.15	-	-	31,659.15
Maintenance Reserve	39,000.00	-	-	39,000.00
Excess Surplus	83,027.46	-	-	83,027.46
Excess Surplus Designated for Subsequent Year	76,659.00	-	-	76,659.00
Capital Projects	-	-	4,422,126.47	4,422,126.47
Assigned to:				
Designated for Subsequent Year	83,108.00	-	-	83,108.00
Unassigned	172,922.00	-	-	172,922.00
Total Fund Balances	<u>486,375.61</u>	<u>-</u>	<u>4,422,126.47</u>	<u>4,908,502.08</u>
Total Liabilities & Fund Balances	<u>\$ 486,950.61</u>	<u>\$ 7,461.17</u>	<u>\$ 4,422,126.47</u>	
Amounts reported for <i>governmental activities</i> 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 \$2,759,683.53 and the accumulated depreciation is \$1,759,389.00.				1,000,294.53
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				120,759.00
Deferred Inflows Related to Pensions				(117,009.00)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.				(68,758.00)
Accrued pension contributions for the June 30, 2018 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.				(14,376.00)
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.				<u>(5,162,473.00)</u>
Net Position of Governmental Activities				<u>\$ 666,939.61</u>

**FARMINGDALE PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2018**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 1,911,592.00	\$ -	\$ -	\$ 1,911,592.00
Tuition Charges	18,073.00	-	-	18,073.00
Miscellaneous	18,432.97	1,617.33	-	20,050.30
Total Local Sources	1,948,097.97	1,617.33	-	1,949,715.30
State Sources	1,221,736.81	-	-	1,221,736.81
Federal Sources	-	77,710.98	-	77,710.98
Total Revenues	3,169,834.78	79,328.31	-	3,249,163.09
Expenditures:				
Instruction:				
Regular Instruction	867,348.36	68,638.46	-	935,986.82
Special Education Instruction	461,037.96	-	-	461,037.96
Other Instruction	18,644.57	-	-	18,644.57
Support Services:				
Tuition	48,408.00	-	-	48,408.00
Attendance & Social Work Services	24,277.20	-	-	24,277.20
Health Services	78,239.20	-	-	78,239.20
Student & Instruction Related Services	272,900.70	10,689.85	-	283,590.55
General Administrative	126,749.39	-	-	126,749.39
School Administrative Services	77,573.74	-	-	77,573.74
Central Services	74,754.80	-	-	74,754.80
Administrative Information Technology	-	-	-	-
Plant Operations & Maintenance	253,019.83	-	-	253,019.83
Pupil Transportation	11,118.00	-	-	11,118.00
Unallocated Benefits	382,568.33	-	-	382,568.33
On Behalf TPAF Pension and Social Security Contributions	433,997.81	-	-	433,997.81
Capital Outlay	29,382.28	-	391,873.53	421,255.81
Debt Service:				
Interest & Other Charges	454.00	-	-	454.00
Total Expenditures	3,160,474.17	79,328.31	391,873.53	3,631,676.01
Excess/(Deficiency) of Revenues Over Expenditures	9,360.61	-	(391,873.53)	(382,512.92)
Other Financing Sources (Uses):				
Bond Proceeds	-	-	4,814,000.00	4,814,000.00
Total Other Financing Sources (Uses)	-	-	4,814,000.00	4,814,000.00
Net Changes in Fund Balances	9,360.61	-	4,422,126.47	4,431,487.08
Fund Balance, July 1	477,015.00	-	-	477,015.00
Fund Balance, June 30	\$ 486,375.61	\$ -	\$ 4,422,126.47	\$ 4,908,502.08

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
YEAR ENDED JUNE 30, 2018**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ 4,431,487.08

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlays in the period.

	\$ (43,176.00)	
Depreciation Expense	391,873.53	
Capital Outlays	348,697.53	

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. (5,104.00)

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

	(4,814,000.00)	
Proceeds of Long-Term Debt	(4,814,000.00)	

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+). (68,758.00)

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 (+). 19,680.00

Change in Net Position of Governmental Activities \$ (87,997.39)

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Proprietary Funds

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**FARMINGDALE PUBLIC SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2018**

	MAJOR FUNDS		
	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	LATCH-KEY PROGRAM	TOTALS
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 8,173.76	\$ 4,218.09	\$ 12,391.85
Accounts Receivable:			
Federal	2,580.94	-	2,580.94
State	39.53	-	39.53
			-
Total Current Assets	10,794.23	4,218.09	15,012.32
Noncurrent Assets:			
Capital Assets	6,896.00	-	6,896.00
Less: Accumulated Depreciation	(6,896.00)	-	(6,896.00)
Total Capital Assets, Net	-	-	-
Total Noncurrent Assets	-	-	-
Total Assets	10,794.23	4,218.09	15,012.32
LIABILITIES			
Current Liabilities:			
Accounts Payable	5,020.70	-	5,020.70
Total Current Liabilities	5,020.70	-	5,020.70
NET POSITION			
Unrestricted	5,773.53	4,218.09	9,991.62
Total Net Position	\$ 5,773.53	\$ 4,218.09	\$ 9,991.62

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
 YEAR ENDED JUNE 30, 2018**

	MAJOR FUNDS			
	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTALS
	FOOD SERVICE	LATCH-KEY PROGRAM	PAY TO PLAY	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 4,629.74	\$ -	\$ -	\$ 4,629.74
Miscellaneous	-	-	960.00	960.00
Total Operating Revenues	4,629.74	-	960.00	5,589.74
Operating Expenses:				
Cost of Sales - Reimbursable Programs	23,328.03	-	-	23,328.03
Cost of Sales - Non-Reimbursable Programs	390.00	-	-	390.00
Salaries	-	-	960.00	960.00
Total Operating Expenses	23,718.03	-	960.00	24,678.03
Operating Income/(Loss)	(19,088.29)	-	-	(19,088.29)
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	309.10	-	-	309.10
Federal Sources:				
National School Lunch Program	15,302.70	-	-	15,302.70
National School Breakfast Program	740.07	-	-	740.07
Interest Revenue	23.95	-	-	23.95
Total Nonoperating Revenues/(Expenses)	16,375.82	-	-	16,375.82
Change in Net Position	(2,712.47)	-	-	(2,712.47)
Total Net Position - Beginning	8,486.00	4,218.09	-	12,704.09
Total Net Position - Ending	\$ 5,773.53	\$ 4,218.09	\$ -	\$ 9,991.62

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

**FARMINGDALE PUBLIC SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

	MAJOR FUNDS			
	BUSINESS-TYPE			
	ACTIVITIES -			
	ENTERPRISE			
	FUNDS			
	FOOD	LATCH-KEY	PAY TO	TOTALS
	SERVICE	PROGRAM	PLAY	
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 6,516.27	\$ -	\$ 960.00	\$ 7,476.27
Payments to Employees	-	-	(960.00)	(960.00)
Payments to Suppliers	(18,697.33)	-	-	(18,697.33)
Net Cash Provided by/(Used for) Operating Activities	(12,181.06)	-	-	(12,181.06)
Cash Flows From Noncapital Financing Activities:				
State Sources	309.10	-	-	309.10
Federal Sources	16,042.77	-	-	16,042.77
Net Cash Provided by/(Used for) Noncapital Financing Activities	16,351.87	-	-	16,351.87
Cash Flows From Investing Activities:				
Interest	23.95	-	-	23.95
Net Cash Provided by/(Used for) Investing Activities	23.95	-	-	23.95
Net Increase/(Decrease) in Cash & Cash Equivalents	4,194.76	-	-	4,194.76
Balances - Beginning of Year	3,979.00	4,218.09	-	8,197.09
Balances - End of Year	\$ 8,173.76	\$ 4,218.09	\$ -	12,391.85
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (19,088.29)	\$ -	\$ -	\$ (19,088.29)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
(Increase)/Decrease in Accounts Receivable, Net	1,886.53	-	-	1,886.53
Increase/(Decrease) in Accounts Payable	5,020.70	-	-	5,020.70
Total Adjustments	6,907.23	-	-	6,907.23
Net Cash Provided/(Used) by Operating Activities	\$ (12,181.06)	\$ -	\$ -	\$ (12,181.06)

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

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Fiduciary Fund

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EXHIBIT B-7

**FARMINGDALE PUBLIC SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	<u>AGENCY FUNDS</u>
ASSETS	
Cash & Cash Equivalents	<u>\$ 45,763.86</u>
Total Assets	<u><u>\$ 45,763.86</u></u>
LIABILITIES	
Payable for Student Related Activities	\$ 12,464.17
Payroll Deductions & Withholdings	<u>33,299.69</u>
Total Liabilities	<u><u>\$ 45,763.86</u></u>

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

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FARMINGDALE PUBLIC SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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 School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of five members appointed to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grades levels kindergarten through 8th grade. The School District has an approximate enrollment at June 30, 2018 of 156 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, 2018.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (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.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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.

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.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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 account 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 of 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. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and 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:

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.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

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.

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.

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	10-20 Years	N/A
Building 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.

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.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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, 2018 (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.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

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.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 13, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2018:

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.

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.

Recently Issued Accounting Pronouncements

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

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 has not yet determined the potential 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 has not yet determined the potential impact on the School District's financial statements.

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential impact on the School District’s financial statements.

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 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, 2018, the School District’s bank balance of \$5,143,569.76 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	5,072,299.77
Uninsured and Uncollateralized		71,269.99
Total	\$	5,143,569.76

Investments

The School District had no investments at June 30, 2018.

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.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 3. Reserve Accounts (Continued)

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.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	31,502.00
Increased by:		
Interest Earnings		157.15
Ending Balance, June 30, 2018	\$	31,659.15

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	35,000.00
Increased by:		
Deposits Approved by Board		12,000.00
		47,000.00
Decreased by:		
Budget Withdrawals		(8,000.00)
Ending Balance, June 30, 2018	\$	39,000.00

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2018 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, 2018, consisted of the following:

<u>Description</u>	Governmental Funds		Total Governmental <u>Activities</u>
	General <u>Fund</u>	Special Revenue <u>Fund</u>	
State Awards	\$ 6,682.21	\$ -	\$ 6,682.21
Total	\$ 6,682.21	\$ -	\$ 6,682.21
<u>Description</u>	Proprietary Funds		Total Business-Type <u>Activities</u>
	Food Service <u>Fund</u>		
Federal Awards	\$ 2,580.94	\$	2,580.94
State Awards	39.53	\$	39.53
Total	\$ 2,620.47	\$	2,620.47

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Governmental Activities			
	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2018</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 149,706.00	\$ -	\$ -	\$ 149,706.00
Construction in Progress	-	391,873.53	-	391,873.53
Total Capital Assets not being depreciated	<u>149,706.00</u>	<u>391,873.53</u>	<u>-</u>	<u>541,579.53</u>
Capital Assets being depreciated:				
Buildings and Improvements	1,379,435.00	-	-	1,379,435.00
Equipment	838,669.00	-	-	838,669.00
Total Capital Assets being depreciated	<u>2,218,104.00</u>	<u>-</u>	<u>-</u>	<u>2,218,104.00</u>
Less: Accumulated Depreciation:				
Land Improvements	-	-	-	-
Buildings and Improvements	(979,495.00)	(27,070.00)	-	(1,006,565.00)
Equipment	(736,718.00)	(16,106.00)	-	(752,824.00)
Total Accumulated Depreciation	<u>(1,716,213.00)</u>	<u>(43,176.00)</u>	<u>-</u>	<u>(1,759,389.00)</u>
Total Capital Assets being depreciated, net	<u>501,891.00</u>	<u>(43,176.00)</u>	<u>-</u>	<u>458,715.00</u>
Total Governmental Activities Capital Assets, net	<u>\$ 651,597.00</u>	<u>\$ 348,697.53</u>	<u>\$ -</u>	<u>\$ 1,000,294.53</u>
Business-Type Activities				
	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2018</u>
Business-Type Activities:				
Equipment	\$ 6,896.00	\$ -	\$ -	\$ 6,896.00
Total Capital Assets being depreciated	<u>6,896.00</u>	<u>-</u>	<u>-</u>	<u>6,896.00</u>
Less: Accumulated Depreciation:				
Equipment	(6,896.00)	-	-	(6,896.00)
Total Capital Assets being depreciated, net	<u>(6,896.00)</u>	<u>-</u>	<u>-</u>	<u>(6,896.00)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the School District as follows:

Governmental Activities

Instruction:	
Regular Instruction	\$ 17,233.39
Special Education Instruction	8,488.63
Other Instruction	343.28
Support Services:	
Student & Instruction Related Services	7,109.00
General Administrative	2,333.71
School Administrative Services	1,428.29
Central Services	1,376.39
Plant Operations & Maintenance	4,658.60
Pupil Transportation	204.70
	<hr/>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 43,176.00</u></u>

Note 6. Interfund Receivables, Payables and Transfers

There were individual fund receivables/payable balance at June 30, 2018.

There were no interfund transfers for the year ended June 30, 2018.

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ -	\$ 4,814,000.00	\$ -	\$ 4,814,000.00	\$ -
Compensated Absences	24,000.00	-	19,680.00	4,320.00	-
Net Pension Liability	432,996.00	189,490.00	278,333.00	344,153.00	-
	<u>\$ 456,996.00</u>	<u>\$ 5,003,490.00</u>	<u>\$ 298,013.00</u>	<u>\$ 5,162,473.00</u>	<u>\$ -</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums and the net pension liability are liquidated by the general fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

During November of 2017, the School District issued \$4,814,000 of General Obligation Bonds. The General Obligation Bonds were issued at varying interest rates of 2.00% to 3.00% and mature on August 15, 2038.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2019	-	158,217.33	158,217.33
2020	164,000.00	131,440.00	295,440.00
2021	180,000.00	128,000.00	308,000.00
2022	190,000.00	124,300.00	314,300.00
2023	195,000.00	120,450.00	315,450.00
2024-2028	1,060,000.00	531,125.00	1,591,125.00
2029-2033	1,240,000.00	361,300.00	1,601,300.00
2034-2038	1,460,000.00	168,125.00	1,628,125.00
2039	325,000.00	4,875.00	329,875.00
	<u>\$ 4,814,000.00</u>	<u>\$ 1,722,957.33</u>	<u>\$ 6,211,957.33</u>

Bonds Authorized but not Issued

As of June 30, 2018, the School District had no bonds authorized but not issued.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

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 <http://www.nj.gov/treasury/pensions/financial-reports.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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* 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 2017, the State's pension contribution was less than the actuarial determined amount.

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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, 2018, the School District reported a liability of \$344,153.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017. The School District's proportion measured as of June 30, 2017, was 0.0014784219%, which was an increase of 0.0000164443% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$18,799.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 8,104.00	\$ -
Changes of Assumptions	69,335.00	69,081
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,343.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	26,601.00	47,928.00
School District contributions subsequent to measurement date	14,376.00	-
	<u>\$ 120,759.00</u>	<u>\$ 117,009.00</u>

\$120,759.00 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Year Ending <u>June 30,</u>		
2019	\$	1,990.00
2020		7,407.00
2021		99.00
2022		(12,978.00)
2023		(7,145.00)
	<u>\$</u>	<u>(10,627.00)</u>

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:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
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	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between District Contributions Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017, calculated using the discount rate of 5.00% 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, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(4.00%)</u>	At Current Discount Rate <u>(5.00%)</u>	At 1% Increase <u>(6.00%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 426,945.00	\$ 344,153.00	\$ 275,177.00

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 5,396,431,901.00	\$ 7,815,204,785.00
Collective Deferred Inflows of Resources	4,672,602,040.00	-
Collective Net Pension Liability	23,278,401,588.00	29,617,131,759.00
School District's portion	0.00148%	0.00146%

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.nj.gov/treasury/pensions/financial-reports.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, 2018 (Continued)

Note 8. Pension Plans (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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 2017, 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, 2017 was \$67,092,202.00. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0128837817%, which was an increase of 0.0002880620% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized a pension expense in the amount of \$601,771.00 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2017 measurement date.

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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 4.25% 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, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(3.25%)</u>	At Current Discount Rate <u>(4.25%)</u>	At 1% Increase <u>(5.25%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 30,031,336.00	\$ 25,278,235.00	\$ 21,362,610.00

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.

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$14,353,461,035.00	\$17,581,004,496.00
Collective Deferred Inflows of Resources	\$11,992,821,439.00	\$ 300,836,088.00
Collective Net Pension Liability	\$67,670,209,171.00	\$79,028,907,033.00
School District's portion	0.01288%	0.01260%

C. Defined Contribution Retirement Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 8. Pension Plans (Continued)

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2018, employee contributions totaled \$7,922.09, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$8,591.41.

Note 9. Post-Retirement Benefits

General Information about the OPEB Plan

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount- Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$6,901,349.00. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.0128661%, which was an increase of 0.00001662% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$435,057.00 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 8,192,399.17	\$ 6,901,349.00	\$ 5,877,275.74
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200.00	\$ 53,639,841,858.00	\$ 45,680,364,953.00
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 8,902,587.99	\$ 7,431,077.00	\$ 6,272,809.24
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084.00	\$ 57,831,784,184.00	\$ 48,817,654,566.00

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 5,675,692.40	\$ 6,901,349.00	\$ 8,529,006.54
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560.00	\$ 53,639,841,858.00	\$ 66,290,599,457.00
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 6,097,405.59	\$ 7,431,077.00	\$ 9,214,068.61
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164.00	\$ 57,831,784,184.00	\$ 71,707,778,970.00

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Change in Proportion	\$ 99,843,255.00	\$ (99,843,255.00)
Change in Assumptions	-	(6,343,769,032.00)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	1,190,373,242.00	-
	<u>\$ 1,290,216,497.00</u>	<u>\$ (6,443,612,287.00)</u>

**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Additional Information (continued):

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

Fiscal Year Ending June 30,	
2018	\$ (742,830,097.00)
2019	(742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
Thereafter	(2,629,618,547.00)
	\$ (6,343,769,032.00)

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	June 30, 2016
Active Plan Members	223,747.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331.00
	366,078.00

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884.00
Interest Cost	1,699,441,736.00
Changes of Assumptions	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Gross Benefit Payments	(1,242,412,566.00)
Net Change in Total OPEB Liability	(4,191,942,326.00)
Total OPEB Liability (Beginning)	57,831,784,184.00
Total OPEB Liability (Ending)	\$ 53,639,841,858.00
Total Covered Employee Payroll	13,493,400,208.00
Net OPEB Liability as a Percentage of Payroll	398%

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, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$200,107.00, \$104,411.81, \$129,245.00 and \$234.00, respectively.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

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, 2018 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 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Syracusa

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 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, 2018, the liability for compensated absences reported was \$4,320.00.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

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. 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, 2018 was \$159,686.46.

Note 17. Fund Balances

General Fund – Of the \$486,375.61 General Fund fund balance at June 30, 2018, \$31,659.15 has been restricted for the Capital Reserve Account; \$39,000.00 has been restricted for the Maintenance Reserve Account; \$83,027.46 has been restricted for current year excess surplus; \$76,659.00 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$83,108.00 has been assigned to other purposes; and \$172,922.00 has been unassigned.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$171,827.00 at June 30, 2018. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2018. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Net Investment in Capital Assets– The School District governmental activities had a deficit in capital assets in the amount of \$3,813,705.47 at June 30, 2018. The primary causes of this deficit is the School District's unexpended bond proceeds related to school renovation project. This deficit in net investment in capital assets for governmental activities does not indicate that the School District is facing financial difficulties.

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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
 YEAR ENDED JUNE 30, 2018

ACCOUNT NUMBERS	JUNE 30, 2018				VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,911,592.00	\$ -	\$ 1,911,592.00	\$ 1,911,592.00	\$ -
Tuition From Individuals	13,892.00	-	13,892.00	18,073.00	4,181.00
Unrestricted Miscellaneous Revenues	4,000.00	-	4,000.00	18,275.82	14,275.82
Interest Earned on Maintenance Reserve	50.00	-	50.00	-	(50.00)
Interest Earned on Capital Reserve Funds	150.00	-	150.00	157.15	7.15
Total Local Sources	1,929,684.00	-	1,929,684.00	1,948,097.97	18,413.97
State Sources:					
Categorical Transportation Aid	2,836.00	-	2,836.00	2,836.00	-
Categorical Special Education Aid	84,317.00	-	84,317.00	84,317.00	-
Equalization Aid	503,025.00	-	503,025.00	503,920.00	895.00
Categorical Security Aid	16,038.00	-	16,038.00	16,038.00	-
Adjustment Aid	174,253.00	-	174,253.00	174,253.00	-
PARCC Readiness Aid	1,440.00	-	1,440.00	1,440.00	-
Per Pupil Growth Aid	1,440.00	-	1,440.00	1,440.00	-
Professional Learning Community Aid	1,580.00	-	1,580.00	1,580.00	-
Other State Aids	-	-	-	1,450.00	1,450.00
Lead Testing	-	-	-	550.00	550.00
Nonbudgeted:					
TPAF Pension (on-behalf)	-	-	-	200,107.00	200,107.00
TPAF Social Security (reimbursed)	-	-	-	104,411.81	104,411.81
TPAF Post Retirements	-	-	-	129,245.00	129,245.00
TPAF Long-Term Disability Insurance (on behalf)	-	-	-	234.00	234.00
Total State Sources	784,929.00	-	784,929.00	1,221,821.81	436,892.81
Total Revenues	2,714,613.00	-	2,714,613.00	3,169,919.78	455,306.78
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	32,753.00	-	32,753.00	32,752.60	0.40
Kindergarten - Salaries of Teachers	54,340.00	410.00	54,750.00	54,455.65	294.35
Grades 1-5 - Salaries of Teachers	379,821.00	5,715.32	385,536.32	385,535.02	1.30
Grades 6-8 - Salaries of Teachers	287,611.00	6,191.84	293,802.84	292,434.12	1,368.72

FARMINGDALE PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Regular Programs - Home Instruction:					
Purchased Professional - Educational Services	11-150-100-320	1,500.00	-	1,500.00	1,500.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	11-190-100-106	53,880.00	9,486.01	63,366.01	-
General Supplies	11-190-100-610	28,600.00	1,904.05	30,504.05	-
Textbooks	11-190-100-640	7,000.00	1,300.91	8,300.91	-
Total Regular Programs - Instruction		845,505.00	25,008.13	870,513.13	3,164.77
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	11-213-100-101	474,359.00	(12,642.37)	461,716.63	678.67
Total Resource Room/Resource Center		474,359.00	(12,642.37)	461,716.63	678.67
Total Special Education - Instruction		474,359.00	(12,642.37)	461,716.63	678.67
School-Sponsored Cocurricular/Extra Curricular Activities - Instruction:					
Other Objects	11-401-100-800	5,400.00	-	5,400.00	2,215.91
Total School-Sponsored Cocurricular/Extra Curricular Activities - Instruction		5,400.00	-	5,400.00	2,215.91
Before/After School Programs - Instruction:					
Salaries of Teachers	11-421-100-101	18,964.00	-	18,964.00	3,503.52
Total Before/After School Programs - Instruction		18,964.00	-	18,964.00	3,503.52
Summer School - Instruction:					
Salaries of Teachers	11-422-100-101	3,000.00	-	3,000.00	3,000.00
Total Summer School - Instruction		3,000.00	-	3,000.00	3,000.00
Undistributed Expenditures - Instruction (Tuition):					
Tuition to Other LEAs Within State - Special	11-000-100-562	53,000.00	-	53,000.00	4,592.00
Total Undistributed Expenditures - Instruction (Tuition)		53,000.00	-	53,000.00	4,592.00

FARMINGDALE PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

ACCOUNT NUMBERS	JUNE 30, 2018				VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Undistributed Expenditures Attendance and Social Work: Salaries	24,457.00	-	24,457.00	24,277.20	179.80
Total Undistributed Expenditures Attendance and Social Work	24,457.00	-	24,457.00	24,277.20	179.80
Undistributed Expenditures - Health Services: Salaries	83,795.00	-	83,795.00	76,435.40	7,359.60
Other Purchased Services	2,000.00	-	2,000.00	1,522.35	477.65
Supplies and Materials	800.00	-	800.00	281.45	518.55
Total Undistributed Expenditures - Health Services	86,595.00	-	86,595.00	78,239.20	8,355.80
Undistributed Expenditures - Speech, OT, PT and Related Services: Purchased Professional - Educational Services	92,768.00	-	92,768.00	90,092.49	2,675.51
Total Undistributed Expenditures - Speech, OT, PT and Related Services	92,768.00	-	92,768.00	90,092.49	2,675.51
Undistributed Expenditures - Child Study Teams: Salaries of Secretaries & Clerical Assistants	26,328.00	3,682.00	30,010.00	30,009.96	0.04
Purchased Professional - Educational Services	87,440.00	(13,117.27)	74,322.73	41,525.00	32,797.73
Total Undistributed Expenditures - Child Study Teams	113,768.00	(9,435.27)	104,332.73	71,534.96	32,797.77
Undistributed Expenditures - Educational Media Services/Library: Salaries	56,790.00	-	56,790.00	56,790.00	-
Purchased Professional and Technical Services	30,500.00	554.27	31,054.27	31,054.27	-
Supplies and Materials	20,630.00	(782.20)	19,847.80	19,069.78	778.02
Total Undistributed Expenditures - Educational Media Services/Library	107,920.00	(227.93)	107,692.07	106,914.05	778.02

FARMINGDALE PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Services	11-000-223-320	1,000.00	3,359.20	4,359.20	-
Total Undistributed Expenditures - Instructional Staff Training Services		1,000.00	3,359.20	4,359.20	-
Undistributed Expenditures - Support Services - General Administration:					
Salaries	11-000-230-100	88,479.00	985.40	89,464.40	0.65
Legal Services	11-000-230-331	10,000.00	(2,809.49)	7,190.51	2,388.50
Audit Fees	11-000-230-332	7,600.00	3,400.00	11,000.00	-
Other Purchased Professional Services	11-000-230-339	14,900.00	(14,900.00)	-	-
Communications/Telephone	11-000-230-530	3,900.00	764.56	4,664.56	-
Other Purchased Services	11-000-230-590	2,000.00	2,131.17	4,131.17	-
Miscellaneous Expenditures	11-000-230-890	13,250.00	1,246.98	14,496.98	1,488.42
BOE Membership Dues and Fees	11-000-230-895	2,300.00	-	2,300.00	207.15
Total Undistributed Expenditures - Support Services - General Administration		142,429.00	(9,181.38)	133,247.62	6,498.23
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	11-000-240-103	71,782.00	-	71,782.00	0.66
Salaries of Secretaries & Clerical Assistants	11-000-240-105	5,836.00	-	5,836.00	43.60
Total Undistributed Expenditures - Support Services - School Administration		77,618.00	-	77,618.00	44.26
Undistributed Expenditures - Central Services:					
Salaries	11-000-251-100	60,213.00	-	60,213.00	442.20
Purchased Technical Services	11-000-251-340	12,525.00	2,529.00	15,054.00	70.00
Total Undistributed Expenditures - Central Services		72,738.00	2,529.00	75,267.00	512.20
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	11-000-261-420	92,360.00	6,339.34	98,699.34	289.26

FARMINGDALE PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Total Undistributed Expenditures - Required Maintenance for School Facilities	92,360.00	6,339.34	98,699.34	289.26
Undistributed Expenditures - Custodial Services:				
Salaries	35,431.00	4,089.76	39,520.76	0.72
Other Purchased Property Services	2,100.00	-	2,100.00	434.04
Insurance	46,000.00	-	46,000.00	1,754.75
General Supplies	11,200.00	(1,200.00)	10,000.00	1,675.95
Energy (Natural Gas)	21,000.00	-	21,000.00	3,886.27
Energy (Electricity)	37,000.00	(2,889.76)	34,110.24	6,275.87
Other Objects	4,300.00	943.32	5,243.32	295.65
Total Undistributed Expenditures - Custodial Services	157,031.00	943.32	157,974.32	14,323.25
Undistributed Expenditures - Care and Upkeep of Grounds:				
Salaries	10,169.00	-	10,169.00	0.32
Total Undistributed Expenditures - Care and Upkeep of Grounds	10,169.00	-	10,169.00	0.32
Security:				
Purchased Professional and Technical Services	700.00	90.00	790.00	-
Total Security	700.00	90.00	790.00	-
Undistributed Expenditures - Student Transportation Services:				
Contract Services - Aid in Lieu Payments - Non Public Schools	7,956.00	(90.00)	7,866.00	3,888.00
Contract Services (Other Than Between Home & School) - Vendors	6,000.00	-	6,000.00	860.00
Contract Serv.(Sp Ed Stds)-Joint Agrmnts	2,000.00	-	2,000.00	-
Contract Services (Special Education) - ESCs & CTSAAs	1,500.00	-	1,500.00	1,500.00
Total Undistributed Expenditures - Student Transportation Services	17,456.00	(90.00)	17,366.00	6,248.00

FARMINGDALE PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Unallocated Benefits:					
Social Security Contributions	11-000-291-220	23,500.00	5,065.89	28,565.89	-
Other Retirement Contributions - PERS	11-000-291-241	18,500.00	(3,919.92)	14,580.08	594.41
Other Retirement Contributions - ERIP	11-000-291-242	15,000.00	3,919.92	18,919.92	-
Unemployment Compensation	11-000-291-250	13,000.00	(5,065.89)	7,934.11	7,476.81
Health Benefits	11-000-291-270	400,653.00	(36,074.32)	364,578.68	53,254.08
Health Benefits For Retired Staff	11-000-291-271	-	-	-	-
Tuition Reimbursement	11-000-291-280	10,000.00	-	10,000.00	4,988.00
Other Employee Benefits	11-000-291-290	4,800.00	-	4,800.00	497.05
Total Unallocated Benefits		485,453.00	(36,074.32)	449,378.68	66,810.35
Nonbudgeted:					
TPAF Pension (on-behalf)		-	-	-	(200,107.00)
TPAF Social Security (reimbursed)		-	-	-	(104,411.81)
TPAF Post Retirements		-	-	-	(129,245.00)
TPAF Long-Term Disability Insurance (on behalf)		-	-	-	(234.00)
Total Undistributed Expenditures		1,535,462.00	(41,748.04)	1,493,713.96	(289,893.04)
Total Expenditures - Current Expense		2,882,690.00	(29,382.28)	2,853,307.72	(277,330.17)
Interest Deposit to Capital Reserves	604-000	150.00	(300.00)	(150.00)	(150.00)
Interest Deposit to Maintenance Reserves	606-000	50.00	(100.00)	(50.00)	(50.00)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Undistributed Expenditures - Instruction	12-000-100-750	-	29,382.28	29,382.28	-
Total Equipment		-	29,382.28	29,382.28	-
Facilities Acquisition & Construction Services:					
Assessment for Debt Service on SDA Funding	12-000-400-896	454.00	-	454.00	-
Total Facilities Acquisition & Construction Services		454.00	-	454.00	-
Total Capital Outlay		654.00	29,382.28	29,836.28	-
Total Expenditures		2,883,344.00	(400.00)	2,882,944.00	(277,530.17)

FARMINGDALE PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses)	(168,731.00)	400.00	(168,331.00)	177,776.61
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses)	(168,731.00)	400.00	(168,331.00)	177,776.61
Fund Balances, July 1	555,458.00	-	555,458.00	-
Fund Balances, June 30	\$ 386,727.00	\$ 400.00	\$ 387,127.00	\$ 177,776.61

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 31,659.15
Maintenance Reserve	39,000.00
Excess Surplus	83,027.46
Excess Surplus Designated for Subsequent Year's Expenditures	76,659.00
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	83,108.00
Unassigned Fund Balance	251,450.00
Subtotal	564,903.61
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	(78,528.00)
Fund Balance per Governmental Funds (GAAP)	\$ 486,375.61

FARMINGDALE PUBLIC SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL (OVER/ UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources	\$ -	\$ 1,857.64	\$ 1,857.64	\$ 1,617.33
Federal Sources	65,253.00	17,622.00	82,875.00	82,875.00
Total Revenues	65,253.00	19,479.64	84,732.64	84,492.33
Expenditures:				
Instruction:				
Salaries of Teachers	60,253.00	3,186.98	63,439.98	63,439.98
General Supplies	-	10,362.50	10,362.50	10,362.50
Total Instruction	60,253.00	13,549.48	73,802.48	73,802.48
Support Services:				
Personal Services - Employee Benefits	-	5,164.02	5,164.02	5,164.02
Other Purchased Services (400-500 Series)	5,000.00	(1,454.00)	3,546.00	3,546.00
Supplies and Materials	-	2,220.14	2,220.14	1,979.83
Total Support Services	5,000.00	5,930.16	10,930.16	10,689.85
Total Expenditures	65,253.00	19,479.64	84,732.64	84,492.33
Total Outflows	65,253.00	19,479.64	84,732.64	84,492.33
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2018**

**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)	\$ 3,169,919.78	\$ 84,492.33
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year	-	(5,164.02)
<p>The last state aid payments are 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).</p>		
Current Year	(78,528.00)	-
Prior Year	78,443.00	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 3,169,834.78</u>	<u>\$ 79,328.31</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)	\$ 3,160,474.17	\$ 84,492.33
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.		
	-	(5,164.02)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 3,160,474.17</u>	<u>\$ 79,328.31</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

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

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00148%	0.00146%	0.00157%	0.00194%	0.00162%
School District's proportionate share of the net pension liability	\$ 344,153.00	\$ 432,996.00	\$ 353,170.00	\$ 363,605.00	\$ 308,692.00
School District's covered payroll	\$ 145,119.00	\$ 87,578.00	\$ 108,527.00	\$ 122,691.00	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	237.15%	494.41%	325.42%	296.36%	N/A
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

*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.

EXHIBIT L-2

FARMINGDALE PUBLIC SCHOOL DISTRICT
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 13,696.00	\$ 12,988.00	\$ 13,526.00	\$ 16,010.00	\$ 12,170.00
Contributions in relation to the contractually required contribution	(13,696.00)	(12,988.00)	(13,526.00)	(16,010.00)	(12,170.00)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 161,825.00	\$ 145,119.00	\$ 87,578.00	\$ 108,527.00	\$ 122,691.00
Contributions as a percentage of covered payroll	8.46%	8.95%	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 FIVEFISCAL YEARS***

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	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	\$ 8,868,710.00	\$ 9,908,595.00	\$ 8,328,814.00	\$ 7,064,268.00	\$ 6,488,366.00
School District's covered payroll	\$ 1,468,620.00	\$ 1,331,812.00	\$ 1,297,168.00	\$ 1,264,168.00	N/A
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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

*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.

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT
BENEFITS (GASB 75)**

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**FARMINGDALE PUBLIC SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FISCAL YEAR***

	2018
District's Total OPEB Liability	
Service Cost	\$ 311,089
Interest Cost	218,473
Changes of Assumptions	(905,326)
Contributions: Member	5,886
Gross Benefit Payments	(159,850)
Net Change in District's Total OPEB Liability	(529,728)
District's Total OPEB Liability (Beginning)	7,431,077
District's Total OPEB Liability (Ending)	\$ 6,901,349
District's Covered Employee Payroll	\$ 1,780,445
District's Net OPEB Liability as a Percentage of Payroll	388%

Note - 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.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98% as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

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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 PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

	Title I	Title IIA	Title IV	I.D.E.A. - Basic	I.D.E.A. - Preschool
Revenues:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	25,629.00	3,546.00	10,000.00	42,975.00	725.00
Total Revenues	\$ 25,629.00	\$ 3,546.00	\$ 10,000.00	\$ 42,975.00	\$ 725.00
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 20,464.98	\$ -	\$ -	\$ 42,975.00	\$ -
General Supplies	-	-	10,000.00	-	362.50
Total Instruction	20,464.98	-	10,000.00	42,975.00	362.50
Support Services:					
Personal Services - Employee Benefits	5,164.02	-	-	-	-
Other Purchased Services (400-500 Series)	-	3,546.00	-	-	-
Supplies and Materials	-	-	-	-	362.50
Total Support Services	5,164.02	3,546.00	-	-	362.50
Total Expenditures	\$ 25,629.00	\$ 3,546.00	\$ 10,000.00	\$ 42,975.00	\$ 725.00

**FARMINGDALE PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

	Tech Grant	Totals
Revenues:		
Local Sources	\$ 1,617.33	\$ 1,617.33
Federal Sources	-	82,875.00
Total Revenues	<u>\$ 1,617.33</u>	<u>\$ 84,492.33</u>
Expenditures:		
Instruction:		
Salaries of Teachers	\$ -	\$ 63,439.98
General Supplies	-	10,362.50
Total Instruction	<u>-</u>	<u>73,802.48</u>
Support Services:		
Personal Services - Employee Benefits	-	5,164.02
Other Purchased Services (400-500 Series)	-	3,546.00
Supplies and Materials	1,617.33	1,979.83
Total Support Services	<u>1,617.33</u>	<u>10,689.85</u>
Total Expenditures	<u>\$ 1,617.33</u>	<u>\$ 84,492.33</u>

F. Capital Projects Fund

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EXHIBIT F-1

FARMINGDALE PUBLIC SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 YEAR ENDED JUNE 30, 2018

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>	
School Renovation Project	11/21/2017	\$ 4,814,000.00	\$ -	\$ 3,505,180.70	\$ 1,308,819.30
Total		\$ 4,814,000.00	\$ -	\$ 3,505,180.70	\$ 1,308,819.30

Reconciliation of Fund Balance

Unexpended Project Balances	\$ 1,308,819.30
Total Fund Balance (Budgetary Basis)	1,308,819.30
Reserve for Encumbrances	3,113,307.17
Total Fund Balance (GAAP Basis)	\$ 4,422,126.47

**FARMINGDALE PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

Revenues and Other Financing Sources:	
Bond Proceeds	\$ 4,814,000.00
Total Revenues and Other Financing Sources	4,814,000.00
Expenditures and Other Financing Uses:	
Other Purchased Professional and Technical Services	488,628.78
Construction Services	2,983,000.00
Other Objects	33,551.92
Total Expenditures and Other Financing Uses	3,505,180.70
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,308,819.30
Fund Balance, July 1	-
Fund Balance, June 30	\$ 1,308,819.30

**FARMINGDALE PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
SCHOOL RENOVATION PROJECT
YEAR ENDED JUNE 30, 2018**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond Proceeds	\$ -	\$ 4,814,000.00	\$ 4,814,000.00	\$ 4,814,000.00
Total Revenues and Other Financing Sources	-	4,814,000.00	4,814,000.00	4,814,000.00
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	-	488,628.78	488,628.78	481,080.78
Construction Services	-	2,983,000.00	2,983,000.00	4,299,367.31
Other Objects	-	33,551.92	33,551.92	33,551.91
Total Expenditures and Other Financing Uses	-	3,505,180.70	3,505,180.70	4,814,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ 1,308,819.30	\$ 1,308,819.30	\$ -

Additional Project Information:

<u>Name of Project:</u>	
<u>School Renovation Project</u>	
Grant Date	N/A
Bond Authorization Date	11/21/2017
Bonds Authorized	4,814,000.00
Bonds Issued	4,814,000.00
Original Authorized Cost	4,814,000.00
Additional Authorized Cost	-
Revised Authorized Cost	4,814,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	72.81%
Original Target Completion Date	8/30/2019
Revised Target Completion Date	N/A

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H. Fiduciary Fund

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EXHIBIT H-1

**FARMINGDALE PUBLIC SCHOOL DISTRICT
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2018**

	AGENCY		
	PAYROLL FUND	STUDENT ACTIVITY FUND	AGENCY TOTALS
ASSETS			
Cash & Cash Equivalents	\$ 33,299.69	\$ 12,464.17	\$ 45,763.86
Total Assets	33,299.69	12,464.17	45,763.86
LIABILITIES			
Payable for Student Related Activities	\$ -	\$ 12,464.17	\$ 12,464.17
Payroll Deductions & Withholdings	33,299.69	-	33,299.69
Total Liabilities	\$ 33,299.69	\$ 12,464.17	\$ 45,763.86

**FARMINGDALE PUBLIC SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2018**

	BALANCE JUNE 30, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2018
Farmingdale Elementary School	\$ 16,173.43	\$ 31,496.64	\$ 35,205.90	\$ 12,464.17
Total All Schools	<u>\$ 16,173.43</u>	<u>\$ 31,496.64</u>	<u>\$ 35,205.90</u>	<u>\$ 12,464.17</u>

**FARMINGDALE PUBLIC SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2018**

	BALANCE JUNE 30, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2018
ASSETS				
Cash & Cash Equivalents	\$ 28,965.00	\$ 2,370,394.65	\$ 2,366,059.96	\$ 33,299.69
Total Assets	<u>\$ 28,965.00</u>	<u>\$ 2,370,394.65</u>	<u>\$ 2,366,059.96</u>	<u>\$ 33,299.69</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 28,965.00	\$ 2,366,059.96	\$ 2,370,394.65	\$ 33,299.69
Total Liabilities	<u>\$ 28,965.00</u>	<u>\$ 2,366,059.96</u>	<u>\$ 2,370,394.65</u>	<u>\$ 33,299.69</u>

I. Long-Term Debt

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EXHIBIT I-1

FARMINGDALE PUBLIC SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS PAYABLE
 YEAR ENDED JUNE 30, 2018

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2017	ISSUED	BALANCE JUNE 30, 2018
General Improvements	12/7/2017	\$ 4,814,000.00	8/15/2019	\$ 164,000.00	2.000%	\$ -	\$ 4,814,000.00	\$ 4,814,000.00
			8/15/2020	180,000.00	2.000%			
			8/15/2021	190,000.00	2.000%			
			8/15/2022	195,000.00	2.000%			
			8/15/2023	200,000.00	2.000%			
			8/15/2024	205,000.00	2.000%			
			8/15/2025	210,000.00	3.000%			
			8/15/2026	220,000.00	3.000%			
			8/15/2027	225,000.00	3.000%			
			8/15/2028	230,000.00	3.000%			
			8/15/2029	240,000.00	3.000%			
			8/15/2030	250,000.00	3.000%			
			8/15/2031	255,000.00	3.000%			
			8/15/2032	265,000.00	3.000%			
			8/15/2033	275,000.00	3.000%			
			8/15/2034	280,000.00	3.000%			
			8/15/2035	290,000.00	3.000%			
			8/14/2036	300,000.00	3.000%			
			8/14/2037	315,000.00	3.000%			
			8/14/2038	325,000.00	3.000%			
Total						\$ -	\$ 4,814,000.00	\$ 4,814,000.00

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STATISTICAL SECTION (Unaudited)

Third Section

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Financial Trends Information

Financial trends 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 performance. The Exhibits are presented for the last ten fiscal years.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Net Investment in Capital Assets	\$ (3,813,705.47)	\$ 651,597.00	\$ 489,636.00	\$ 525,450.00	\$ 560,970.00	\$ 604,568.00	\$ 523,254.00	\$ 505,938.00	\$ 533,199.00	\$ 561,178.00
Restricted	4,652,472.08	303,832.00	136,611.00	233,319.00	261,855.00	237,592.00	202,255.00	170,922.00	221,719.00	152,143.00
Unrestricted (Deficit)	(171,827.00)	(200,552.00)	(59,550.00)	(183,155.00)	135,354.00	144,445.00	170,789.00	138,753.00	110,781.00	158,313.00
Total Governmental Activities Net Position	\$ 666,939.61	\$ 754,877.00	\$ 566,697.00	\$ 575,614.00	\$ 958,179.00	\$ 986,605.00	\$ 896,298.00	\$ 815,613.00	\$ 865,699.00	\$ 871,634.00
Business-Type Activities:										
Net Investment in Capital Assets	\$ -	\$ -	\$ 202.00	\$ 345.00	\$ 488.00	\$ 775.00	\$ -	\$ -	\$ -	\$ -
Unrestricted (Deficit)	9,991.62	12,704.00	10,499.00	7,648.00	14,922.00	11,675.00	11,673.00	6,883.00	2,275.00	5,723.00
Total Business-Type Activities Net Position	\$ 9,991.62	\$ 12,704.00	\$ 10,701.00	\$ 7,993.00	\$ 15,410.00	\$ 12,450.00	\$ 11,673.00	\$ 6,883.00	\$ 2,275.00	\$ 5,723.00
District-Wide:										
Net Investment in Capital Assets	\$ (3,813,705.47)	\$ 651,597.00	\$ 489,838.00	\$ 525,795.00	\$ 561,458.00	\$ 605,343.00	\$ 523,254.00	\$ 505,938.00	\$ 533,199.00	\$ 561,178.00
Restricted	4,652,472.08	303,832.00	136,611.00	233,319.00	261,855.00	237,592.00	202,255.00	170,922.00	221,719.00	152,143.00
Unrestricted (Deficit)	(161,835.38)	(187,848.00)	(49,051.00)	(175,507.00)	150,276.00	156,120.00	182,462.00	145,636.00	113,056.00	164,036.00
Total District Net Position	\$ 676,931.23	\$ 767,581.00	\$ 577,398.00	\$ 583,607.00	\$ 973,589.00	\$ 999,055.00	\$ 907,971.00	\$ 822,496.00	\$ 867,974.00	\$ 877,357.00

Source: CAFR Schedule A-1

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 1,770,189.86	\$ 850,637.00	\$ 831,905.00	\$ 829,781.00	\$ 810,432.00	\$ 777,093.00	\$ 780,436.00	\$ 778,411.00	\$ -	\$ -
Special Education	857,467.61	530,513.00	506,442.00	425,087.00	418,861.00	390,906.00	376,121.00	369,934.00	-	-
Other Instruction	34,676.35	17,861.00	4,055.00	6,981.00	7,750.00	6,999.00	1,240.00	2,200.00	-	-
Support Services:										
Tuition	48,408.00	48,408.00	43,442.00	19,868.00	-	440,416.00	361,878.00	338,235.00	-	-
Student & Instruction Related Services	525,439.40	360,921.00	344,425.00	329,457.00	-	-	-	-	-	-
General Administrative	172,488.80	131,844.00	-	-	-	168,523.00	101,574.00	100,252.00	-	-
School Administrative Services	105,567.38	75,882.00	179,323.00	216,269.00	-	-	-	-	-	-
Central Services	101,731.18	74,421.00	-	-	-	237,956.00	171,523.00	227,275.00	-	-
Plant Operations & Maintenance	344,325.81	255,178.00	226,394.00	213,177.00	361,695.00	32,195.00	8,362.00	10,614.00	-	-
Pupil Transportation	15,130.09	10,757.00	13,462.00	22,125.00	32,195.00	12,010.00	8,362.00	10,614.00	-	-
Unallocated Benefits	-	363,590.00	682,702.00	581,524.00	561,335.00	590,041.00	482,235.00	540,787.00	-	-
On Behalf TPAP Pension and Social Security Contributions	69,212.00	366,563.00	-	-	-	-	-	-	-	-
Interest & Other Charges	-	454.00	-	-	-	-	-	-	-	-
Business and Other Support Services	-	59,280.00	58,551.00	118,697.00	56,004.00	-	121,780.00	131,852.00	-	-
Capital Outlay Not in Fixed Assets	-	180,421.00	454.00	-	-	-	-	-	-	-
Unallocated Depreciation	-	78,659.00	33,814.00	37,521.00	43,598.00	282,920.00	30,173.00	27,261.00	-	-
Education Jobs	-	-	-	-	-	-	27,968.00	-	-	-
Total Governmental Activities	4,044,636.47	3,166,048.00	3,105,305.00	2,739,895.00	2,682,432.00	2,962,848.00	2,463,290.00	2,526,821.00	2,419,354.00	2,451,908.00
Business-Type Activities:										
Business-Type Activities:	24,678.03	23,152.00	29,713.00	42,530.00	31,100.00	36,099.00	28,073.00	18,342.00	18,746.00	20,206.00
Total Business-Type Activities	24,678.03	23,152.00	29,713.00	42,530.00	31,100.00	36,099.00	28,073.00	18,342.00	18,746.00	20,206.00
Total District Expenses	\$ 4,069,314.50	\$ 3,189,200.00	\$ 3,135,078.00	\$ 2,782,425.00	\$ 2,713,532.00	\$ 2,998,947.00	\$ 2,491,363.00	\$ 2,545,163.00	\$ 2,438,100.00	\$ 2,472,114.00
Program Revenues:										
Charges for Services	1,220,802.12	447,831.00	26,045.00	14,784.00	20,105.00	13,960.00	16,641.00	\$ -	\$ 71,438.00	\$ 57,344.00
Operating Grants & Contributions	16,375.82	18,237.00	79,342.00	74,245.00	73,402.00	69,686.00	93,468.00	76,289.00	19,692.00	12,776.00
Total Governmental Activities	1,220,802.12	447,831.00	105,387.00	89,029.00	93,507.00	83,646.00	110,109.00	76,289.00	91,130.00	70,120.00
Business-Type Activities:										
Business-Type Activities:	5,589.74	6,895.00	13,204.00	12,632.00	13,523.00	15,263.00	19,215.00	7,973.00	-	-
Operating Grants & Contributions	16,375.82	18,237.00	19,187.00	22,451.00	20,510.00	20,272.00	13,719.00	10,353.00	-	-
Total Business-Type Activities	21,965.56	25,132.00	32,391.00	35,083.00	34,033.00	35,535.00	32,934.00	18,326.00	-	-
Total District Program Revenues	\$ 1,242,767.68	\$ 472,963.00	\$ 137,778.00	\$ 124,112.00	\$ 127,540.00	\$ 119,181.00	\$ 143,043.00	\$ 94,615.00	\$ 91,130.00	\$ 70,020.00
Net (Expense)/Revenue:										
Governmental Activities	\$ (2,823,634.35)	\$ (2,718,217.00)	\$ (2,999,978.00)	\$ (2,650,866.00)	\$ (2,588,925.00)	\$ (2,879,202.00)	\$ (2,353,181.00)	\$ (2,450,532.00)	\$ (2,326,224.00)	\$ (2,381,888.00)
Business-Type Activities	(2,121,477.00)	1,980.00	2,678.00	(7,447.00)	2,933.00	(474.00)	4,861.00	(16,746.00)	(20,206.00)	(20,206.00)
Total District-Wide Net Expense	\$ (2,825,646.82)	\$ (2,716,237.00)	\$ (2,997,300.00)	\$ (2,658,313.00)	\$ (2,585,992.00)	\$ (2,879,676.00)	\$ (2,348,320.00)	\$ (2,467,278.00)	\$ (2,346,970.00)	\$ (2,402,094.00)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,911,992.00	\$ 1,852,233.00	\$ 1,680,867.00	\$ 1,560,784.00	\$ 1,530,181.00	\$ 1,555,883.00	\$ 1,443,073.00	\$ 1,422,435.00	\$ -	\$ -
Federal & State Aid Not Restricted	991,300.00	1,107,341.00	1,065,043.00	1,027,038.00	1,041,557.00	985,990.00	938,662.00	938,662.00	-	-
Tuition Received	787,739.00	57,369.00	204,645.00	29,465.00	-	-	29,465.00	-	-	-
Miscellaneous Income	36,805.96	5,578.00	238.00	4,108.00	3,307.00	8,183.00	4,792.00	9,899.00	-	-
Total Governmental Activities	2,755,836.96	2,906,480.00	2,953,091.00	2,629,935.00	2,569,076.00	2,605,623.00	2,433,855.00	2,400,461.00	2,413,448.00	2,414,547.00
Business-Type Activities:										
Business-Type Activities:	2,735,836.96	2,906,480.00	2,953,091.00	2,629,935.00	2,569,076.00	2,605,623.00	2,433,855.00	2,400,461.00	2,413,448.00	2,414,547.00
Total District-Wide	\$ (87,997.39)	\$ 188,263.00	\$ 6,887.00	\$ (20,931.00)	\$ (28,399.00)	\$ (273,579.00)	\$ 80,674.00	\$ (50,071.00)	\$ 85,224.00	\$ 32,659.00
Change in Net Position:										
Governmental Activities	(2,121,477.00)	1,980.00	2,678.00	(7,447.00)	2,933.00	(474.00)	4,861.00	(16,746.00)	(20,206.00)	(20,206.00)
Business-Type Activities	(90,709.86)	190,243.00	(4,209.00)	(38,378.00)	(25,466.00)	(274,053.00)	85,535.00	(50,087.00)	66,478.00	12,453.00
Total District	\$ (90,709.86)	\$ 190,243.00	\$ (4,209.00)	\$ (38,378.00)	\$ (25,466.00)	\$ (274,053.00)	\$ 85,535.00	\$ (50,087.00)	\$ 66,478.00	\$ 12,453.00

Source: CAFR, Schedule A-2

FARMINGDALE SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Restricted	\$ 229,795.61	\$ 303,892	\$ 258,473	\$ 233,406	\$ 261,214	\$ 237,592	\$ 202,255	\$ 170,922	\$ 221,719	\$ 152,143
Assigned	83,108.00	-	-	-	-	-	-	-	-	-
Unassigned	172,922.00	173,123	175,063	174,703	177,995	156,120	212,759	138,753	110,781	158,313
Total General Fund	\$ 485,825.61	\$ 477,015	\$ 433,536	\$ 408,109	\$ 439,209	\$ 393,712	\$ 415,014	\$ 309,675	\$ 332,500	\$ 310,456
All Other Governmental Funds:										
Restricted										
Debt Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2
Capital Projects Fund	4,422,126.47	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 4,422,126.47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2

Source: CAFR Schedule B-1

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Tax Levy	\$ 1,911,592.00	\$ 1,852,333	\$ 1,680,867	\$ 1,504,784	\$ 1,530,181	\$ 1,555,883	\$ 1,443,073	\$ 1,422,435	\$ 1,394,544	\$ 1,414,925
Tuition Charges	18,073.00	57,369	26,045	14,784	20,105	13,960	16,641	29,465	15,500	6,990
Interest	-	3,821	3,247	-	-	-	-	2,902	4,572	9,976
Miscellaneous	20,050.30	211,468	201,368	4,078	3,280	8,159	3,094	6,982	4,438	747
State Sources	1,221,736.81	1,152,623	1,107,341	1,065,043	1,027,038	1,041,557	985,990	938,662	809,587	856,634
Federal Sources	77,710.98	76,774	79,342	74,245	73,402	69,686	93,468	76,289	74,039	57,244
Total Revenues	3,249,163.09	3,354,388	3,098,210	2,662,934	2,654,006	2,689,245	2,542,735	2,476,735	2,302,680	2,346,516
Expenditures										
Instruction:										
Regular Instruction	935,986.82	850,637	831,905	829,781	810,432	777,093	780,436	778,411	763,563	882,485
Special Education Instruction	461,037.96	530,513	506,142	425,087	418,861	390,906	376,121	369,934	311,716	270,424
Other Instruction	18,644.57	17,861	4,055	6,081	7,750	6,999	1,240	2,200	4,331	5,097
Support Services:										
Tuition	48,408.00	-	-	-	-	-	-	-	-	-
Attendance & Social Work Services	24,277.20	-	-	-	-	-	-	-	-	-
Health Services	78,239.20	-	-	-	-	-	-	-	-	-
Student & Instruction Related Services	283,590.55	360,921	387,867	349,325	304,562	440,416	361,878	338,235	333,634	279,396
General Administration	131,844	131,844	113,723	149,126	122,855	168,523	101,574	100,252	94,070	111,257
School Administrative Services	126,749.39	75,882	65,600	67,143	-	-	-	60,527	58,199	-
Central Services	74,754.80	74,421	59,280	58,551	-	56,004	121,780	71,325	60,951	46,673
Administration Information	-	-	-	-	-	-	-	-	-	-
Technology Services	77,573.74	255,178	226,394	213,177	261,693	237,936	218,798	227,275	199,850	202,688
Plant Operations & Maintenance	253,019.83	10,757	13,462	22,125	32,195	12,010	8,362	10,614	10,427	16,402
Pupil Transportation	11,118.00	346,750	-	-	118,697	-	-	-	-	-
Business and Other Support Services:										
Unallocated Benefits	382,568.33	-	-	-	-	-	-	-	-	-
Other	-	366,563	-	-	-	-	-	-	-	-
Employee Benefits	-	-	339,313	347,123	315,760	318,249	260,936	314,120	318,229	318,229
On-Behalf TPAF Pension Contribution	-	-	220,926	184,339	147,596	176,756	123,901	128,890	91,045	77,519
Reimbursed TPAF SS Contributions	-	33,380	103,066	97,719	97,979	95,036	97,398	97,777	99,922	94,654
Education Jobs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	421,255.81	205,694	454	454	454	294	27,968	-	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest & Other Charges	454.00	-	-	-	-	-	-	-	-	-
Total Expenditures	3,631,676.01	3,310,809	2,872,187	2,750,031	2,638,834	2,680,222	2,480,606	2,499,560	2,348,265	2,371,023
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	43,479	226,023	(87,097)	15,172	9,023	61,660	(22,825)	(45,585)	(24,507)
Other Financing Sources/(Uses):										
Capital Leases (Non-budgeted)	-	-	-	-	-	-	-	-	-	-
Sale of Property	-	-	-	-	-	-	-	-	-	-
Proceeds of Bonds	4,814,000.00	-	-	-	-	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-	-	-	-	-	-
Cancellation of Payable	-	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Adjustments to New Position	-	-	-	-	-	-	1,679	-	-	-
Total Other Financing Sources/(Uses)	4,814,000.00	-	-	-	-	-	1,679	-	-	-
Net Change in Fund Balances	\$ 4,431,487.08	\$ 43,579	\$ 226,023	\$ (87,097)	\$ 15,172	\$ 9,023	\$ 63,339	\$ (22,825)	\$ (45,585)	\$ (24,507)
Debt Service as a Percentage of Noncapital Expenditures	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: CAFR Schedule B-2

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON	INVESTMENTS	RENTALS	MISCELLANEOUS	TUITION	TOTAL
2018	\$	157.15	-	\$ 18,073.00	\$ 18,275.82	\$ 36,505.97
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
Total	\$	36,025.15	-	\$ 41,905.00	\$ 219,133.82	\$ 297,063.97

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 SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS
UNAUDITED**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	OFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
2018	\$ 984,800.00	\$ 120,283,900.00	\$ -	\$ 17,500.00	\$ 26,918,700.00	\$ 3,311,800.00	\$ 15,357,900.00	\$ 166,874,600.00	\$ -	166,874,600.00	\$ 1.228	\$ 149,658,560.00
2017	3,226,700.00	106,525,800.00	584,700.00	2,700.00	26,700,800.00	3,311,800.00	15,321,400.00	155,673,900.00	-	155,673,900.00	1.218	146,043,388.00
2016	1,898,600.00	105,737,300.00	590,000.00	2,700.00	27,171,700.00	3,318,200.00	15,315,400.00	154,033,900.00	-	154,033,900.00	1.192	145,958,075.00
2015	1,905,600.00	106,279,000.00	563,600.00	2,700.00	27,115,000.00	3,319,800.00	15,314,700.00	154,500,400.00	-	154,500,400.00	1.078	138,780,348.00
2014	1,865,300.00	110,869,600.00	600,000.00	14,200.00	20,523,500.00	2,742,800.00	13,947,400.00	150,562,800.00	-	150,562,800.00	1.027	138,417,398.00
2013	1,865,300.00	111,706,500.00	721,700.00	14,200.00	20,320,000.00	2,742,800.00	13,947,400.00	151,317,900.00	-	151,317,900.00	1.041	150,852,464.00
2012	1,918,800.00	112,133,500.00	721,700.00	14,200.00	20,320,000.00	2,742,800.00	13,947,400.00	151,798,400.00	2,529,438.00	154,327,838.00	0.960	150,852,464.00
2011	1,918,800.00	111,858,800.00	721,700.00	14,200.00	40,480,300.00	2,742,800.00	13,947,400.00	171,684,000.00	2,558,005.00	174,242,005.00	0.926	148,365,439.00
2010	1,918,800.00	112,002,400.00	721,700.00	14,200.00	20,480,300.00	2,742,800.00	13,947,400.00	151,827,600.00	2,815,873.00	154,643,473.00	0.920	156,397,464.00
2009	2,179,300.00	110,849,000.00	721,700.00	14,200.00	19,871,300.00	2,742,800.00	13,947,400.00	150,325,700.00	2,462,182.00	152,787,882.00	0.900	160,364,106.00

Source: Monmouth County Board of Taxation
Monmouth County Net Valuation Taxable
Municipal Tax Assessor

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

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

UNAUDITED

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	FARMINGDALE BOROUGH	REGIONAL DISTRICT	MONMOUTH COUNTY	
2018	1.228	-	1.228	0.261	0.339	0.287	2.115
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

Source: Municipal Tax Collector, Monmouth County Board of Taxation.

EXHIBIT J-8

FARMINGDALE SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAX PAYERS,
 CURRENT YEAR AND NINE YEARS AGO
 UNAUDITED

Taxpayer	2018			2018		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Farmingdale Garden Apartments	\$ 12,799,200.00	1	7.670%	\$ 11,500,000.00	1	6.891%
Farmingdale LLC F. Stern	7,522,700.00	2	4.508%	3,795,400.00	2	2.274%
Farmingdale Shopping Center	3,600,300.00	3	2.157%	2,442,200.00	5	1.463%
R.T Equities, LLC	2,387,200.00	4	1.431%	2,107,200.00	6	1.263%
Farmingdale BP. JFD Associates	1,496,500.00	5	0.897%	904,100.00	10	0.542%
Academy Apartments LLC	1,387,200.00	6	0.831%	-	-	-
A Four properties, LLC	1,144,500.00	7	0.686%	-	-	-
Bell Atlantic	1,011,900.00	8	0.606%	992,800.00	8	0.595%
Roadside Holdings, LLC	831,400.00	9	0.498%	-	-	-
Bank of America	719,400.00	10	0.431%	-	-	-
Merkler, Walter, Mary C.	-	-	-	2,876,600.00	3	1.724%
Verizon Communications	-	-	-	2,462,181.00	4	1.475%
Morgan, John P.	-	-	-	1,297,000.00	7	0.777%
Halari, Bhaskar	-	-	-	956,100.00	9	0.573%
Total	\$ 32,900,300.00		19.716%	\$ 29,333,581.00		17.578%

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2018	\$ 1,911,592.00	\$ 1,911,592.00	100.00%	-
2017	1,852,233.00	1,852,233.00	100.00%	-
2016	1,680,867.00	1,680,867.00	100.00%	-
2015	1,560,784.00	1,560,784.00	100.00%	-
2014	1,530,181.00	1,530,181.00	100.00%	-
2013	1,495,833.00	1,495,833.00	100.00%	-
2012	1,443,073.00	1,443,073.00	100.00%	-
2011	1,422,436.00	1,422,436.00	100.00%	-
2010	1,394,545.00	1,394,545.00	100.00%	-
2009	1,394,545.00	1,394,545.00	100.00%	-

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

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

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 historical view of the School District's outstanding debt and its debt capacity.

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**FARMINGDALE SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME PER CAPITA	
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2018	\$ 4,814,000.00	\$ -	\$ 4,814,000.00	N/A	N/A
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

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
See Exhibit J-14 for personal income and population data.

**FARMINGDALE SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED**

FISCAL YEAR ENDED JUNE 30,	NET ASSESSED VALUATION TAXABLE	NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2018	\$ 166,874,600.00	4,814,000.00	2.88%	3,532
2017	155,673,900.00	-	0.00%	0
2016	154,033,900.00	-	0.00%	0
2015	154,500,400.00	-	0.00%	0
2014	150,562,800.00	-	0.00%	0
2013	151,317,900.00	-	0.00%	0
2012	151,798,400.00	-	0.00%	0
2011	171,684,000.00	-	0.00%	0
2010	151,827,600.00	-	0.00%	0
2009	150,325,700.00	-	0.00%	0

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

See Exhibit J-6 for property tax data.

Population data can be found in Exhibit J-14.

**FARMINGDALE SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
YEAR ENDED JUNE 30, 2018
UNAUDITED**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Farmingdale	\$ 578,607.09	100.0%	\$ 578,607.09
County of Monmouth	435,341,390.00	0.124%	539,823.00
Other Debt:			
Freehold Regional High School District	14,840,000.00	0.4633%	<u>68,752.72</u>
Subtotal, Overlapping Debt			1,187,183
Farmingdale School			<u>4,814,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 6,001,183</u></u>

Sources: Monmouth County Office of the Treasurer

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 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.

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

FARMINGDALE SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Dollars in Thousands)
 UNAUDITED

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 5,152,700.27	\$ 5,743,757.00	\$ 5,642,078.00	\$ 5,707,336.00	\$ 5,868,298.00	\$ 6,000,938.00	\$ 6,074,872.00	\$ 6,094,336.00	\$ 6,146,961.00	\$ 6,090,315.00
Total Net Debt Applicable to Limit	4,814,000.00	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 338,700.27	\$ 5,743,757.00	\$ 5,642,078.00	\$ 5,707,336.00	\$ 5,868,298.00	\$ 6,000,938.00	\$ 6,074,872.00	\$ 6,094,336.00	\$ 6,146,961.00	\$ 6,090,315.00
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	93.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation

	Equalized Valuation Basis
Average Equalized Valuation of Taxable Property	\$ 149,658,560.00
Debt Limit (3.5% of Average Equalization Value)	\$ 5,152,700.27
Net Bonded School Debt	\$ 4,814,000.00
Legal Debt Margin	\$ 338,700.27

Source: Equalized valuation bases were obtained from the Monmouth County Board of Taxation

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement 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 operates.

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

YEAR	POPULATION (a)		PERSONAL INCOME (b)		PER CAPITA PERSONAL INCOME (c)		UNEMPLOYMENT RATE (d)
2018	1,363	**	\$ 43,456,529.00	\$	31,883.00	**	3.80%
2017	1,310	**	41,918,690.00		31,999.00	**	3.70%
2016	1,289	**	38,921,355.00		30,195.00	**	4.40%
2015	1,279	**	46,510,835.00		36,365.00	**	4.90%
2014	1,311		77,592,846.00		59,186.00		5.80%
2013	1,319		76,970,245.00		58,355.00		4.80%
2012	1,330		75,750,150.00		56,955.00		4.80%
2011	1,572		86,100,012.00		54,771.00		4.70%
2010	1,587		90,070,185.00		56,755.00		2.80%
2009	1,569		85,982,769.00		54,801.00		2.20%

Source: U.S. Department of Commerce, Bureau of Economic Analysis. These numbers are estimated by the Bureau and may be revised from year to year.

** Population and Per Capita data from newjersey.hometownlocator.com

a Population information provided by the NJ Dept of Labor and Workforce Development. These numbers are estimated by the Department and may be revised from year to year.

b Personal income has been estimated based upon the county population and per capita personal income presented.

^c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

FARMINGDALE SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 AUDITED

2018		
EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT

DATA NOT AVAILABLE

Total	0	0.00%
Total Employment - (Estimated)	0	

Source: Monmouth County Department of Economic Development and Tourism;
 The Borough of Farmingdale, Official Statements

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement 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 SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED**

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Regular	14.3	13.5	13.5	13.5	13.5	12.0	12.0	12.0	12.0	12.5
Special Education	8.0	8.0	8.0	7.0	6.0	6.0	6.0	5.5	5.5	5.5
Support Services:										
Student & Instruction Related Services	3.0	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 Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other Administration Services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Administrative Information Technology	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.2	1.2	1.2
Plant Operations & Maintenance	-	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Other Support Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	29.3	30.0	30.0	29.0	29.0	27.5	27.5	27.2	27.2	27.7

Source: District Personnel Records

FARMINGDALE SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 UNAUDITED

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO (d)	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2018	156	\$ 2,726,022.00	\$ 17,474.50	10.64%	22	1:08:00	158.10	149.00	-3.54%	94.24%
2017	166	2,621,903.00	15,794.60	6.22%	20	1:08	163.90	155.00	-1.27%	94.57%
2016	166	2,468,399.00	14,869.87	2.52%	19	1:08	166.00	158.00	-0.06%	95.18%
2015	165	2,393,274.00	14,504.69	-4.32%	18	1:08	166.10	156.00	11.78%	93.92%
2014	153	2,319,402.00	15,159.49	-2.28%	18	1:08	148.60	142.00	-1.78%	95.56%
2013	151	2,342,472.00	15,513.06	13.44%	18	1:08	151.30	144.00	-2.20%	95.18%
2012	159	2,174,346.00	13,675.13	-0.88%	18	1:08	154.70	147.00	-2.34%	95.02%
2011	159	2,193,626.00	13,796.39	-4.99%	18	1:08	158.40	149.00	4.49%	94.07%
2010	152	2,207,186.00	14,520.96	-10.20%	18	1:08	151.60	143.00	3.41%	94.33%
2009	146	2,360,799.00	16,169.86	2.44%	19	1:08	146.60	139.00	2.73%	94.82%

Sources: District records

Note: Enrollment based on annual October district count from the year prior.

a Operating expenditures equal total expenditures less debt service, capital outlay, and on-behalf TPAF Pension and reimbursed TPAF social security contributions. J-4

b Teaching staff includes only full-time equivalents of certificated staff.

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

FARMINGDALE SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 UNAUDITED

<u>DISTRICT BUILDINGS</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Elementary Schools:										
Farmingdale Elementary (1928):	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	156	166	151	142	146	152	159	159	151	153
Enrollment										

Number of Schools at June 30, 2018:
 Elementary = 1
 Middle School = 0
 Other = 0

Source: District Facilities Office, District Records

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

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

FARMINGDALE SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

<u>SCHOOL FACILITIES</u>	<u>PROJECT # (s)</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Elementary Schools: Farmingdale School	N/A	\$ 98,409.00	\$ 102,292.00	\$ 89,344.00	\$ 87,112.00	\$ 105,537.00	\$ 92,830.00	\$ 79,580.00	\$ 72,116.00	N/A	N/A
Grand Total		\$ 98,409.00	\$ 102,292.00	\$ 89,344.00	\$ 87,112.00	\$ 105,537.00	\$ 92,830.00	\$ 79,580.00	\$ 72,116.00	\$ -	\$ -

**FARMINGDALE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED**

	COVERAGE	DEDUCTIBLE
SCHOOL PACKAGE POLICY (1):		
Building and Contents (All Locations)	\$ 12,058,589.00	\$ 5,000.00
General Liability	5,000,000.00	
Automobile Liability	5,000,000.00	
Comprehensive Crime Coverage	100,000.00	
 Computers and Scheduled Equipment		
Data Processing Equipment	200,000.00	1,000.00
 Boiler and Machinery	12,058,589.00	
 Umbrella Liability	6,000,000.00	
 School Board Legal Liability	5,000,000.00	5,000.00
 Student Accident	5,000,000.00	
Environmental	1,000,000.00	25,000.00
CAP/Umbrella	50,000,000.00	
 (1) NJ School Boards Insurance Group		
(2) Selective		
(3) Chubb Group Insurance		
 Workers Compensation (1)	2,000,000.00	
Supplemental workers compensation (3)	1,750 per week	
Bonds(2) Treasurer	161,000.00	
BS/BA	161,000.00	

Source: Arthur J. Gallagher, Risk Management Service Broker

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SINGLE AUDIT SECTION

Fourth Section

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HOLMAN | FRENIA
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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, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 13, 2019.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency as Finding No. 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 as Finding No. 2018-001.

We also noted certain immaterial instances of noncompliance that are not required to be reported under Governmental Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, that we reported to management in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated February 13, 2019.

The Farmingdale Public School District's Response to Findings

The Farmingdale Public School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Freehold, New Jersey
February 13, 2019

EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND 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

Report on Compliance for Each Major State Program

We have audited the Farmingdale 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, 2018. The Farmingdale 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 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 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, 2018.

Report on Internal Control Over Compliance

Management of the Farmingdale 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned cost items 2018-002 to be a significant deficiency.

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 the 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 W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
February 13, 2019

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

FEDERAL GRANTOR PASS-THROUGH GRANITOR PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2018		
										UNEARNED REVENUE	(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
U.S. Department of Agriculture												
Passed Through New Jersey Department of Agriculture:												
Child Nutrition Cluster:												
School Breakfast Program	10.553	181NJ304N1099	100-010-3350-028	740.07	7/1/17-6/30/18	(489.00)	696.17	(740.07)	-	-	(43.90)	-
School Breakfast Program	10.553	171NJ304N1099	100-010-3350-028	1,981.00	7/1/16-6/30/17	(489.00)	489.00	-	-	-	(43.90)	-
				1,185.17		(740.07)					(43.90)	
National School Lunch Program	10.555	181NJ304N1099	100-010-3350-028	14,946.90	7/1/17-6/30/18	-	12,464.82	(14,946.90)	-	-	(2,482.08)	-
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-028	15,477.00	7/1/16-6/30/17	(3,833.00)	3,833.00	-	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	181NJ304N1099	100-010-3350-026	355.80	7/1/17-6/30/18	-	300.84	(355.80)	-	-	(54.96)	-
Healthy Hunger-Free Kids Act	10.555	171NJ304N1099	100-010-3350-026	425.00	7/1/16-6/30/17	(100.00)	100.00	-	-	-	-	-
				16,698.66		(3,933.00)	16,698.66	(15,302.70)	-	-	(2,537.04)	-
Total Child Nutrition Cluster				0		(4,422.00)	17,883.83	(16,042.77)	-	-	(2,580.94)	-
Total U.S. Department of Agriculture				17,883.83		(4,422.00)	17,883.83	(16,042.77)	-	-	(2,580.94)	-
U.S. Department of Education												
Passed Through New Jersey Department of Education:												
No Child Left Behind (N.C.L.B.):												
Title I - Part A	84.010	S010A160030	100-034-5064-194	374,607.00	7/1/17-6/30/18	-	25,629.00	(25,629.00)	-	-	-	-
Title I - Part A	84.010	S010A150030	100-034-5064-194	388,995.00	7/1/16-6/30/17	-	25,629.00	(25,629.00)	-	-	-	-
				40,563.00		-	5,546.00	(3,546.00)	-	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	10,810.00	7/1/17-6/30/18	-	10,000.00	(10,000.00)	-	-	-	-
				10,810.00		-	10,000.00	(10,000.00)	-	-	-	-
Title IV - English Language Acquisition	84.424	S424A180031	100-034-5063-348	392,386.00	7/1/17-6/30/18	-	42,975.00	(42,975.00)	-	-	-	-
				392,386.00		-	42,975.00	(42,975.00)	-	-	-	-
Special Education Cluster:				725.00		-	725.00	(725.00)	-	-	-	-
I.D.E.A. Part B	84.027	H027A160100	100-034-5065-016	725.00	7/1/17-6/30/18	-	725.00	(725.00)	-	-	-	-
				725.00		-	725.00	(725.00)	-	-	-	-
I.D.E.A. Preschool	84.173	H173A160114	100-034-5065-020	43,700.00	7/1/17-6/30/18	-	43,700.00	(43,700.00)	-	-	-	-
Total Special Education Cluster				82,875.00		-	82,875.00	(82,875.00)	-	-	-	-
Total U.S. Department of Education				100,758.83		(4,422.00)	100,758.83	(98,917.77)	-	-	(2,580.94)	-
Total Expenditures of Federal Awards												

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

FARMINGDALE PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

STATE GRANTOR/ PROGRAM/TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	UNEARNED REVENUE	BALANCE, JUNE 30, 2018		MEMO CUMULATIVE TOTAL EXPENDITURES		
									(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR			
New Jersey Department of Education:													
General Fund:													
Special Education Categorical Aid	495-034-5120-089	\$ 84,317.00	7/1/17-6/30/18	-	\$ 84,317.00	\$ (84,317.00)	\$ -	\$ -	\$ -	\$ -	\$ 8,425.86	84,317.00	
Security Aid	495-034-5120-084	16,038.00	7/1/17-6/30/18	-	16,038.00	(16,038.00)	-	-	-	-	1,602.69	16,038.00	
Adjustment Aid	495-034-5120-085	174,253.00	7/1/17-6/30/18	-	174,253.00	(174,253.00)	-	-	-	-	17,413.24	174,253.00	
Equalization Aid	495-034-5120-078	503,920.00	7/1/17-6/30/18	-	503,920.00	(503,920.00)	-	-	-	-	50,357.12	503,920.00	
PARCC Readiness Aid	495-034-5120-098	1,440.00	7/1/17-6/30/18	-	1,440.00	(1,440.00)	-	-	-	-	143.90	1,440.00	
Per Pupil Growth Aid	495-034-5120-097	1,440.00	7/1/17-6/30/18	-	1,440.00	(1,440.00)	-	-	-	-	143.90	1,440.00	
Professional Learning Community Aid	495-034-5120-101	1,580.00	7/1/17-6/30/18	-	1,580.00	(1,580.00)	-	-	-	-	157.89	1,580.00	
Total State Aid Public				-	782,988.00	(782,988.00)	-	-	-	-	78,244.60	782,988.00	
Transportation Aid	495-034-5120-014	2,836.00	7/1/17-6/30/18	-	2,836.00	(2,836.00)	-	-	-	-	283.40	2,836.00	
Additional Non-Public Transportation Aid	495-034-5120-014	1,450.00	7/1/17-6/30/18	-	-	(1,450.00)	-	-	(1,450.00)	-	-	1,450.00	
Additional Non-Public Transportation Aid	495-034-5120-014	11,966.00	7/1/16-6/30/17	(1,566.00)	1,566.00	-	-	-	-	-	-	-	
Lead Testing For School	495-034-5120-104	550.00	7/1/17-6/30/18	-	550.00	(550.00)	-	-	-	-	-	550.00	
Reimbursed TPAF Social Security Contribution	495-034-5094-003	104,411.81	7/1/17-6/30/18	-	99,179.60	(104,411.81)	-	-	(5,232.21)	-	-	104,411.81	
Reimbursed TPAF Social Security Contribution	495-034-5094-003	103,066.00	7/1/16-6/30/17	(9,588.00)	9,588.00	-	-	-	-	-	-	-	
TPAF - Post Retirement	495-034-5094-001	129,245.00	7/1/16-6/30/17	-	129,245.00	(129,245.00)	-	-	-	-	-	129,245.00	
TPAF - Pension	495-034-5094-002	200,107.00	7/1/16-6/30/17	-	200,107.00	(200,107.00)	-	-	-	-	-	200,107.00	
Contributions (Noncash Assistance)	495-034-5094-002	234.00	7/1/16-6/30/17	-	234.00	(234.00)	-	-	-	-	-	234.00	
TPAF - Long-Term Disability	495-034-5094-004	234.00	7/1/16-6/30/17	-	-	-	-	-	-	-	-	-	
Insurance (Noncash Assistance)	495-034-5094-004	234.00	7/1/16-6/30/17	-	-	-	-	-	-	-	-	-	
Total General Fund				(11,154.00)	1,226,293.60	(1,221,821.81)	-	-	(6,682.21)	-	78,528.00	1,221,821.81	
New Jersey Department of Agriculture:													
Enterprise Fund:													
National School Lunch Program	100-010-3350-023	309.10	7/1/17-6/30/18	-	269.57	(309.10)	-	-	(39.53)	-	-	309.10	
National School Lunch Program	100-010-3350-023	4,566.90	7/1/16-6/30/17	(87.00)	87.00	-	-	-	-	-	-	-	
Total Enterprise Fund				(87.00)	356.57	(309.10)	-	-	(39.53)	-	-	-	309.10
Total State Financial Assistance				\$ (11,241.00)	\$ 1,226,650.17	\$ (1,222,130.91)	\$ -	\$ -	\$ (6,721.74)	\$ -	\$ 78,528.00	\$ 1,222,130.91	
State Financial Assistance Programs not Subject to Calculation for Major Program Determinator													
TPAF - Post Retirement	495-034-5094-001	\$ 129,245.00	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	
Medical (Noncash Assistance)	495-034-5094-001	200,107.00	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	
TPAF - Pension	495-034-5094-002	234.00	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	
Contributions (Noncash Assistance)	495-034-5094-002	234.00	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	
TPAF - Long-Term Disability	495-034-5094-004	234.00	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	
Insurance (Noncash Assistance)	495-034-5094-004	234.00	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	
Total State Financial Assistance Subject to Calculation for Major Program Determination				-	-	-	-	-	-	-	-	-	

The accompanying Notes to Schedules of Expenditures of Awards and 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
YEAR ENDED JUNE 30, 2018

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.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. 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, 2018. 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, 2018.

FARMINGDALE PUBLIC SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018 (Continued)

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.

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 (\$85.00) for the general fund and (\$5,164.02) 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	\$ -	\$ 1,221,736.81	\$ 1,221,736.81
Special Revenue Fund	77,710.98	-	77,710.98
Food Service Fund	16,042.77	309.10	16,351.87
Total Awards & Financial Assistance	<u>\$ 93,753.75</u>	<u>\$ 1,222,045.91</u>	<u>\$ 1,315,799.66</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, 2018.

**FARMINGDALE PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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? X yes _____ 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
YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Dollar threshold used to determine Type A programs	\$	750,000.00
Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
Internal control over major programs:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported
Type of auditor's report issued on compliance for major programs		Unmodified

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-089	State Aid Public:
495-034-5120-084	Special Education Categorical Aid
495-034-5120-085	Security Aid
495-034-5120-078	Adjustment Aid
495-034-5120-098	Equalization Aid
495-034-5120-097	PARCC Readiness Aid
495-034-5120-101	Per Pupil Growth Aid
	Professional Learning Community Aid

FARMINGDALE PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

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.

Finding 2018-001

Criteria or specific requirement:

N.J.A.C. 6A:23A-16.12(c) states that "All receipts should be promptly deposited in the bank"

Condition:

During our testing of receipts in the Cafeteria Fund it was noted deposits were not promptly deposited.

Context:

Deposits were not deposited in a timely manner.

Cause:

The district did not ensure that all deposits were promptly deposited within the required time frame.

Effect or potential effect:

Not depositing receipts in a timely matter could cause deposits to be misplaced or improperly recorded.

Recommendation:

That deposits be made promptly upon receipt of funds.

View of responsible officials and planned corrective actions:

The School District agrees with this finding and will improve controls over the Cafeteria Fund receipts in the fiscal year ending June 30, 2019

**FARMINGDALE PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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

Finding 2018-002

Information on the state program:

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

Criteria or specific requirement:

State of New Jersey Grant compliance Supplement-State Aid Public.

Condition:

The monthly and year to date 10% transfer report were not submitted to the Executive County Superintendent. Certain transfers which exceeded the maximum allowed were not submitted to the County of approval.

Context

Monthly transfer reports were not submitted to the Executive County Superintendent. Transfers were made to the Capital Outlay Account exceeding 10%. These transfers require approval of the Executive County Superintendent.

Cause:

Unknown

Effect

The District is not in compliance with State Aid Grant program requirements.

Recommendation

The monthly and year to date 10% transfer reports be prepared and remitted to the Executive County Superintendent, and specific approval be sought for transfers exceeding the maximum allowed.

Views of Responsible Officials and Planned Corrective Actions

Management has reviewed this finding and has indicated that corrective action will be taken.

**FARMINGDALE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2018**

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 Principals, 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

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.