

**SCHOOL DISTRICT
OF
TOWNSHIP OF FAIRFIELD**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Township of Fairfield Board of Education

Fairfield, New Jersey

For the Fiscal Year Ended June 30, 2012

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Township of Fairfield Board of Education

Fairfield, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

Fairfield Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9-10
-------------------------------------	------

Required Supplementary Information - Part I Management's Discussion and Analysis	11-20
---	-------

Basic Financial Statements

A. District-wide Financial Statements:

A-1 Statement of Net Assets	21
A-2 Statement of Activities	22

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25

Proprietary Funds:

B-4 Statement of Net Assets	26
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	27
B-6 Statement of Cash Flows	28

Fiduciary Funds:

B-7 Statement of Fiduciary Net Assets	29
B-8 Statement of Changes in Fiduciary Net Assets	N/A

Notes to the Financial Statements	30-51
--	-------

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
TABLE OF CONTENTS
(Page 2)**

FINANCIAL SECTION (continued)	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	52-59
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	60
 Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	61
 Other Supplementary Information	
D. School Based Budget Schedules	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
 E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	62-63
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	64
 F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	65
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	66
F-2a-c Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	67-67b

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS
(Page 3)**

FINANCIAL SECTION (continued)	<u>Page</u>
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	68
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	69
G-3 Combining Schedule of Cash Flow	70
Internal Service Fund:	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Assets	71
H-2 Combining Statement of Changes in Fiduciary Net Assets	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	72
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	73
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	74
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	75

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Assets by Component	76
J-2 Changes in Net Assets	77
J-3 Fund Balances - Governmental Funds	78
J-4 Changes in Fund Balances, Governmental Funds	79
J-5 General Fund Other Local Revenue by Source	80

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
TABLE OF CONTENTS
(Page 4)**

FINANCIAL SECTION (continued)	<u>Page</u>
Revenue Capacity	
J-6 Assessed Value and Actual Value of Taxable Property	81
J-7 Direct and Overlapping Property Tax Rates	82
J-8 Principal Property Tax Payers*	83
J-9 Property Tax Levies and Collections	84
Debt Capacity	
J-10 Ratio of Outstanding Debt by Type	85
J-11 Ratios of General Bonded Debt Outstanding	86
J-12 Direct and Overlapping Governmental Activities Debt	87
J-13 Legal Debt Margin Information	88
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	89
J-15 Principal Employers	90
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	91
J-17 Operating Statistics	92
J-18 School Building Information	93
J-19 Schedule of Required Maintenances Expenditures by School Facility	94
J-20 Insurance Schedule	95-96
 <u>SINGLE AUDIT SECTION</u>	
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	97-98
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	99-100
K-3 Schedule of Expenditures of Federal Awards, Schedule A	101
K-4 Schedule of Expenditures of Financial Assistance, Schedule B	102
K-5 Notes to the Schedules of Awards and Financial Assistance	103-104
K-6 Schedule of Findings and Questioned Costs	105-108
K-7 Summary Schedule of Prior Year Audit Findings	109

INTRODUCTORY SECTION

FAIRFIELD TOWNSHIP PUBLIC SCHOOLS

375 GOULDTOWN WOODRUFF ROAD

BRIDGETON, NEW JERSEY 08302

Phone: (856) 453-1882 Fax: (856) 453-7189

Mary Lou DeFrancisco
Superintendent

Richard Davidson
Business Administrator

October 19, 2012

Honorable President and
Members of the Board of Education
Fairfield Township School District
Cumberland County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Fairfield Township Public School District for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, P.L. 98-502 and as amended by the Single Audit Act Amendments of 1996, P.L. 104-156 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Fairfield Township Public School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Fairfield Township Board of Education and its two schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for handicapped youngsters.

The District completed the 2011-2012 fiscal year with a June enrollment of 613 students, which is a decrease of 3 students from the previous year's enrollment of 616. The following details the changes in the student enrollment of the District over the last ten years.

June 30 Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-12	613.0	(.32)%
2010-11	616.0	5.21%
2009-10	585.5	(6.42)%
2008-09	625.7	3.27%
2007-08	605.9	4.21%
2006-07	581.4	9.55%
2005-06	530.7	1.45%
2004-05	523.1	(4.26)%
2003-04	546.4	(4.34)%
2002-03	571.2	(4.60)%

2. ECONOMIC CONDITION AND OUTLOOK:

Fairfield Township continues to be a rural community whose main business remains agriculture. The economic condition of the community is hindered by a poor ratable base and the reality that only 54% of the community property is taxable. The remaining 46% is either wetlands or property under restriction by Federal and State authority.

Single family housing permits grew significantly in 2006 for the first time in many years, but real growth remains quite limited and the reality of any increased tax base is offset by additional State and non-profit purchases. As a result, the community shares in the County problems of high unemployment and a high welfare presence. The fact that there are two large prisons in the area makes the hope of further growth speculative.

3. MAJOR INITIATIVES:

Preschool: Our preschool program continues to grow. It serves three and four year old preschool age children. Research has demonstrated that programs such as ours have the potential of having significant benefit to our children. The state approved curriculum offers our students a program rich in ELA, mathematics, socialization, positive behavior growth, highly active hands on participation components and developmentally pertinent physical activities. We continue to meet and exceed expected outcomes. All class sections are currently filled and we have a waiting list of approximately 23 students. It is our hope to be able to offer an additional class section for the 2013-2014 school year.

Math: Our district continues to work with constituent districts and the high school district to articulate the mathematics curriculum. Through revised, up-to-date curriculum and articulation among school districts and in conjunction with our high school district we are able to offer aligned courses. We have implemented various professional workshops for our staff to assist in providing enhanced, best practice strategies in their instructional practices. Students in eighth grade, who qualify, are now able to take an Algebra course before attending high school. The district also continues to offer a summer school program which emphasizes both math and language arts.

Literacy: Again, we continue our efforts in articulation of curriculum with constituent districts as well as the high school district. We continue our efforts to increase student ELA proficiency. Professional development is also a target to continued improvement of instruction. We have also implemented Guided Reading, best instructional practices, pre/post assessments and benchmark assessment in order to promote student growth. Our summer school program to enhance student progress emphasizes both language and mathematics instruction.

Facilities: Our facility provides classrooms to accommodate students PK – 8. We continue efforts in completing the facility project through demolition of the out-of-date, closed school building adjacent to our new school facility. In accomplishing this goal we look forward to providing students with outdoor fields that promote not only the cross curricular standards but incorporate community use. The fields will offer additional physical education program activities for which all of our students will benefit.

4. INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control 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 internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by 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. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at 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 June 30, 2012.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7. DEBT ADMINISTRATION:

On December 8, 2009, the voters of the school district approved a referendum to construct an addition, as well as undertake various improvements, acquire equipment and make renovations to the elementary school. The total amount approved was \$3,984,772, of which \$1,984,772 will be funded by a grant from the State of New Jersey and the remaining \$2,000,000 was funded through the issuance of bonds at various interest rates. Principal payments of bonds in the amount of \$285,000 were made during the 2011-12 fiscal year, resulting in a balance in bonds payable as of June 30, 2012 of \$5,551,000.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. 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.

9. 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.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of the accounting firm of Nightlinger, Colavita and Volpa, P.A. was selected by the Board's Audit Committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, P.L. 98-502 and as amended by the Single Audit Act Amendments of 1996, P.L. 104-156, and the related OMB Circular A-133 and state Treasury Circular Letter 98-07 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund 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.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Fairfield Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public 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. We received the complete cooperation from Nightlinger, Colavita & Volpa, P.A. and appreciate the courtesies extended to us.

Respectfully Submitted,



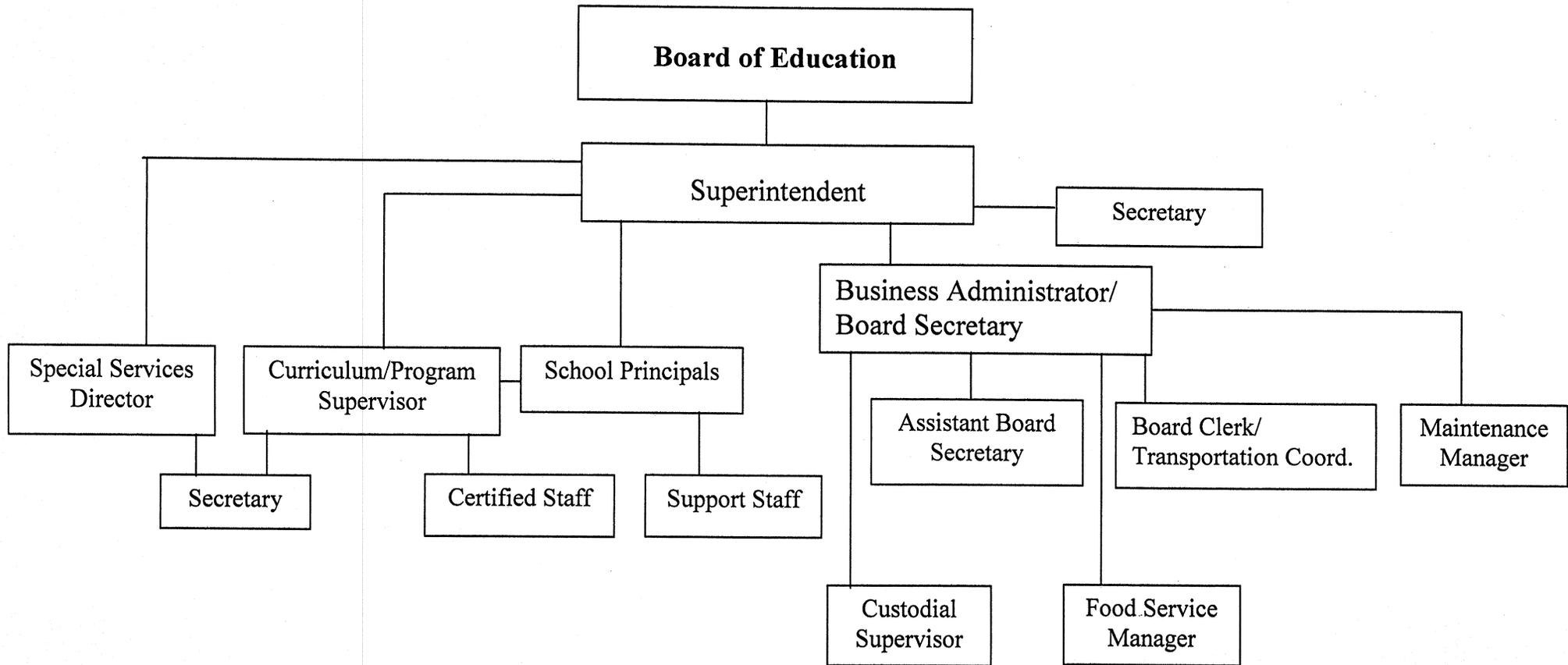
Mary Lou DeFrancisco
Superintendent

Respectfully Submitted,



Richard Davidson
Business Administrator

ORGANIZATIONAL CHART



FAIRFIELD TOWNSHIP BOARD OF EDUCATION
BRIDGETON, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2012

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Michelle Kennedy, President	2012
Alta Lloyd, Vice President	2012
Treemanisha Stewart	2012
Ruth Butler	2014
Mark Pierce, Sr.	2014
Darlington Henry, Jr.	2012
Gloria Bennett	2013
Mark Henry, Sr.	2013
Marge Neild	2013

OTHER OFFICIALS

Richard Davidson, Business Administrator
Mary Lou DeFrancisco, Interim Superintendent
Frank DiDomenico, Solicitor

TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Frank DiDomenico
8 Lasalle Drive, PO Box 1356
Vineland, NJ 08362

OFFICIAL DEPOSITORY

Bank of America
57 East Commerce Street
Bridgeton, New Jersey 08302

INSURANCE AGENCY

GCSSDJIF
PO Box 449
Marlton, New Jersey 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 19, 2012

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Fairfield Township School District
County of Cumberland, New Jersey

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with Government Auditing Standards, we have also issued a report dated October 19, 2012 on our consideration of the Township of Fairfield Board of Education's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 20 and 52 through 60 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Fairfield Board of Education's financial statements as a whole. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections 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.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA, R.M.A.
Public School Accountant
No. 915

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
FAIRFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

UNAUDITED

The discussion and analysis of Fairfield Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ❖ The assets of the School District exceeded its liabilities at the close of the fiscal year ended June 30, 2012 by \$8,760,298. This amount represents Net Assets, which decreased by \$4,334,278 from the previous year-end.
- ❖ Total net assets of governmental activities totaled \$8,641,347 and capital assets comprised 91.1% of all governmental activities assets of \$7,872,940.
- ❖ General revenues accounted for \$7,382,568 in revenue, or 73% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,790,069 or 27% to total revenues of \$10,172,637.
- ❖ Total net assets of governmental activities increased by \$228,464, excluding the fixed asset adjustment, made up of changes in cash and cash equivalents, cash deposited with the state as fiscal agent, various receivables and unamortized bond issue costs.
- ❖ The School District had \$9,967,595 in governmental expenses, of which \$2,790,069 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily Federal and State aid) of \$7,382,568 were adequate to provide for these programs.
- ❖ The General Fund had \$7,456,534 in revenues, (\$3,038) in net other transfers and \$7,312,091 in expenditures. As a result, the General Fund balance increased by \$141,405 over 2011. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Fairfield Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Fairfield Township school district, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

- ❖ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business-type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 23. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2012 and 2011.

Table 1
Net Assets

	<u>2012</u>	<u>2011</u>
Assets		
Current and Other Assets	\$ 1,343,573	\$ 1,875,116
Capital Assets, Net	13,694,079	18,474,272
	<u>15,037,652</u>	<u>20,349,388</u>
Liabilities		
Long-term Liabilities	5,702,188	6,038,266
Other Liabilities	575,166	1,216,546
	<u>6,277,354</u>	<u>7,254,812</u>
Net Assets		
Invested in Capital Assets, Net of Debt	8,837,584	12,436,006
Restricted	210,309	977,545
Unrestricted	(287,595)	(318,975)
	<u>\$ 8,760,298</u>	<u>\$ 13,094,576</u>

Table 2 shows the changes in net assets from fiscal year's 2012 and 2011.

Table 2
Changes in Net Assets

	2012	2011
Revenues		
Programs Revenues		
Charges for Services	\$ 91,200	\$ 81,365
Operating Grants and Contributions	2,698,869	2,502,863
General Revenues		
Property Taxes	1,211,780	1,206,843
Grants and Entitlements	6,158,940	7,374,175
Other	11,848	48,300
Total Revenues	10,172,637	11,213,546
Program Expenses		
Instruction	4,094,767	3,896,977
Support Services		
Tuition	383,558	481,638
Pupils and Instructional Staff	889,763	794,864
General Administration, School		
Administration, Business	694,930	645,978
Operations and Maintenance of Facilities	553,394	580,466
Pupil Transportation	526,476	508,839
Employee Benefits	1,798,555	1,550,801
Food Service	447,826	388,722
Other	361,346	521,003
Debt Service - Interest	216,960	339,192
Total Expenses	9,967,575	9,708,480
Increase (Decrease) in Net Assets	\$ 205,062	\$ 1,505,066

There was also a fixed asset adjustment of \$4,539,340 reflecting a write-off of fixed assets per an outside appraisal company.

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's total revenues were \$9,752,134 for the fiscal year ended June 30, 2012. Property taxes made up 12.4% percent of revenues for governmental activities for the Fairfield Township School District for fiscal year 2012. Federal, state and local grants accounted for another 87.5% and .1% was for other revenue. The net cost of all programs and services was \$7,150,183, of which Instruction comprised 41% of District expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$27,323.
- ❖ Charges for services represent \$91,200 of revenue. This represents amount paid by patrons for daily food services.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$329,303. There was also a board subsidy of \$3,921.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Instruction	\$ 4,094,767	\$ 2,969,502	\$ 3,896,977	\$ 2,839,843
Support Services				
Tuition	383,558	383,558	481,638	481,638
Pupils and Instructional Staff	889,763	505,479	794,864	392,419
General Administration, School				
Administration, Business	694,930	694,930	645,978	645,978
Operation and Maintenance of Facilities	553,394	553,394	580,466	580,466
Pupil Transportation	526,476	526,476	580,839	508,839
Employee Benefits	1,798,555	938,538	1,550,801	812,907
Interest and Fiscal Charges	220,695	220,695	339,192	339,192
Other	357,611	357,611	521,003	521,003
	<u>\$ 9,519,749</u>	<u>\$ 7,150,183</u>	<u>\$ 9,391,758</u>	<u>\$ 7,122,285</u>

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

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

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

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

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

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

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Extracurricular activities includes expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$9,752,134 and expenditures of \$9,618,354. The net change in fund balance for the year was \$129,859, which included a transfer to the Food Service Fund of \$3,921.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2011</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,222,745	12.6%	\$ (30,997)	-3%
State Sources	7,550,195	77.7%	266,752	4%
Federal Sources	945,250	9.7%	246,109	48%
Total	\$ 9,718,190	100.0%	\$ 481,864	6%

The decrease in Local Sources is attributed to a decrease in other miscellaneous revenues of \$35,934, offset by an increase in the local debt service tax levy of \$4,937. The general fund tax levy remained the same as in the prior year.

The increase in State Sources is attributed increases in grants for Special Projects of \$41,350 and various State Public Education Aid of \$225,402.

The increase in Federal Sources is attributed various increases in federal grant awards of \$246,109.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund Expenditures for the fiscal year ended June 30, 2012.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2011</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 4,094,767	42.8%	\$ 197,790	6.0%
Undistributed Expenditures	4,887,754	51.1%	268,808	5.9%
Capital Outlay	76,309	0.8%	(44,480)	100.0%
Debt Service:				
Principal	295,000	3.1%	10,000	5.3%
Interest	219,917	2.3%	(5,063)	-2.8%
Total	<u>\$ 9,573,747</u>	<u>100%</u>	<u>\$ 427,055</u>	<u>5.2%</u>

The increase in Current – Instruction is attributed to increases in regular instruction of \$30,898, Special Education Grants of \$86,736 and other special instruction costs of \$82,299, offset by a decrease in other instruction of \$2,143.

The increase in Current – Undistributed Expenditures is attributed to increased costs for student and instruction services of \$94,899, pupil transportation of \$17,637, administrative expenses of \$48,952 and employee benefits of \$232,472, offset by lower tuition costs of \$98,080 and plant maintenance of \$27,072.

The decrease in capital outlay is attributed to reduced spending on equipment of \$44,480.

Debt Service increased due to payment of interest and principal regarding the construction of a new elementary/middle school in the township.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2012, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management in the following areas:

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations.
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues and expenditures would equal with the appropriation of \$ \$184,205 in fund balance, the actual results for the year show a positive result of \$158,770. This results in a positive variance of \$342,975. The main cause was favorable variances throughout the budget.

- ❖ Actual revenues were \$62,206 more than expected due to the increase in adjustment aid. This excludes TPAF pension and social security of \$626,637.
- ❖ The actual expenditures were \$283,807 less than expected, excluding the on-behalf state aid payments for TPAF pension and social security of \$626,637, due primarily to favorable variances of \$105,452 in Instruction, Support Expenditures of \$175,855 and Equipment Expenditures of \$2,500.

Capital Assets

At the end of the fiscal year 2012, the School District had \$13,575,128 invested general in land, buildings, furniture and equipment, and vehicles, along with \$118,951 in food service equipment. Table 4 shows fiscal 2012 balances compared to 2011.

Table 4
Capital Assets (Net of Depreciation) at June 30

	2012	2011
Land	\$ 179,994	\$ 179,994
Sites	6,706	4,609
Building and Improvements	13,272,093	18,104,332
Machinery and Equipment	235,286	185,337
Totals	<u>\$ 13,694,079</u>	<u>\$ 18,474,272</u>

Overall capital assets decreased \$4,780,193 from fiscal year 2011 to fiscal year 2012. Acquisitions of capital assets were \$76,309 in general equipment, building construction of \$44,607 and \$10,676 in food service equipment, offset by depreciation expenses for the year of \$372,445 and other fixed asset adjustments of \$4,539,340 based on an updated physical inventory, prepared by an outside contractor.

Debt Administration

At June 30, 2012, the School District had \$5,702,188 as outstanding debt. Of this amount \$151,188 is for compensated absences and \$5,551,000 for bonds for school construction. On September 30, 2003, the voters of Fairfield Township approved the construction of a new school in the amount of \$16,158,947 of which \$10,677,079 (68.56%) was funded by the State of New Jersey, \$500,868 was funded by Capital Reserve of the School District and \$4,981,000 was funded by the issuance of Serial Bonds.

Debt Administration - Continued

On December 8, 2009, the voters approved a referendum to construct an addition as well as undertake various improvements and renovations to the Fairfield Township Elementary School. Also included was the acquisition of the necessary equipment and any associated site work. The total cost of the project is \$3,984,772, of which \$1,984,772 will be funded by a grant from the State of New Jersey and \$2,000,000 was funded by the issuance of Serial Bonds on March 25, 2010. The initial interest payment of \$31,397.71 was paid on September 1, 2010 and the initial principal payment of \$70,000 was paid on March 1, 2011.

At June 30, 2012, the School District's overall legal debt margin was \$9,401,299 and the unvoted debt margin was \$3,850,299.

The purpose of serial bond debt of the district is as follows:

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Amount Outstanding June 30, 2012</u>
Construction of a new elementary/middle School including necessary onsite and offsite improvements, furniture and equipment associated with such improvements	9/30/03	\$ 4,981,000 \$	3,691,000
Construction of an addition as well as undertake various improvements and renovations to the Fairfield Township Elementary School and to acquire the necessary equipment and undertake any associated site work	3/1/10	\$ 2,000,000 \$	1,860,000

For the Future

Fairfield Township School District has planned and will be implementing a number of initiatives reflective of our continued development and implementation of best practice instructional strategies and instructional delivery to students during the 2012-2013 that will flow through to the 2013-2014 school year. While funding is always a concern to all school districts it has an especially significant impact to districts such as Fairfield. In our rural setting with limited ratables and a significant percentage of economically disadvantaged families our students face complicated situations that may impact negatively on their learning. It is our hope that the State will continue to fund programs at or above the level they currently have funded. We as a district will continue our efforts in being proactive to secure necessary funding. We also will be expanding our efforts and program parameters to reach out to parents/guardians and the community to promote increased family and community involvement. Further we are committed to assist our families as needed in completing forms that can provide them with the resources they need as part of our school district family.

For the future, our goal is to continue to create an environment that is conducive to student learning. We will continue to provide professional development to empower staff in implementing best practice based instruction and student assessment. We will continue to promote student success through targeted instruction. We will implement a professional staff evaluation instrument (Charlotte Danielson's,

For the Future - Continued

Framework for Teaching model) that is among those evaluation instruments sanctioned by the State of New Jersey. Increased proficiency in the areas of ELA and mathematics continues to be a paramount goal. Further, we continue to refine, revise and implement a student behavior system that increases positive behavior recognition. We will also continue our efforts in working to create an environment where parents/guardians feel comfortable in working with the administration and staff to promote student success.

Our summer school program for students provides instruction in mathematics and ELA core standards and also provides both a breakfast and lunch program to those attending. This program also includes a culminating field trip activity. Another planned initiative is an after school tutorial program with transportation provided. During the school year from early December to May we have developed an after school tutorial program with student transportation that once again targets instructional areas of math and language.

In working toward these goals, we continue to rely on local, state and federal funding. Funding is our most pressing need to enable us to reach these goals. Fairfield Township School District's "Mission" is to continue efforts in "Pursuing Educational Excellence. Our community and Board of Education remain committed to providing the best educational opportunities for all of our students.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Richard Davidson, Business Administrator at Fairfield Township Board of Education, 375 Gouldtown Woodruff Road, Bridgeton, NJ 08302.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 555,069	\$ 7,548	\$ 562,617
Cash - Fiscal Agents	250,126		250,126
Due from Other Funds	5,500		5,500
Receivables, Net	401,449	61,420	462,869
Inventory		6,571	6,571
Restricted Assets:			
Unamortized Bond Issue Costs	55,890		55,890
Capital Assets, Net (Note 5):	13,575,128	118,951	13,694,079
Total Assets	14,843,162	194,490	15,037,652
LIABILITIES			
Accounts Payable	160,579	73,871	234,450
Accrued Interest on Bonds	59,756		59,756
Payable to Other Governments	10,329		10,329
Due to Other Funds	4,968		4,968
Deferred Revenue	263,995	1,668	265,663
Non-current Liabilities (Note 6):			
Due Within One Year	305,000		305,000
Due Beyond One Year	5,397,188		5,397,188
Total Liabilities	6,201,815	75,539	6,277,354
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	7,872,940	118,951	7,991,891
Restricted for:			
Capital Projects	845,693		845,693
Other Purposes	210,309		210,309
Unrestricted	(287,595)		(287,595)
Total Net Assets	\$ 8,641,347	\$ 118,951	\$ 8,760,298

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,367,316	\$ -	\$ (1,125,265)	\$ (2,242,051)	\$ -	\$ (2,242,051)
Special Education	497,594			(497,594)		(497,594)
Other Special Instruction	159,433			(159,433)		(159,433)
Other Instruction	70,424			(70,424)		(70,424)
Support Services:						
Tuition	383,558			(383,558)		(383,558)
Student & Instruction Related Services	889,763		(384,284)	(505,479)		(505,479)
General and Business Administrative Service	276,763			(276,763)		(276,763)
School Administrative Services	210,345			(210,345)		(210,345)
Central Services	146,823			(146,823)		(146,823)
Information Technology	60,999			(60,999)		(60,999)
Plant Operations and Maintenance	553,394			(553,394)		(553,394)
Pupil Transportation	526,476			(526,476)		(526,476)
Employee Benefits	1,798,555		(860,017)	(938,538)		(938,538)
Interest on Debt Service	216,960			(216,960)		(216,960)
Amortization of Debt Issue Costs	3,735			(3,735)		(3,735)
Unallocated Depreciation	357,611			(357,611)		(357,611)
Total Governmental Activities	9,519,749		(2,369,566)	(7,150,183)		(7,150,183)
Business-type Activities:						
Food Service	447,826	(91,200)	(329,303)		(27,323)	(27,323)
Total Business-type Activities	447,826	(91,200)	(329,303)		(27,323)	(27,323)
Total Primary Government	\$ 9,967,575	\$ (91,200)	\$ (2,698,869)	\$ (7,150,183)	\$ (27,323)	\$ (7,177,506)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 696,863	\$	\$ 696,863
Taxes Levied for Debt Service				514,917		514,917
Federal and State Aid not Restricted				6,158,940		6,158,940
Investment Earnings				1,814		1,814
Fixed Asset Adjustment				(4,539,340)		(4,539,340)
Miscellaneous Income				10,034		10,034
Transfer				(3,921)	3,921	
Total General Revenues, Special Items, Extraordinary Items and Transfers				2,839,307	3,921	2,843,228
Change in Net Assets				(4,310,876)	(23,402)	(4,334,278)
Net Assets—Beginning				12,952,223	142,353	13,094,576
Net Assets—Ending				\$ 8,641,347	\$ 118,951	\$ 8,760,298

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 374,257	\$ 146,463	\$	\$ 520,720
Cash - Fiscal Agents			250,126	250,126
Interfunds Receivable	219,935		562,506	782,441
State Aid Receivable	47,155		33,061	80,216
Federal Aid Receivable	87,014	230,006		317,020
Other Accounts Receivable	4,213			4,213
	<u>\$ 732,574</u>	<u>\$ 376,469</u>	<u>\$ 845,693</u>	<u>\$ 1,954,736</u>
Total Assets				
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 87,621	\$ 72,958	\$	\$ 160,579
Interfund Payable	567,474	180,086		747,560
Payable to Other Governments		10,329		10,329
Deferred Revenue	45,000	218,995		263,995
	<u>700,095</u>	<u>482,368</u>		<u>1,182,463</u>
Fund Balances:				
Restricted For:				
Maintenance Reserve	27,500			27,500
Maintenance Reserve - Designated for Subsequent Year's Expenditures	29,500			29,500
Committed to Year-end Encumbrances	289			289
Assigned - Designated for Subsequent Year's Expenditures	259,208			259,208
Unassigned, Reported In:				
General Fund	(284,018)			(284,018)
Special Revenue Fund		(105,899)		(105,899)
Capital Projects Fund			845,693	845,693
	<u>32,479</u>	<u>(105,899)</u>	<u>845,693</u>	<u>772,273</u>
Total Fund Balances				
Total Liabilities and Fund Balances	<u>\$ 732,574</u>	<u>\$ 376,469</u>	<u>\$ 845,693</u>	

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

The Cost associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. The total bonds issue costs are \$74,704 and the accumulated amortization at June 30, 2010 is \$18,814. 55,890

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,790,291 and the accumulated depreciation is \$3,215,163 (Note 5). 13,575,128

Accrued Interest is not due and payable in the current period and are, therefore, not reported as liabilities. (59,756)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6). (5,702,188)

Net assets of governmental activities \$ 8,641,347

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local Tax Levy	\$ 696,863	\$	\$	\$ 514,917	\$ 1,211,780
Interest Earned	931		883		1,814
Miscellaneous	10,034				10,034
Total - Local Sources	707,828		883	514,917	1,223,628
State Sources	6,539,225	1,010,970	33,061		7,583,256
Federal Sources	209,481	735,769			945,250
Total Revenues	7,456,534	1,746,739	33,944	514,917	9,752,134
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	2,242,051	1,125,265			3,367,316
Special Education Instruction	497,594				497,594
Other Special Instruction	159,433				159,433
Other Instruction	70,424				70,424
Support Services:					
Tuition	383,558				383,558
Student & Instruction Related Services	505,479	384,284			889,763
General Administrative Services	276,763				276,763
School Administrative Services	210,345				210,345
Central Services	146,823				146,823
Admin. Information Technology	60,999				60,999
Plant Operations and Maintenance	553,394				553,394
Pupil Transportation	526,476				526,476
Employee Benefits	1,606,253	233,380			1,839,633
Capital Outlay	72,499	3,810	44,607		120,916
Debt Service - Principal				295,000	295,000
Debt Service - Interest				219,917	219,917
Total Expenditures	7,312,091	1,746,739	44,607	514,917	9,618,354
Excess (Deficiency) of Revenues Over Expenditures	144,443		(10,663)		133,780
OTHER FINANCING SOURCES (USES)					
Transfers from Capital Projects Fund	883		(883)		
Transfers to Food Service Fund	(3,921)				(3,921)
Total Other Financing Sources and Uses	(3,038)		(883)		(3,921)
Net Change in Fund Balances	141,405		(11,546)		129,859
Fund Balance—July 1	(108,926)	(105,899)	857,239		642,414
Fund Balance—June 30	\$ 32,479	\$ (105,899)	\$ 845,693	\$ -	\$ 772,273

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	129,859
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	\$	(357,611)
Fixed Asset Adjustment		(4,539,340)
Capital outlays		120,916
		(4,776,035)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		295,000
In the statement of activities, issuance of long-term debt not a source of fund balance.		
Bond issuance costs are reported in the governmental fund as expenditures in the year the bond are issued . However, on the statement of activities, the costs are amortized over the life of the bonds.		
		(3,735)
In the statement of activities, certain operating expenditures such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		41,078
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the Governmental funds, interest is reported when due.		2,957
		(4,310,876)
Change in Net Assets of Governmental Activities (A-2)	\$	(4,310,876)

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 41,897	\$ 41,897
Accounts Receivable:		
Federal	53,454	53,454
State	841	841
Other	7,125	7,125
Inventories	6,571	6,571
Total Current Assets	109,888	109,888
Fixed Assets:		
Equipment	249,816	249,816
Accumulated Depreciation	(130,865)	(130,865)
Total Fixed Assets	118,951	118,951
Total Assets	228,839	228,839
LIABILITIES		
Current Liabilities:		
Accounts Payable	73,871	73,871
Interfund	34,349	34,349
Deferred Revenue	1,668	1,668
Total Current Liabilities	109,888	109,888
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	118,951	118,951
Unrestricted	-	-
Total Net Assets	\$ 118,951	\$ 118,951

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs:		
School Breakfast Program	\$ 6,383	\$ 6,383
School Lunch Program	25,942	25,942
Daily Sales - Non-Reimbursable Programs:	37,033	37,033
Special Functions	21,842	21,842
Total Operating Revenue	91,200	91,200
Operating Expenses:		
Cost of Sales	239,230	239,230
Salaries	106,624	106,624
Employee Benefits	40,643	40,643
Management Fees	16,400	16,400
Miscellaneous	8,544	8,544
General Supplies	21,551	21,551
Depreciation	14,834	14,834
Total Operating Expenses	447,826	447,826
Operating Income (Loss)	(356,626)	(356,626)
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	4,883	4,883
Federal Sources:		
National School Breakfast Program	98,500	98,500
National School Lunch Program	209,452	209,452
National School Snack Program	514	514
Food Distribution Program	15,892	15,892
Transfer from General Fund	3,921	3,921
Interest Earned	62	62
Total Non Operating Revenues (Expenses)	333,224	333,224
Income (Loss) Before Contributions & Transfers	(23,402)	(23,402)
Change in Net Assets	(23,402)	(23,402)
Total Net Assets—Beginning	142,353	142,353
Total Net Assets—Ending	\$ 118,951	\$ 118,951

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 91,200	\$ 91,200
Payments to Employees	(106,624)	(106,624)
Payments for Employee Benefits	(40,643)	(40,643)
Payments to Suppliers	(262,534)	(262,534)
	(318,601)	(318,601)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	4,883	4,883
Federal Sources	324,358	324,358
Board Subsidy and Interest	3,983	3,983
	333,224	333,224
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets		
Net Cash Provided by (used for) Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash Provided by (used for) Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	14,623	14,623
Balances—Beginning of Year	27,274	27,274
Balances—End of Year	\$ 41,897	\$ 41,897
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (356,626)	\$ (356,626)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by: (used for) Operating Activities		
Depreciation and Net Amortization	14,834	14,834
(Increase)Decrease in Accounts Receivable, Net	(36,570)	(36,570)
(Increase)Decrease in Interfund Accounts Receivable, Net	38,081	38,081
(Increase)Decrease in Inventories	(1,110)	(1,110)
(Increase)Decrease in Equipment	(10,676)	(10,676)
Increase(Decrease) in Accounts Payable	(1,904)	(1,904)
Increase(Decrease) in Deferred Revenue	1,021	1,021
Increase(Decrease) in Interfund Payable	34,349	34,349
	38,025	38,025
Total Adjustments		
Net Cash Provided by (used for) Operating Activities	\$ (318,601)	\$ (318,601)
Noncash Noncapital Financing Activities:		
During the year, the district accepted \$11,743 of food commodities from the U. S. Department of Agriculture		

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

FIDUCIARY FUNDS

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 79,201
Due from Current Fund	4,968
	<hr/>
Total Assets	\$ 84,169
	<hr/> <hr/>
LIABILITIES	
Due to General Fund	\$ 5,500
Accounts Payable	5,194
Payable to Student Groups	3,084
Payroll Deductions and Withholdings	70,391
	<hr/>
Total Liabilities	\$ 84,169
	<hr/> <hr/>
NET ASSETS	
Held in Trust for Unemployment	
Claims and Other Purposes	N/A
Reserved for Scholarships	N/A

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

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Fairfield Township School District is organized as a Type II District under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of forty-two square miles. It is located in Cumberland County and provides education for all of Fairfield Township's grades K through 8. The District currently operates two instructional buildings with the administrative offices in the primary school building. The Fairfield Township School District had an approximate enrollment at June 30, 2012 of 613 students.

Reporting Entity:

As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8.

The primary criterion for including activities within the 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 District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

31
Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements: The statement of net assets and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

GOVERNMENTAL FUND

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the 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, district taxes 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. These resources can be transferred from and to Current Expense by board resolution.

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 the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

**Fairfield Township School District
Notes to the Financial Statements
June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (Continued)

PROPRIETARY FUND TYPE

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise (Food Service) Fund: The Enterprise Funds are utilized 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 (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund Equipment	7 – 20 Years
-----------------------------	--------------

FIDUCIARY FUND TYPES

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

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and a scholarship fund.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (Continued)

FIDUCIARY FUND TYPES (Continued)

Nonexpendable Trust Fund - A nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

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

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus: (Continued)

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

D. Budgets/Budgetary Control:

The accrual basis of accounting is used for measuring financial results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 were not significant.

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

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

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

Exhibit C-3 presents a reconciliation of the general fund and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the General fund Budgetary Comparison schedule 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 Balances - Governmental Funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows the modified accrual basis, with the exception of the recognition policy for the last state aid payment.

**Fairfield Township School District
Notes to the Financial Statements
June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Encumbrance Accounting:

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

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

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

F. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable:

Tuition charges for the fiscal years 2009-10, 2010-11 and 2011-12 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

I. Short-Term Interfund Receivables/Payables:

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

J. Assets, Liabilities and Equity:

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

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Assets, Liabilities and Equity: (Continued)

Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012. Included below is Commodity Food Inventory of \$399.

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$ 5,021
Supplies	<u>1,550</u>
	<u>\$ 6,571</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2012 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the Statement of Net Assets. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Site Improvement	20
School Building	30-50
Building Improvements	20
Equipment	5-10

K. Compensated Absences:

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies and negotiated contracts. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits are cumulative and payable upon retirement according to contract terms.

38
Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Compensated Absences: (Continued)

The liability for vested compensated absences of governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absences balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund type is recorded within those funds as the benefits accrue to employees. As of June 30, 2012 no liability existed for compensated absences in the proprietary fund types.

L. Deferred Revenue:

Deferred revenue in the Special Revenue Fund represents cash, which has been received but not yet earned.

M. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

N. Allocation of Indirect Expenses:

The District reports direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

O. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year has been presented in order to provide an understanding of changes on the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

R. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

S. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the year.

T. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are 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. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

U. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

V. Revenues – Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

NOTE 3. CASH AND 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 stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Deposits:

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

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

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

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

Investments:

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

- a.) Bonds or other obligations of or guaranteed by the United States.
- b.) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date not greater than twelve months from the date of purchase.
- c.) Bonds or other obligations of the school district.
- d.) New Jersey Cash Management Fund – New Jersey the School Districts are permitted to participate in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject o custodial credit risk as defined above. At June 30, 2012, the District had no funds on deposit with the New Jersey Cash Management Fund.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

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

	<u>Cash and Cash</u> <u>Equivalents</u>
Checking accounts	\$ 641,818
Fiscal Agent account	<u>250,126</u>
	<u>\$891,944</u>

As of June 30, 2012, the District had no other investments. In addition, \$250,126 in the above Fiscal Agent account balance is held by the NJSCC for the construction project in process, as last reported to the district from NJSCC.

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2012, the School Districts bank balance of \$1,020,128 was insured or collateralized as follows:

Insured	\$ 250,104
Uninsured and collateralized with securities held by pledging financial institutions	<u>770,024</u>
Total	<u>\$1,020,128</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

NOTE 4. OPERATING LEASES

The District has entered into operating leases for copying and postage equipment. During the year ended June 30, 2007, a lease on five copiers, initiated in the prior year, has minimum future lease payments in the amount of \$54,889. The leases are for terms up to five years. The future minimum lease payments are as follows:

2012-2013	<u>1,465</u>
Total	<u>\$1,465</u>

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 179,994	\$ -	\$ -	\$ 179,994
Construction in Progress				
Total Capital Assets not being Depreciated	<u>179,994</u>			<u>179,994</u>
Site Improvements	108,228			108,228
Building and Building Improvements	20,654,098	44,607	(4,707,165)	15,991,540
Machinery and Equipment	439,455	76,309	(5,235)	510,529
Totals at Historical Cost	<u>21,201,781</u>	<u>120,916</u>	<u>(4,712,400)</u>	<u>16,610,297</u>
Less Accumulated Depreciation for :				
Site Improvements	(103,619)	(406)	2,503	(101,522)
Building and Improvements	(2,549,766)	(326,586)	156,905	(2,719,447)
Equipment	(377,227)	(30,619)	13,652	(394,194)
Total Accumulated Depreciation	<u>(3,030,612)</u>	<u>(357,611)</u>	<u>173,060</u>	<u>(3,215,163)</u>
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	<u>18,171,169</u>	<u>(236,695)</u>		<u>13,395,134</u>
Government Activities Capital Assets, Net	<u>\$18,351,163</u>	<u>\$ (236,695)</u>	<u>\$ (4,539,340)</u>	<u>\$13,575,128</u>
				To A-1
Business-type Activities - Equipment	\$ 239,140	\$ 10,676	\$ -	\$ 249,816
Less Accumulated Depreciation	(116,031)	(14,834)		(130,865)
Business-type Activities Capital Assets, Net	<u>\$ 123,109</u>	<u>\$ (4,158)</u>	<u>\$ -</u>	<u>\$ 118,951</u>

Depreciation expense was charged to governmental functions
as follows:

Unallocated	<u><u>\$ 357,611</u></u>
-------------	--------------------------

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2012, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	Long-term Portion
Governmental Activities:						
Bonds Payable:						
General Obligation Debt	\$ 5,846,000	\$ -	\$ (295,000)	\$ 5,551,000	\$ 305,000	\$ 5,246,000
Total Bonds Payable	5,846,000		(295,000)	5,551,000	305,000	5,246,000
Other Liabilities:						
Compensated Absences Payable	192,266		(41,078)	151,188		151,188
Total Other Liabilities	\$ 6,038,266	\$ -	\$ (336,078)	\$ 5,702,188	\$ 305,000	\$ 5,397,188

To A-1

A. Bonds Payable:

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

On June 30, 2012, there exists a balance of outstanding principal in the 2004 and 2010 bond issues of \$5,551,000. Combined Principal and interest due on the two serial bond issues outstanding are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 305,000	\$ 209,660	\$ 514,660
2014	320,000	199,041	519,041
2015	340,000	187,879	527,879
2016	360,000	176,054	536,054
2017	375,000	163,429	538,429
2018	395,000	149,948	544,948
2019	410,000	135,748	545,748
2020	425,000	121,010	546,010
2021	440,000	104,510	544,510
2022	455,000	87,410	542,410
2023	480,000	69,710	549,710
2024	496,000	50,323	546,323
2025	110,000	30,000	140,000
2026	120,000	25,600	145,600
2027	120,000	20,800	140,800
2028	130,000	16,000	146,000
2029	130,000	10,800	140,800
2030	140,000	5,600	145,600
	\$ 5,551,000	\$ 1,763,522	\$ 7,314,522

**Fairfield Township School District
Notes to the Financial Statements
June 30, 2012**

NOTE 6. GENERAL LONG-TERM DEBT (CONT'D)

B. Bonds Authorized But Not Issued:

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

C. Capital Leases Payable:

The district had no capital leases during the fiscal year ended June 30, 2012.

NOTE 7. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Fairfield Board of Education by the original 1994-95 annual capital outlay budget, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes, or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. Pursuant to N.J.A.C. 6A: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.

During the year ended June 30, 2002 by board resolution, the District established a capital reserve account.

During the fiscal year ended June 30, 2012, the District had actual interest earnings of \$1,167 and transferred \$400,675 to the Capital Projects Fund as part of the District's share of the NJEDA Facilities Planning project for the construction of a new school, resulting in a balance at June 30, 2012 of \$482,698, which was transferred to the Capital Project Fund.

There was no capital reserve balance as of June 30, 2012.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 is \$844,237.

NOTE 8. MAINTENANCE RESERVE

A Maintenance Reserve account was established by the Township of Fairfield Board of Education by resolution in the 2008-09 school-year in the amount of \$42,000. At June 30, 2012 there is 57,000 in Maintenance Reserve, of which \$29,500 has been appropriated as revenue in the 2011-12 Budget.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 9. PENSION PLANS

Description of Plans – Substantially all of the School District’s employees participate in one of the following defined benefit pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits: the Teachers’ Pension and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.L. Box 295, Trenton, New Jersey, 08625-0295.

Teachers’ Pension and Annuity Fund – The Teachers’ Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of the annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007.

The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution has been required over several preceding fiscal years.

Public Employees’ Retirement System – The Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees’ Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 9. PENSION PLANS (CONT'D)

The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Significant Legislation – P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the SPRS and PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for the new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the States Defined Contribution Retirement Program.

**Fairfield Township School District
Notes to the Financial Statements
June 30, 2012**

NOTE 9. PENSION PLANS (CONT'D)

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

Three-Year Trend Information for PERS

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 55,470	100%	\$ 55,470
June 30, 2011	54,207	100%	54,207
June 30, 2010	35,098	100%	35,098

Three-Year Trend Information for TPAF (Paid on Behalf of the District)

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 367,708	100%	0
June 30, 2011	256,926	100%	0
June 30, 2010	236,341	100%	0

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$122,151 to the TPAF for Non-Contributory Insurance, \$245,557 for post-retirement benefits and nothing for normal contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$258,929 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 10. POST-RETIREMENT BENEFITS

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

**Fairfield Township School District
Notes to the Financial Statements
June 30, 2012**

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

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

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). 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 GWN Securities, Inc., Equitable, Lincoln Investment Planning and Prudential.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$219,935	\$ 567,474
Special Revenue Fund		180,086
Capital Project Fund	562,506	
Student Activity Fund	4,968	
Payroll Fund		5,500
Enterprise Fund	----0----	34,349
	<u>\$787,409</u>	<u>\$787,409</u>

NOTE 13. RISK MANAGEMENT

The District participates in the Gloucester, Cumberland, and Salem School Districts Joint Insurance Fund (GCSSDJIF). The Fund pools together member District resources, and, through consultation with insurance professionals, purchases coverages, which include worker's compensation, property, general, automobile and school board legal liability, and boiler and machinery insurances.

As a member of the Fund, the Board is obligated for the prompt payment of any and all sums due to the Fund in accordance with its bylaws, statutes or regulations. However, the Board is not obligated for claims and expenses of another member District that are not covered by the Fund, or for that portion of any claim or liability which exceeds the Fund's limits of coverage.

A detailed schedule of the insurance coverages provided by the Fund is included in the statistical section of the District's Comprehensive Annual Financial Report.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 14. LAND PURCHASE

On August 28, 1996 the Board completed the purchase of a 62-acre tract of land on Buckshutem Road. The Board's intention was to utilize the land as future school building site. The purchase price of the land was \$156,750, which was appropriated by the Board from fund balance and encumbered in the general fund during the 1995-96 fiscal year.

With the choice of the Board-owned property on Gouldtown-Woodruff Road to build the new school also having adequate land for possible future expansion, the Buckshutem Road property became excess. On September 22, 2004, the DOE granted the Board request for approval to sell the Buckshutem Road property. When the pre-sale appraisal came in at only \$116,000, the Board elected to hold the property in anticipation of a future increase in value.

NOTE 15. LITIGATION

According to the solicitor, the district is involved in lawsuits incidental to its operations, of which the total maximum exposure is not considered material to the financial statements taken as a whole. There exist three contingent liabilities in the aggregate amount of \$15,000, of which the outcome is unknown. There was also a tort claim notice was filed of which no suit has yet been filed and the outcome is not known.

NOTE 16. FUND BALANCE APPROPRIATED

General Fund

Of the \$32,479 in General Fund balance at June 30, 2012, \$289 is reserved for encumbrances; \$0 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$57,000 has been reserved for Maintenance, of which \$29,500 has been appropriated and included as anticipated revenue for the year ended June 30, 2013; \$259,208 in assigned Fund Balance has been appropriated and included as anticipated revenue for the year ended June 30, 2013; (\$284,018) represents a deficit in unreserved and undesignated fund balance. The above amounts exclude the 19th and 20th state aid payment received in July, 2012 in the amount of \$554,332.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the NJ Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There is no excess surplus to be appropriated in the 2012-13 budget.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2012

NOTE 18. INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

The balance in the investment of capital assets of \$7,872,940 on Exhibit A-1 reflects the allocation of the outstanding bonded debt as a liability and unamortized Bond Issue costs, whereas the proceeds of the bonds will remain in the capital projects fund until such time as the project costs are expended. At that time, the costs are transferred into the heading of Capital Assets.

NOTE 19. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$284,018 in the General Fund and \$105,899 in the Special Revenue Fund as of June 30, 2012 as reported in the fund statements (modified accrual basis). N.J.S.A.18A:22-44.2 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e., if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general and Special Revenue Fund balances that are reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$105,899 in the special revenue fund is equal to the last state aid payment.

End of Notes to the Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 696,863	\$	\$ 696,863	\$ 696,863	\$
Tuition from Other LEAs Within State	10,000		10,000		(10,000)
Interest on Investments				931	931
Miscellaneous	35,468		35,468	10,034	(25,434)
Total Local Sources	<u>742,331</u>		<u>742,331</u>	<u>707,828</u>	<u>(34,503)</u>
State Sources:					
Equalization Aid	5,093,334		5,093,334	5,093,334	
Categorical Transportation Aid	154,606		154,606	154,606	
Categorical Special Education Aid	268,132		268,132	268,132	
Categorical Security Aid	163,126		163,126	163,126	
Adjustment Aid	154,046		154,046	228,074	74,028
Other State Aids:					
Additional Non-Public Transportation Aid				4,698	4,698
Extraordinary Aid				17,983	17,983
On Behalf TPAF Non-Contributory Insurance (Non-budgeted)				122,151	122,151
On Behalf TPAF Post Retirement Contribution (Non-budgeted)				245,557	245,557
Reimbursed TPAF Social Security Contribution (Non-budgeted)				258,929	258,929
Total State Sources	<u>5,833,244</u>		<u>5,833,244</u>	<u>6,556,590</u>	<u>723,346</u>
Federal Sources:					
Education Jobs Fund	203,118	6,363	209,481	209,481	
Total Federal Sources	<u>203,118</u>	<u>6,363</u>	<u>209,481</u>	<u>209,481</u>	
Total Revenues	<u>6,778,693</u>	<u>6,363</u>	<u>6,785,056</u>	<u>7,473,899</u>	<u>688,843</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures:					
Current Expense:					
Instruction - Regular Program:					
Salaries of Teachers:					
Kindergarten	\$ 163,461	\$ 18,896	\$ 182,357	\$ 182,247	\$ 110
Grades 1-5	1,067,957	(3,537)	1,064,420	1,047,171	17,249
Grades 6-8	799,236	(16,950)	782,286	767,968	14,318
Home Instruction:					
Salaries of Teachers	19,000		19,000	12,063	6,937
Other Purchased Services	100		100		100
Undistributed Instruction - Regular:					
Other Salaries for Instruction	68,827	4,372	73,199	72,889	310
Purchased Professional - Educational Services	400		400		400
Purchased Technical Services	400		400		400
Other Purchased Services	44,500	(14,295)	30,205	30,187	18
General Supplies	85,500	21,596	107,096	106,887	209
Textbooks	20,000	(8,305)	11,695	11,523	172
Other Objects	10,000	1,200	11,200	11,116	84
Total Regular Programs	2,279,381	2,977	2,282,358	2,242,051	40,307
Multiple Disabilities:					
Salaries of Teachers	47,619	(47,619)			
Other Salaries for Instruction	45,218	(45,218)			
General Supplies	2,000	(1,500)	500		500
Total Multiple Disabilities	94,837	(94,337)	500		500
Learning and Language Disabilities:					
Salaries of Teachers	356,666	(40,095)	316,571	288,153	28,418
Other Salaries for Instruction	29,625	23,043	52,668	50,668	2,000
General Supplies	5,590		5,590	4,848	742
Textbooks	1,535	(1,000)	535		535
Other Objects	425		425		425
Total Learning and/or Language Disabilities	393,841	(18,052)	375,789	343,669	32,120
Handicapped:					
General Supplies					
Total Handicapped					
Resource Room:					
Salaries of Teachers	128,939	25,263	154,202	152,201	2,001
General Supplies	2,411		2,411	1,724	687
Textbooks	139		139		139
Total Resource Room	131,489	25,263	156,752	153,925	2,827
Total Special Education	620,167	(87,126)	533,041	497,594	35,447

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Expenditures (Continued):					
Current Expense (Continued):					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 139,554	\$ 18,379	\$ 157,933	\$ 157,933	\$
General Supplies	1,500		1,500	1,500	
Total Basic Skills/Remedial	141,054	18,379	159,433	159,433	
Bilingual Education - Instruction					
Salaries of Teachers	57,897		57,897	39,521	18,376
General Supplies	250		250		250
Total Bilingual Education - Instruction	58,147		58,147	39,521	18,626
School - Sponsored Co-curricular Activities - Instruction:					
Salaries	16,000	3,625	19,625	19,625	
Supplies and Materials	5,550		5,550	118	5,432
Total School - Sponsored Co-curricular Activities	21,550	3,625	25,175	19,743	5,432
School - Sponsored Athletics - Instruction:					
Salaries	6,800	3,700	10,500	10,500	
Other Purchased Professional & Technical Services	900		900	660	240
General Supplies	5,400		5,400		5,400
Total School - Sponsored Athletics - Instruction	13,100	3,700	16,800	11,160	5,640
Before/After School Programs - Instruction:					
Salaries of Teachers					
Supplies & Materials					
Total Before/After School Programs - Instruction					
Total Instruction	3,133,399	(58,445)	3,074,954	2,969,502	105,452
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs within the State - Regular	29,419	(29,084)	335	(2,109)	2,444
Tuition - Other LEAs Outside the State - Regular	20,420	8,084	28,504	23,366	5,138
Tuition to CSSD School Districts	233,841	65,127	298,968	298,967	1
Tuition to Privat School for the Disabled Within - State	82,555	(9,193)	73,362	63,334	10,028
Total Instruction	366,235	34,934	401,169	383,558	17,611
Attendance and Social Work Services					
Salaries					
Purchased Professional & Technical Services					
Supplies and Materials					
Total Attendance and Social Work Services					

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Expenditures (Continued):					
Current Expense (Continued):					
Undistributed Expenditures: (Continued):					
Health Services:					
Salaries	\$ 45,846	\$ 7,412	\$ 53,258	\$ 53,257	\$ 1
Purchased Professional & Technical Services	1,400	(1,300)	100	79	21
Other Purchased Services	200		200	137	63
Supplies & Materials	2,500	(1,050)	1,450	1,197	253
Total Health Services	49,946	5,062	55,008	54,670	338
Other Support Services - Student - Related Services:					
Salaries	56,752	1,292	58,044	58,044	
Purchased Professional - Educational Services	12,000	12,977	24,977	24,977	
Supplies & Materials	100		100	100	
Other Objects	100		100		100
Total - Other Support Serv - Student - Related Serv	68,952	14,269	83,221	83,121	100
Special Education - Extraordinary Services					
Salaries - Aides	81,118	52,811	133,929	133,929	
Total - Special Education - Extraordinary Services	81,118	52,811	133,929	133,929	
Guidance					
Salaries of Other Professional Staff	47,971	3,304	51,275	51,274	1
Other Purchased Professional & Technical Services	5,000	(1,500)	3,500	2,824	676
Other Purchased Services	300		300		300
Supplies & Materials	4,000	1,000	5,000	4,355	645
Total - Other Support Services - Students - Regular	57,271	2,804	60,075	58,453	1,622
Child Study Teams					
Salaries of Secretarial and Clerical Assistants	28,222		28,222	25,656	2,566
Other Salaries	1,000		1,000		1,000
Other Purchased Professional & Tech Serv	1,000		1,000	682	318
Supplies & Materials	500		500	460	40
Total - Other Support Services - Students - Special	30,722		30,722	26,798	3,924
Improvement of Instruction Services/Other Support:					
Purchased Prof. Ed. Services		18,186	18,186	17,260	926
Salaries of Other Professional Staff	13,300		13,300	11,122	2,178
Other Purchased Services	800	500	1,300	1,128	172
Supplies & Materials	16,000		16,000	1,448	14,552
Other Objects	1,500	(500)	1,000		1,000
Total - Improvement of Instruction Services/Other Support Services - Instructional Staff	31,600	18,186	49,786	30,958	18,828
Educational Media Services - School Library:					
Salaries	73,578	4,653	78,231	73,777	4,454
Salaries of Technology Coordinators	52,953	(52,953)			
Purchased Professional & Technical Services	7,000	27,248	34,248	34,248	
Supplies & Materials	7,200		7,200	6,971	229
Other Objects	750	(500)	250		250
Total Educational Media Services - School Library	141,481	(21,552)	119,929	114,996	4,933

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Expenditures (Continued):					
Current Expense (Continued):					
Undistributed Expenditures: (Continued):					
Instructional Staff Training Services:					
Purchased Professional - Educational Services	\$ 4,000	\$ 5,950	\$ 9,950	\$ 2,554	\$ 7,396
Other Purchased Services	15,500	(15,500)			
Supplies and Materials	2,450	(2,450)			
Total - Instructional Staff Training Services	21,950	(12,000)	9,950	2,554	7,396
Support Services - General Administration:					
Salaries	179,875	(48,578)	131,297	131,296	1
Salaries of Secretaries and Clerical		44,491	44,491	44,439	52
Salaries Election Workers		4,000	4,000	451	3,549
Legal Services	17,000	17,500	34,500	20,820	13,680
Audit Fees	17,500	(17,500)			
Other Purchased Professional Services	4,500		4,500	3,963	537
Equipment Rental		2,003	2,003	1,886	117
Communications/Telephone	34,400	(1,503)	32,897	29,687	3,210
BOE Other Purchased Services	3,750	(3,750)			
Travel		6,774	6,774	4,774	2,000
Other Purchased Services	34,300	(7,390)	26,910	26,910	
Supplies and Materials	4,200	2,000	6,200	5,950	250
Judgments Against School District	2,500	(2,200)	300		300
Miscellaneous Expenditures	3,550	5,300	8,850	6,587	2,263
BOE Membership Dues and Fees	5,300	(5,300)			
Total Support Services - General Administration	306,875	(4,153)	302,722	276,763	25,959
Support Services - School Administration:					
Salaries - Principals/Assistant Principals	146,150		146,150	132,000	14,150
Salaries - Secretarial & Clerical Assistants	62,545	483	63,028	63,027	1
Other Purchased Services	350	(350)			
Travel		2,550	2,550	2,542	8
Supplies & Materials	7,750	(2,100)	5,650	5,615	35
Other Objects	1,000	6,400	7,400	7,161	239
Total Support Series - School Administration	217,795	6,983	224,778	210,345	14,433
Central Services					
Salaries	139,052	(47,382)	91,670	90,780	890
Salaries of Other Staff		47,382	47,382	38,532	8,850
Purchased Technical Services	6,500	2,327	8,827	8,826	1
Miscellaneous Purchased Services	2,000	(1,038)	962	725	237
Supplies and Materials	3,400	108	3,508	3,508	
Interest on Current Loans	2,000	(2,000)			
Miscellaneous Expenditures	1,500	3,022	4,522	4,452	70
Total Central Services	154,452	2,419	156,871	146,823	10,048
Admin. Info. Technology					
Purchased Professional Services	52,000		52,000	47,718	4,282
Other Purchased Services	10,600	853	11,453	11,452	1
Supplies and Materials	2,000		2,000	1,829	171
Total Admin. Info. Technology	64,600	853	65,453	60,999	4,454

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (Continued):					
Current Expense (Continued):					
Undistributed Expenditures: (Continued):					
Required Maintenance - School Facilities					
Cleaning, Repair, Maintenance Services	\$ 41,100	\$ (3,000)	\$ 38,100	\$ 37,018	\$ 1,082
General Supplies	9,000	(584)	8,416	7,537	879
Total - Required Maintenance - School Facilities	50,100	(3,584)	46,516	44,555	1,961
Other Operation & Maintenance - Plant Services					
Salaries	12,000		12,000	10,244	1,756
Purchased Professional & Technical Services	19,954	(7,000)	12,954	12,799	155
Cleaning, Repair, Maintenance Services	167,590	6,715	174,305	174,305	
Other Purchased Property Services	8,000	(1,000)	7,000	5,305	1,695
Insurance	24,396	6,084	30,480	30,446	34
Miscellaneous Purchased Services	500	(500)			
General Supplies	6,100	200	6,300	6,076	224
Energy (Heat & Electricity)	186,923	41,179	228,102	204,734	23,368
Energy (Natural Gas)	31,658	(31,658)			
Total - Other Operation & Maintenance - Plant Services	457,121	14,020	471,141	443,909	27,232
Care & Upkeep of Grounds					
Salaries	45,007	1,102	46,109	46,108	1
Cleaning, Repair, Maintenance Services	10,180	5,186	15,366	15,365	1
General Supplies	3,000	104	3,104	3,104	
Other Objects	450		450	353	97
Total - Care & Upkeep of Grounds	58,637	6,392	65,029	64,930	99
Security					
General Supplies					
Total - Security					
Total - Operation & Maintenance - Plant Services	565,858	16,828	582,686	553,394	29,292
Student Transportation Services:					
Salaries - Between Home & School - Regular	7,431		7,431	7,100	331
Purchases Prof and Tech Services		22,420	22,420	20,720	1,700
Management Fee - ESC & CTSA Trans Program	22,420	(22,420)			
Contracted Services (Home/School) - Vendors	10,200		10,200		10,200
Contracted Services (not Home/School) - Vendors	27,000		27,000	20,950	6,050
Contracted Services (Home/School) - Joint Agreements	289,218	15,028	304,246	302,062	2,184
Contracted Services (Special Ed) - Vendors	135,000	9,499	144,499	144,498	1
Contracted Services - Aid in Lieu of Payments	33,592		33,592	31,146	2,446
Total - Student Transportation Services	524,861	24,527	549,388	526,476	22,912
UNALLOCATED BENEFITS:					
Social Security Contributions	95,576	16,468	112,044	112,044	
Other Retirement Contributions - Regular	63,262	(1,744)	61,518	55,470	6,048
Unemployment Compensation	10,000	10,863	20,863	20,863	
Workmen's Compensation	63,022	(18,000)	45,022	43,378	1,644
Health Benefits	827,424	(87,780)	739,644	739,644	
Tuition Reimbursement	3,000	3,030	6,030	6,030	
Other Employee Benefits	8,500		8,500	2,187	6,313
Total - UNALLOCATED BENEFITS	1,070,784	(77,163)	993,621	979,616	14,005

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable (Unfavorable)
Expenditures (Continued):					
Current Expense (Continued):					
Undistributed Expenditures: (Continued):					
On-behalf TPAF Pension Contributions (non-budgeted)	\$	\$	\$	\$ 122,151	\$ (122,151)
On-behalf TPAF Post Retirement Med. Contributions (Non-Budgeted)				245,557	(245,557)
Reimbursement TPAF Social Security Contributions (Non-Budgeted)				258,929	(258,929)
Total - UNDISTRIBUTED EXPENDITURES	<u>3,754,500</u>	<u>64,808</u>	<u>3,819,308</u>	<u>4,270,090</u>	<u>(450,782)</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>6,887,899</u>	<u>6,363</u>	<u>6,894,262</u>	<u>7,239,592</u>	<u>(345,330)</u>
CAPITAL OUTLAY:					
Increase in Capital Reserve:					
Interest Deposit to Capital Reserve					
Undistributed Expenditures					
Operation and Maintenance of Plant Services	<u>2,500</u>		<u>2,500</u>		<u>2,500</u>
Total Equipment	<u>2,500</u>		<u>2,500</u>		<u>2,500</u>
Facilities Acquisition & Construction Services					
Other Objects	<u>72,499</u>		<u>72,499</u>	<u>72,499</u>	
Total - Facilities Acquisition & Construction Services	<u>72,499</u>		<u>72,499</u>	<u>72,499</u>	
TOTAL - CAPITAL OUTLAY	<u>74,999</u>		<u>74,999</u>	<u>72,499</u>	<u>2,500</u>
TOTAL EXPENDITURES	<u>6,962,898</u>	<u>6,363</u>	<u>6,969,261</u>	<u>7,312,091</u>	<u>(342,830)</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (184,205)	\$	\$ (184,205)	\$ 161,808	\$ 346,013
Other Financing Sources (Uses):					
Transfer to Food Service Fund				(3,921)	(3,921)
Transfer from Capital Project Fund - Interest				883	883
Total Other financing Sources (Uses)				(3,038)	(3,038)
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(184,205)		(184,205)	158,770	342,975
Fund Balances, July 1	428,041		428,041	428,041	
Fund Balances, June 30	\$ 243,836	\$	\$ 243,836	\$ 586,811	\$ 342,975
RECAPITULATION OF FUND BALANCE:					
Restricted Fund Balance:					
Maintenance Reserve				\$ 27,500	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				29,500	
Committed Fund Balance:					
Year-end Encumbrances				289	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				259,208	
Unassigned Fund Balance				270,314	
				586,811	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(554,332)	
TOTAL				\$ 32,479	

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
ARRA SUPPLEMENTARY SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable (Unfavorable)
EDUCATION JOBS FUND:					
Undistributed Instruction - Regular					
Other Salaries for Instruction	\$ 65,704	\$ 6,363	\$ 72,067	\$ 72,067	\$
Total Regular Programs - Instruction	<u>65,704</u>	<u>6,363</u>	<u>72,067</u>	<u>72,067</u>	
Support Services - School Administration:					
Salaries - Principals/Asst Principals	80,000		80,000	80,000	
Total Support Services - School Administration	<u>80,000</u>		<u>80,000</u>	<u>80,000</u>	
Unallocated Benefits					
TPAF Reimbursement	14,920		14,920	14,920	
Health Benefits	42,494		42,494	42,494	
Total Unallocated Benefits	<u>57,414</u>		<u>57,414</u>	<u>57,414</u>	
TOTAL EXPENDITURES - EDUCATION JOBS FUND	<u>\$ 203,118</u>	<u>\$ 6,363</u>	<u>\$ 209,481</u>	<u>\$ 209,481</u>	<u>\$</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 1,145,096	\$ 3,363	\$ 1,148,459	\$ 1,010,970	\$ (137,489)
Federal Sources	950,030	134,167	1,084,197	735,769	(348,428)
Total Revenues	2,095,126	137,530	2,232,656	1,746,739	(485,917)
EXPENDITURES:					
Instruction					
Salaries	777,272	20,628	797,900	711,456	86,444
Other Salaries for Instruction	185,420		185,420	184,133	1,287
Tuition	20,751	13,582	34,333	34,333	
Purchased Prof/Ed. Services	106,267	18,171	124,438	104,254	20,184
Purchased Prof/Tech Services	63,590		63,590	1,731	61,859
Other Purchased Services	32,146	(3,984)	28,162	26,365	1,797
General Supplies	76,482	29,934	106,416	53,767	52,649
Travel	1,600	2,282	3,882	3,717	165
Other Objects	7,095	3,000	10,095	5,509	4,586
Total Instruction	1,270,623	83,613	1,354,236	1,125,265	228,971
Support Services					
Salaries - Principles / Assistants	15,693	15,000	30,693	28,000	2,693
Salaries of Other Professional Services	22,215	7,652	29,867	22,755	7,112
Salaries of Secretarial/Clerical	10,866		10,866	9,055	1,811
Salaries of Master Teachers	47,919	2,599	50,518	50,518	
Personal Services - Employee Benefits	241,381	561	241,942	233,380	8,562
Purchased Professional & Technical Services		5,818	5,818	5,818	
Purchased Professional & Educational Services	261,805	34,898	296,703	190,890	105,813
Cleaning, Repair & Maintenance Services - Preschool	46,362	2,300	48,662	48,662	
Rentals	10,362	(2,300)	8,062	8,062	
Contracted Transp Grants	19,700	(2,000)	17,700	13,783	3,917
Contracted Transp Grants - Field Trips	3,500	2,000	5,500	4,699	801
Other Objects	6,640	6,640	13,280		13,280
Travel	9,000	(1,517)	7,483	626	6,857
Supplies and Materials	27,982	(21,544)	6,438	1,416	5,022
Miscellaneous Expenditures	3,311		3,311		3,311
Total Support Services	726,736	50,107	776,843	617,664	159,179
Facilities Acquisition and Construction Services:					
Buildings					
Instructional Equipment	10,000	3,810	13,810	3,810	10,000
Non-instructional Equipment	87,767		87,767		87,767
Total Facilities Acquisition and Construction Services	97,767	3,810	101,577	3,810	97,767
Total Expenditures	2,095,126	137,530	2,232,656	1,746,739	485,917
Other Financing Sources (Uses)					
Total Outflows	2,095,126	137,530	2,232,656	1,746,739	485,917
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGET - TO - GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 7,473,899	[C-2]	\$ 1,746,739
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				
Prior Year				
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		536,967		105,899
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year		(554,332)		(105,899)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 7,456,534	[B-2]	\$ 1,746,739
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 7,312,091	[C-2]	\$ 1,746,739
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are 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.				
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 7,312,091	[B-2]	\$ 1,746,739

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Title I			Title II		Title IV	Preschool Education	Non-Public		Sub-Total Per E-1(2)	Totals 2012
	Part A	Summer	SIA	Part A	Part D	Summer		Chap. 192 Transportation	Chap 193 Speech		
REVENUES:											
State Sources							\$ 1,008,374	\$ 347	\$ 2,249	-	\$ 1,010,970
Federal Sources	\$ 326,627	\$ 1,731	\$ 51,141	\$ 50,201	\$ 3,649	\$ 172				\$ 302,248	\$ 735,769
Local Sources											
Total Revenues	326,627	1,731	51,141	50,201	3,649	172	1,008,374	347	2,249	302,248	1,746,739
EXPENDITURES:											
Instruction:											
Salaries of Teachers	197,954		41,935	42,310			393,035			36,222	711,456
Other Salaries for Instruction							184,133				184,133
Tuition										34,333	34,333
Purchased Prof./Educational Services	75,260									28,994	104,254
Purchased Prof. & Technical Services		1,731									1,731
Other Purchased Services					896		23,220		2,249		26,365
General Supplies	1,984				396		30,556			20,831	53,767
Travel								347		3,370	3,717
Other Objects			1,887				3,622				5,509
Total Instruction	275,198	1,731	43,822	42,310	1,292		634,566	347	2,249	123,750	1,125,265
Support Services:											
Salaries of Principals/Asst Prin/ Prog Dir							28,000				28,000
Salaries of Other Professional Services			3,420		2,357		16,978				22,755
Salaries of Secretarial/Clerical							9,055				9,055
Salaries of Master Teachers							50,518				50,518
Personal Services-Employee Benefits	36,010		3,899	7,891			183,792			1,788	233,380
Purchased Prof. & Technical Services										5,818	5,818
Purchased Prof./Educational Services	15,419						8,389			167,082	190,890
Cleaning, Repair & Maint Services							48,662				48,662
Rentals							8,062				8,062
Contractual Transport.							13,783				13,783
Contractual Transport. - Field Trips							4,699				4,699
Travel							626				626
Supplies and Materials						172	1,244				1,416
Total Support Services	51,429		7,319	7,891	2,357	172	373,808			174,688	617,664
Facilities Acquisition:											
Instructional Equipment										3,810	3,810
Total Facilities Acquisition										3,810	3,810
Total Expenditures	\$ 326,627	\$ 1,731	\$ 51,141	\$ 50,201	\$ 3,649	\$ 172	\$ 1,008,374	\$ 347	\$ 2,249	\$ 302,248	\$ 1,746,739

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	IDEA			ARRA				Indian Education 2010-11	Indian Education	Totals 2012	
	Pre-K Summer	Pre-K	B-Basic	Basic 2010-11	IDEA Preschool	Talent 21	Title I SIA Part A				Title I Part A
REVENUES:											
State Sources											
Federal Sources	\$ 5,628	\$ 5,638	\$ 184,615	\$ 5,359	\$ 6,016	\$ 30,789	\$ 15,337	\$ 33,886	\$ 2,891	\$ 12,089	\$ 302,248
Local Sources											
Total Revenues	<u>5,628</u>	<u>5,638</u>	<u>184,615</u>	<u>5,359</u>	<u>6,016</u>	<u>30,789</u>	<u>15,337</u>	<u>33,886</u>	<u>2,891</u>	<u>12,089</u>	<u>302,248</u>
EXPENDITURES:											
Instruction:											
Salaries of Teachers						9,590	13,125	5,617	660	7,230	36,222
Other Salaries for Instruction											
Tuition			28,974	5,359							34,333
Purchased Prof./Educational Services								28,269		725	28,994
Purchased Prof. & Technical Services											
Other Purchased Services											
Travel									1,924	1,446	3,370
General Supplies					5,841	10,837	1,208		257	2,688	20,831
Other Objects											
Total Instruction	<u>-</u>	<u></u>	<u>28,974</u>	<u>5,359</u>	<u>5,841</u>	<u>20,427</u>	<u>14,333</u>	<u>33,886</u>	<u>2,841</u>	<u>12,089</u>	<u>123,750</u>
Support Services:											
Salaries of Principals/Asst Prin/ Prog Dir											
Salaries of Other Professional Services											
Salaries of Secretarial/Clerical											
Salaries of Master Teachers											
Personal Services-Employee Benefits						734	1,004		50		1,788
Purchased Prof./Educational Services	5,628	5,638	155,641		175						167,082
Purchased Prof. & Technical Services						5,818					5,818
Cleaning, Repair & Maint Services											
Rentals											
Con Trn Grants											
Con Trn Grants - Field Trips											
Travel											
Supplies and Materials											
Total Support Services	<u>5,628</u>	<u>5,638</u>	<u>155,641</u>	<u></u>	<u>175</u>	<u>6,552</u>	<u>1,004</u>	<u></u>	<u>50</u>	<u></u>	<u>174,688</u>
Facilities Acquisition:											
Instructional Equipment						3,810					3,810
Total Facilities Acquisition	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>3,810</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>3,810</u>
Total Expenditures	<u>\$ 5,628</u>	<u>\$ 5,638</u>	<u>\$ 184,615</u>	<u>\$ 5,359</u>	<u>\$ 6,016</u>	<u>\$ 30,789</u>	<u>\$ 15,337</u>	<u>\$ 33,886</u>	<u>\$ 2,891</u>	<u>\$ 12,089</u>	<u>\$ 302,248</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

District-wide Totals

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 369,042	\$ 393,035	\$ (23,993)
Other Salaries of Instruction	185,420	184,133	1,287
Other Purchased Services	31,250	23,220	8,030
General Supplies	27,628	30,556	(2,928)
Other Objects	4,095	3,622	473
Total Instruction	617,435	634,566	(17,131)
Support Services:			
Salaries - Program Directors	15,693	28,000	(12,307)
Salaries - Other Professional	16,438	16,978	(540)
Salaries - Secretarial/Clerical	10,866	9,055	1,811
Salaries of Master Teachers	47,919	50,518	(2,599)
Personal Services-Employee Benefits	183,794	183,792	2
Purchased Prof./Educational Services	15,825	8,389	7,436
Other Purchased Professional Services	19,424		19,424
Cleaning Repair and Maint Services	46,362	48,662	(2,300)
Rental	10,362	8,062	2,300
Contractual Service-Tran. (Bet. Home & School)	19,700	13,783	5,917
Contractual Service-Tran. (Field Trips)	3,500	4,699	(1,199)
Travel	9,000	626	8,374
Supplies and Materials	27,700	1,244	26,456
Other Objects	3,311		3,311
Total Support Services	429,894	373,808	56,086
Facilities Acquisition and Construction Services:			
Instruction Equipment	10,000		10,000
Noninstructional Equipment	87,767		87,767
Total Facilities Acquisition and Construction Services	97,767	0	97,767
Total Expenditures	\$ 1,145,096	\$ 1,008,374	\$ 136,722

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2011-12 Preschool Education Aid Allocation	\$ 1,058,985	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2011)	166,881	(2)
Add: Budgeted Transfer from the General Fund 2011-12		(3)
Total Preschool Education Aid Funds Available for 2011-12 Budget	1,225,866	(4)
Less: 2011-12 Budgeted Preschool Education Aid (including Prior year budget carryover)	1,145,096	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2012	80,770	(6)
Add: June 30, 2012 Unexpended Preschool Education Aid	136,722	(7)
2011-12 Carryover -Preschool Education Aid Programs	\$ 217,492	(8)
2011-12 Preschool Education Aid Carryover Budgeted for Preschool Programs 2012-13	\$	(9)

Note: Since the 2011-12 Actual Carryover is more than the amount budgeted in 2012-13,
the District should consider revising its 2012-13 Preschool Education Program Budget. \$ 217,492

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

EXHIBIT F-1

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2012</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction of new elementary/middle School, necessary onsite and offsite improvements, furniture, and equipment associated with such improvements.	1/15/04	\$ 5,581,000	\$ 5,218,734	\$ 0	\$ 362,266
Construction of an addition as well as undertake various improvements and renovations to the Fairfield Township Elementary School and to acquire the necessary equipment and undertake any necessary site work.	3/1/10	3,984,772	3,827,113	44,607	113,052
Construction of an Early Childhood Addition	1/15/09	1,275,544	938,230		337,314
		<u>\$ 10,841,316</u>	<u>\$ 9,984,077</u>	<u>\$ 44,607</u>	<u>\$ 812,632</u>
Cash				\$ 44,607	
Due from NJEDA					\$ (33,061)
Unencumbered					845,693
				<u>\$ 44,607</u>	<u>\$ 812,632</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Revenues and Other Financing Sources	
State Sources - SCC Grant	\$ -
Interest	883
Total Revenues	<u>883</u>
Expenditures and Other Financing Uses	
Professional Technical Services	
Construction Services	44,607
Total Expenditures	<u>44,607</u>
Transfer Interest to General Fund	<u>883</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,607)
Fund Balance - Beginning	<u>857,239</u>
Fund Balance - Ending	<u>\$ 812,632</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF NEW ELEMENTARY/MIDDLE SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond Proceeds and Transfers	4,981,000		4,981,000	4,981,000
Transfer from Capital Reserve	600,000		600,000	600,000
Total Revenues	600,000		5,581,000	5,581,000
Expenditures and Other Financing Uses				
Construction Services	5,218,734		5,218,734	5,581,000
Total Expenditures	5,218,734		5,218,734	5,581,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (4,618,734)	\$	\$362,266	\$ 0
Additional project information:				
Project Number	1460-050-02-0530			
Grant Date	January 15, 2004			
Bond Authorization Date	January 15, 2004			
Bond Authorized	\$4,981,000			
Bonds Issued	\$4,981,000			
Original Authorization Cost	\$5,481,898			
Additional Authorized Cost	\$0.00			
Revised Authorized Cost	\$5,481,898			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	95%			
Original Target Completion Date	August 31, 2005			
Revised Target Completion Date	December 8, 2005			

Note: The total project amount administered by the NJSCC is \$15,505,245 of which \$10,023,347 represents the grant from the State of New Jersey with the remaining \$5,481,898 being funded by the Board of Education.

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF ADDITIONS AND RENOVATIONS TO ELEMENTARY/MIDDLE SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 1,984,772	\$	\$ 1,984,772	\$ 1,984,772
Bond Proceeds and Transfers	2,000,000		2,000,000	2,000,000
Total Revenues	3,984,772		3,984,772	3,984,772
Expenditures and Other Financing Uses				
Professional Technical Services	95,285		95,285	95,285
Construction Services	3,731,828	44,607	3,776,435	3,889,487
Total Expenditures	3,827,113	44,607	3,871,720	3,984,772
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 157,659	\$ (44,607)	\$ 113,052	\$ 3,984,772

Additional project information:

Project Number	1460-070-09-1002-G02
Grant Date	August 17, 2009
Bond Authorization Date	December 8, 2009
Bond Authorized	\$2,000,000
Bonds Issued	\$2,000,000
Original Authorization Cost	\$3,984,772
Additional Authorized Cost	\$0
Revised Authorized Cost	\$3,984,772
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	95%
Original Target Completion Date	December 31, 2010
Revised Target Completion Date	December 31, 2010

Note: The total project amount is \$3,984,772 of which \$1,984,772 represents the grant from the State of New Jersey with the remaining \$2,000,000 being funded by the Board of Education through a bond issue.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF AN EARLY CHILDHOOD ADDITION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 593,522	\$	\$ 593,522	\$ 593,522
Transfer from Capital Outlay	199,324		199,324	199,324
Transfer from Capital Reserve	482,698		482,698	482,698
Total Revenues	1,275,544		1,275,544	1,275,544
Expenditures and Other Financing Uses				
Professional Technical Services	49,230		49,230	49,230
Construction Services	889,000		889,000	889,000
Total Expenditures	938,230		938,230	938,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 337,314	\$	\$ 337,314	\$ 337,314
Additional project information:				
Project Number	1460-070-09-1001			
Grant Date	January 15, 2009			
Original Authorization Cost	\$1,359,972			
Reduction in Authorized Cost	\$84,428			
Revised Authorized Cost	\$337,314			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	100%			
Original Target Completion Date	March 15, 2010			
Revised Target Completion Date	March 15, 2010			

Note: The total project amount is \$3,984,772 of which \$1,984,772 represents the grant from the State of New Jersey with the remaining \$2,000,000 being funded by the Board of Education through a bond issue.

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District’s Board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the School District.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5
AND B-6.**

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012 and 2011

	Food Service	Totals	
	Fund	2012	2011
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 41,897	\$ 41,897	\$ 27,274
Accounts Receivable:			
State	841	841	412
Federal	53,454	53,454	23,209
Other	7,125	7,125	1,229
Interfund Accounts Receivable			38,081
Inventories	6,571	6,571	5,461
Total Current Assets	109,888	109,888	95,666
Fixed Assets:			
Equipment	249,816	249,816	239,140
Accumulated Depreciation	(130,865)	(130,865)	(116,031)
Total Fixed Assets	118,951	118,951	123,109
Total Assets	228,839	228,839	218,775
LIABILITIES:			
Current Liabilities:			
Deferred Revenue	1,668	1,668	647
Interfund Payable	34,349	34,349	
Accounts Payable	73,871	73,871	75,775
Total Current Liabilities	109,888	109,888	76,422
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	118,951	118,951	123,109
Unrestricted	-	-	19,244
Total Net Assets	\$ 118,951	\$ 118,951	\$ 142,353

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2012 and 2011

	<u>Food Service</u>	<u>Totals</u>	
	<u>Fund</u>	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Breakfast Program	\$ 6,383	\$ 6,383	\$ 9,029
School Lunch Program	25,942	25,942	34,994
Daily Sales - Non-Reimbursable Programs:			
Special Functions	37,033	37,033	30,692
	21,842	21,842	6,650
Total Operating Revenue	<u>91,200</u>	<u>91,200</u>	<u>81,365</u>
OPERATING EXPENSES:			
Salaries	106,624	106,624	99,431
Employee Benefits	40,643	40,643	28,894
Management Fees	16,400	16,400	16,000
Supplies	21,551	21,551	5,623
Miscellaneous	8,544	8,544	12,433
Depreciation	14,834	14,834	13,412
Cost of Sales	239,230	239,230	212,929
Total Operating Expenses	<u>447,826</u>	<u>447,826</u>	<u>388,722</u>
Operating Loss	<u>(356,626)</u>	<u>(356,626)</u>	<u>(307,357)</u>
Non-Operating Revenues:			
State Sources:			
State School Lunch Program	4,883	4,883	4,595
Federal Sources:			
National School Breakfast Program	98,500	98,500	84,785
National School Lunch Program	209,452	209,452	196,060
National School Snack Program	514	514	1,624
Food Distribution Program	15,892	15,892	18,326
Board Subsidy	3,921	3,921	
Interest	62	62	
Total Non-Operating Revenues	<u>333,224</u>	<u>333,224</u>	<u>305,390</u>
Non-Operating Expenses and (Income):			
Total Non-Operating Expenses			
Net Income	<u>(23,402)</u>	<u>(23,402)</u>	<u>(1,967)</u>
Net Assets - July 1	<u>142,353</u>	<u>142,353</u>	<u>144,320</u>
Net Assets - June 30	<u>\$ 118,951</u>	<u>\$ 118,951</u>	<u>\$ 142,353</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOW
AS OF JUNE 30, 2012 and 2011

	<u>Food Service</u>	<u>Totals</u>	
	<u>Fund</u>	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ (356,626)	\$ (356,626)	\$ (307,357)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Depreciation	14,834	14,834	13,412
Prior Year Adjustment			
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(36,570)	(36,570)	(676)
(Increase)/Decrease in Interfund Receivable	38,081	38,081	449
(Increase)/Decrease in Inventory	(1,110)	(1,110)	3,286
(Increase)/Decrease in Equipment	(10,676)	(10,676)	
Increase/(Decrease) in Accounts Payable	(1,904)	(1,904)	5,110
Increase/(Decrease) in Deferred Revenue	1,021	1,021	(2,873)
Increase/(Decrease) in Interfund Payable	34,349	34,349	
Net Cash Used by Operating Activities	(318,601)	(318,601)	(288,649)
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	333,224	333,224	305,390
Net Cash Provided by Noncapital Financing Activities	333,224	333,224	305,390
Cash Flows from Capital Financing Activities:			
Purchase of Fixed Assets			
Cash Flows from Investing Activities:			
Interest on Investments			
Net Increase/(Decrease) in Cash and Cash Equivalents	14,623	14,623	16,741
Cash and Cash Equivalents, July 1	27,274	27,274	10,533
Cash and Cash Equivalents, June 30	\$ 41,897	\$ 41,897	\$ 27,274

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	Agency		Totals	
	Student Activity	Payroll	2012	2011
ASSETS:				
Cash and Cash Equivalents	\$ 3,310	\$ 75,891	\$ 79,201	\$ 164,445
Accounts Receivable				443
Prepaid Health Insurance				68,183
Due from Current Fund	4,968		4,968	
Total Assets	\$ 8,278	\$ 75,891	\$ 84,169	\$ 233,071
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Payroll Deductions and Withholdings	\$	\$ 70,391	\$ 70,391	\$ 8,903
Due to General Fund - Prefunded Payroll				143,192
Due to General Fund		5,500	5,500	72,503
Accounts Payable	5,194		5,194	3,000
Due to Student Groups	3,084		3,084	5,473
Total Liabilities	8,278	75,891	84,169	233,071
Total Liabilities and Fund Balances	\$ 8,278	\$ 75,891	\$ 84,169	\$ 233,071

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1,</u> <u>2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Accounts</u> <u>Receivable</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2012</u>
ELEMENTARY SCHOOLS						
Middle School	\$ 5,473	\$ 31,536	\$ 4,968	\$ 33,699	\$ 5,194	\$ 3,084
Totals	\$ 5,473	\$ 31,536	\$ 4,968	\$ 33,699	\$ 5,194	\$ 3,084

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS:				
Cash and Cash Equivalents	\$ 156,415	\$ 6,130,859	\$ 6,211,383	\$ 75,891
Prepaid Health Insurance	68,183		68,183	
Total Assets	<u>\$ 224,598</u>	<u>\$ 6,130,859</u>	<u>\$ 6,279,566</u>	<u>\$ 75,891</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 8,903	\$ 6,125,359	\$ 6,063,871	\$ 70,391
Due to General Fund	72,503	5,500	72,503	5,500
Due to General Fund - Prefunded Payroll	143,192		143,192	
Total Liabilities	<u>\$ 224,598</u>	<u>\$ 6,130,859</u>	<u>\$ 6,279,566</u>	<u>\$ 75,891</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

FAIRFIELD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2012</u>
Construction of new elementary/middle school, necessary onsite and offsite improvements and necessary furniture and equipment associated with such improvements.	3/15/04	\$ 4,981,000	3/15/13	\$ 235,000	3.625%	\$ 3,916,000	\$	\$ 225,000	\$ 3,691,000
			3/15/14	250,000	3.625%				
			3/15/15	260,000	3.625%				
			3/15/16	275,000	3.625%				
			3/15/17	285,000	3.625%				
			3/15/18	300,000	3.625%				
			3/15/19	310,000	3.625%				
			3/15/20	325,000	4.000%				
			3/15/21	340,000	4.000%				
			3/15/22	355,000	4.000%				
			3/15/23	370,000	4.125%				
			3/15/24	386,000	4.125%				
Construction of an addition as well as undertake various improvements and renovations to the Fairfield Township Elementary School and to acquire the necessary equipment and undertake any necessary site work.	3/1/10	\$ 2,000,000	3/1/13-14	\$ 70,000	3.000%	\$ 1,930,000	\$	\$ 70,000	\$ 1,860,000
			3/1/15	80,000	3.000%				
			3/1/16	85,000	3.125%				
			3/1/17	90,000	3.500%				
			3/1/18	95,000	3.500%				
			3/1/19-22	100,000	3.500%				
			3/1/23	110,000	3.750%				
			3/1/24-25	110,000	4.000%				
			3/1/26-27	120,000	4.000%				
			3/1/28-29	130,000	4.000%				
			3/1/30	140,000	4.000%				
Totals						\$ 5,846,000	\$	\$ 295,000	\$ 5,551,000

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 514,917	\$	\$ 514,917	\$ 514,917	\$
Total Revenues - Local Sources	<u>514,917</u>		<u>514,917</u>	<u>514,917</u>	
State sources:					
Debt Service Aid Type II					
Total Revenues - State Sources					
Total Revenues	<u>514,917</u>		<u>514,917</u>	<u>514,917</u>	
EXPENDITURES					
Regular Debt Service:					
Redemption of Principal	295,000		295,000	295,000	
Interest	219,917		219,917	219,917	
Total Regular Debt Service	<u>514,917</u>		<u>514,917</u>	<u>514,917</u>	
Total Expenditures	<u>514,917</u>		<u>514,917</u>	<u>514,917</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balances, July 1					
Fund Balances, June 30	\$	\$	\$	\$	\$
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

STATISTICAL SECTION

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ (3,347,895)	\$ (1,111,904)	\$ 1,449,141	\$ 1,002,002	\$ 10,561,634	\$ 10,129,348	\$ 9,459,843	\$ 12,312,897	\$ 7,872,940
Restricted	6,594,636	4,295,546	1,369,311	735,940	463,246	1,097,886	2,724,746	977,545	1,056,002
Unrestricted	(513,150)	(436,267)	(369,239)	(406,269)	(251,655)	(555,764)	(739,399)	(338,219)	(287,595)
Total Governmental Activities Net Assets	\$ 2,733,591	\$ 2,747,375	\$ 2,449,213	\$ 1,331,673	\$ 10,773,225	\$ 10,671,470	\$ 11,445,190	\$ 12,952,223	\$ 8,641,347
Business-Type Activities									
Invested in Capital Assets, Net of Related Debt	\$ 16,633	\$ 14,675	\$ 12,717	\$ 18,836	\$ 132,496	\$ 136,933	\$ 136,521	\$ 123,109	\$ 118,951
Restricted									
Unrestricted	49,002	45,035	15,441	16,148	24,063	50,865	7,799	19,244	
Total Business-Type Activities Net Assets	\$ 65,635	\$ 59,710	\$ 28,158	\$ 34,984	\$ 156,559	\$ 187,798	\$ 144,320	\$ 142,353	\$ 118,951
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ (3,331,262)	\$ (1,097,229)	\$ 1,461,858	\$ 1,020,838	\$ 10,694,130	\$ 10,266,281	\$ 9,596,364	\$ 12,436,006	\$ 7,991,891
Restricted	6,594,636	4,295,546	1,369,311	735,940	463,246	1,097,886	2,724,746	977,545	1,056,002
Unrestricted	(464,148)	(391,232)	(353,798)	(390,121)	(227,592)	(504,899)	(731,600)	(318,975)	(287,595)
Total District-Wide Net Assets	\$ 2,799,226	\$ 2,807,085	\$ 2,477,371	\$ 1,366,657	\$ 10,929,784	\$ 10,859,268	\$ 11,589,510	\$ 13,094,576	\$ 8,760,298

Source: CAFR Schedule A-1

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 2,623,544	\$ 2,290,397	\$ 2,409,505	\$ 2,419,480	\$ 2,541,764	\$ 2,985,335	\$ 3,662,220	\$ 3,336,418	\$ 3,367,316
Special Education	524,695	546,043	510,808	509,161	505,488	595,850	223,476	410,858	497,594
Other Special Instruction	201,965	149,095	184,276	199,106	178,439	145,321	168,504	77,134	159,433
Other Instruction	34,931	35,178	27,493	59,910	62,815	73,479	65,794	72,567	70,424
Support Services									
Tuition	321,999	374,352	478,546	368,500	418,562	518,224	408,837	481,638	383,558
Student and Instruction Related Services	718,690	820,674	660,652	706,855	703,879	780,552	1,110,300	794,864	889,763
General Administrative Services	251,814	239,602	143,950	258,508	270,388	375,465	311,001	324,894	276,763
School Administrative Services	289,888	258,438	275,895	183,777	138,393	165,090	175,506	156,602	210,345
Central Services & Info Technology	217,961	146,600	185,910	180,695	181,134	198,516	232,437	164,482	207,822
Plant Operations and Maintenance	518,529	449,997	438,393	558,004	692,253	652,581	632,481	580,466	553,394
Pupil Transportation	391,147	512,410	486,408	479,171	488,626	531,587	513,955	508,839	526,476
Employee Benefits	1,089,178	1,162,233	1,434,102	1,761,528	1,711,706	1,389,774	1,546,527	1,550,801	1,798,555
Interest on Long-Term Debt		218,587	186,435	182,511	176,343	169,733	183,211	339,192	216,960
Amortization of Debt Issue Costs	434	1,735	1,735	1,735	1,735	1,735	2,235	3,735	3,735
Unallocated Depreciation and Amortization	146,092	140,826	143,713	205,254	401,708	373,354	360,363	517,268	357,611
Total Governmental Activities Expenses	7,330,867	7,345,627	7,567,821	8,074,195	8,473,233	8,956,596	9,596,847	9,319,758	9,519,749
Business-Type Activities									
Food Service	256,208	242,474	273,407	295,061	328,503	338,786	371,513	388,722	447,826
Total Business-Type Activities Expense	256,208	242,474	273,407	295,061	328,503	338,786	371,513	388,722	447,826
Total District Expenses	\$ 7,587,075	\$ 7,588,101	\$ 7,841,228	\$ 8,369,256	\$ 8,801,736	\$ 9,295,382	\$ 9,968,360	\$ 9,708,480	\$ 9,967,575
Program Revenues									
Governmental Activities									
Operating Grants and Contributions	\$ 1,361,828	\$ 1,323,916	\$ 1,743,691	\$ 2,157,819	\$ 2,136,643	\$ 1,797,849	\$ 2,381,901	\$ 2,197,473	\$ 2,369,566
Total Governmental Activities Program Revenues	1,361,828	1,323,916	1,743,691	2,157,819	2,136,643	1,797,849	2,381,901	2,197,473	2,369,566
Business-Type Activities									
Charges for Services									
Food Service	58,272	57,977	60,821	67,287	72,819	69,609	83,898	81,365	91,200
Operating Grants and Contributions	152,802	178,572	194,439	223,800	251,893	282,843	301,012	305,390	329,303
Total Business-Type Activities Program Revenues	211,074	236,549	255,260	291,087	324,712	352,452	384,910	386,755	420,503
Total District Program Revenues	\$ 1,572,902	\$ 1,560,465	\$ 1,998,951	\$ 2,448,906	\$ 2,461,355	\$ 2,150,301	\$ 2,766,811	\$ 2,584,228	\$ 2,790,069
Net (Expense)/Revenue									
Governmental Activities	\$ (5,969,039)	\$ (6,021,711)	\$ (5,824,130)	\$ (5,916,376)	\$ (6,336,590)	\$ (7,158,747)	\$ (7,214,946)	\$ (7,122,285)	\$ (7,150,183)
Business-Type Activities	(45,134)	(5,925)	(18,147)	(3,974)	(3,791)	13,666	13,397	(1,967)	(27,323)
Total District-Wide Net Expense	\$ (6,014,173)	\$ (6,027,636)	\$ (5,842,277)	\$ (5,920,350)	\$ (6,340,381)	\$ (7,145,081)	\$ (7,201,549)	\$ (7,124,252)	\$ (7,177,506)
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Property Taxes Levied for General Purposes, N	\$ 574,497	\$ 468,360	\$ 484,756	\$ 584,786	\$ 636,750	\$ 679,730	\$ 696,863	\$ 696,863	\$ 696,863
Taxes Levied for Debt Service		218,587	277,360	349,210	368,435	371,785	369,785	509,980	514,917
Unrestricted Grants and Contributions	4,831,101	5,041,180	4,594,277	4,619,781	5,038,741	5,794,162	6,901,808	7,374,175	6,158,940
Tuition Received	23,080	16,677	20,328	13,147	2,632	19,177	2,184		
Adjustment to Fixed Assets		152,552		(819,458)	9,720,585	(276,647)			(4,539,340)
Investment Earnings	67,717	124,408	100,875	49,948	32,457	5,784	1,244	1,401	1,814
Transfer to Charter School							(15,394)		
Miscellaneous Income	(3,286)	13,731	48,372	1,422	(21,458)	463,001	32,176	46,899	6,113
Total Governmental Activities	5,493,109	6,035,495	5,525,968	4,798,836	15,778,142	7,056,992	7,988,666	8,629,318	2,839,307
Business-Type Activities									
Board Subsidy									3,921
Prior Year Inventory Adjustments			(13,405)	10,800	125,366	17,573	(56,875)		
Total Business-Type Activities			(13,405)	10,800	125,366	17,573	(56,875)		3,921
Total District-Wide	\$ 5,493,109	\$ 6,035,495	\$ 5,512,563	\$ 4,809,636	\$ 15,903,508	\$ 7,074,565	\$ 7,931,791	\$ 8,629,318	\$ 2,843,228
Change in Net Assets									
Governmental Activities	\$ (475,930)	\$ 13,784	\$ (298,162)	\$ (1,117,540)	\$ 9,441,552	\$ (101,755)	\$ 773,720	\$ 1,507,033	\$ (4,310,876)
Business-Type Activities	(45,134)	(5,925)	(31,552)	6,826	121,575	31,239	(43,478)	(1,967)	(23,402)
Total District-Wide	\$ (521,064)	\$ 7,859	\$ (329,714)	\$ (1,110,714)	\$ 9,563,127	\$ (70,516)	\$ 730,242	\$ 1,505,066	\$ (4,334,278)

Source: CAFR Schedule A-2

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
FUND BALANCES-GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 1,026,701	\$ 979,046	\$ 553,014	\$ 338,892	\$ 157,819	\$ 851,263	\$ 275,210	\$ 226,205	\$ 316,497
Unreserved	(10,773)	(123,830)	(73,462)	(118,623)	25,441	(295,129)	(488,405)	(335,131)	(284,018)
Total General Fund	<u>\$ 1,015,928</u>	<u>\$ 855,216</u>	<u>\$ 479,552</u>	<u>\$ 220,269</u>	<u>\$ 183,260</u>	<u>\$ 556,134</u>	<u>\$ (213,195)</u>	<u>\$ (108,926)</u>	<u>\$ 32,479</u>
All Other Governmental Funds									
Reserved									
Unreserved, Reported in:									
Special Revenue Fund	\$ (35,314)	\$ (35,314)	\$ (35,314)	\$ (35,314)	\$ (35,314)	\$ (74,124)	\$ (92,665)	\$ (105,899)	\$ (105,899)
Capital Projects Fund	5,567,935	3,359,835	816,297	397,439	346,684	344,087	2,543,206	857,239	845,693
Total All Other Governmental Funds	<u>\$ 5,532,621</u>	<u>\$ 3,324,521</u>	<u>\$ 780,983</u>	<u>\$ 362,125</u>	<u>\$ 311,370</u>	<u>\$ 269,963</u>	<u>\$ 2,450,541</u>	<u>\$ 751,340</u>	<u>\$ 739,794</u>

Source: CAFR Schedule B-1

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Tax Levy	\$ 574,497	\$ 686,947	\$ 762,116	\$ 933,996	\$ 1,005,185	\$ 1,051,515	\$ 1,066,648	\$ 1,206,843	\$ 1,211,780
Tuition Charges	23,080	16,677	20,328	13,147	2,632	19,177	2,184		
Interest Earnings	46,288	28,211	100,875	49,948	32,457	5,784	1,244	1,401	1,814
Miscellaneous	(3,286)	666	103,447	1,422	(18,777)	464,318	32,176	46,899	10,034
State Sources	5,585,900	5,797,188	5,805,453	6,133,119	6,660,070	7,012,377	7,286,581	8,872,507	7,583,256
Federal Sources	607,062	567,908	532,515	644,481	512,633	578,317	1,997,128	699,141	945,250
Total Revenues	6,833,541	7,097,597	7,324,734	7,776,113	8,194,200	9,131,488	10,385,961	10,826,791	9,752,134
Expenditures									
Instruction									
Regular Instruction	2,623,544	2,290,397	2,409,505	2,396,456	2,541,764	2,985,335	3,662,220	3,336,418	3,367,316
Special Education Instruction	524,695	546,043	510,808	509,161	505,488	595,850	223,476	410,858	497,594
Other Special Instruction	201,965	149,095	184,276	199,106	178,439	145,321	168,504	77,134	159,433
Other instruction	34,931	35,178	27,493	59,910	62,815	73,479	65,794	72,567	70,424
Support Services									
Tuition	321,999	374,352	478,546	368,500	418,562	518,224	408,837	481,638	383,558
Student and Instruction Related Services	718,690	820,674	660,652	706,855	703,879	780,552	1,110,300	794,864	889,763
General Administrative Services	286,518	239,602	143,950	258,508	270,388	375,465	311,001	324,894	276,763
School Administrative Services	289,888	258,438	275,895	183,777	138,393	165,090	175,506	156,602	210,345
Central Services & Info. Technology				180,695	181,134	198,516	232,437	164,482	207,822
Plant Operations and Maintenance	518,529	449,997	438,393	558,004	692,253	652,581	632,481	580,466	553,394
Pupil Transportation	391,147	512,410	486,408	479,171	488,626	531,587	513,955	508,839	526,476
Business and Other Support Services	217,961	146,060	185,910						
Unallocated Employee Benefits	1,089,178	1,310,573	1,580,782	1,761,528	1,681,033	1,388,521	1,559,164	1,607,161	1,839,633
Capital Outlay	25,390	3,100	2,583,958	443,373	50,755	17,715	1,525,858	3,395,820	120,916
Debt Service:									
Principal			90,000	165,000	190,000	200,000	164,785	285,000	295,000
Interest and Other Charges		218,587	187,360	184,210	178,435	171,785	205,000	224,980	219,917
Total Expenditures	7,244,435	7,354,506	10,243,936	8,454,254	8,281,964	8,800,021	10,959,318	12,421,723	9,618,354
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	(410,894)	(256,909)	(2,919,202)	(678,141)	(87,764)	331,467	(573,357)	(1,594,932)	133,780
Other Financing Sources (Uses)									
ECPA Capital Reserve Approp.									
Transfers (Net)	(578,571)	96,197							(3,921)
Total Other Financing Sources (Uses)	(578,571)	96,197							(3,921)
Net Change in Fund Balances	\$ (989,465)	\$ (160,712)	\$ (2,919,202)	\$ (678,141)	\$ (87,764)	\$ 331,467	\$ (573,357)	\$ (1,594,932)	\$ 129,859
Debt Service as a Percentage of Noncapital Expenditures	0.0%	3.0%	2.7%	4.1%	4.4%	4.2%	3.4%	4.1%	5.4%

Source: CAFR Schedule B-2

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Sale of</u> <u>Ramah</u> <u>Road</u> <u>School</u>	<u>Rent</u>	<u>Prior</u> <u>Year</u> <u>Refunds</u>	<u>Prior</u> <u>Year P.O.</u> <u>Adjustment</u>	<u>Atlantic</u> <u>Electric</u> <u>Energy</u> <u>Rebate</u>	<u>Misc.</u>	<u>Total</u>
2012	\$ 931	\$	\$	\$	\$	\$	\$	\$ 10,034	\$ 10,965
2011					18,793		23,300	4,806	46,899
2010	380	2,184						29,503	32,067
2009	1,507	19,177	428,162	14,314		17,058		3,467	483,685
2008	32,457	2,632				(18,777)			16,312
2007	49,948	13,147						1,422	64,517
2006	26,864	20,640			1,125	1,454	100,000	454	150,537
2005	28,211	16,677						666	45,554
2004	46,288	23,080				(7,968)		4,582	65,982
2003	57,368	4,868			23,354	6,822		13,815	106,227

Source: District Records

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	a Public Utilities	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2012	\$ 19,497,200	\$ 253,567,700	\$ 13,290,100	\$ 2,819,800	\$ 27,921,353		\$ 344,200	\$ 317,440,353	\$ 1,127,247	\$ 318,567,600	0.854	\$ 323,221,997
2011	19,696,000	254,791,200	14,442,700	2,907,600	27,664,600		344,200	319,846,300	1,195,161	321,041,461	0.812	303,667,283 ^c
2010	9,280,500	137,378,900	7,210,200	2,788,300	13,993,700		219,400	170,871,000	810,417	171,681,417	1.615	325,356,981
2009	9,497,200	137,444,200	7,060,300	2,791,300	13,507,400		219,400	170,519,800	806,828	171,326,628	1.489	325,356,981
2008	9,240,700	135,374,500	7,071,000	2,827,400	13,469,800		219,400	168,202,800	827,880	169,030,680	1.447	290,722,820
2007	9,386,100	130,982,500	7,908,700	3,084,300	13,554,300			164,915,900	905,270	165,821,170	1.556	284,265,923
2006	9,518,600	127,002,600	8,014,300	3,071,500	13,412,200			161,019,200	983,653	162,002,853	1.475	207,971,432
2005	9,493,000	124,562,600	7,934,600	2,982,500	12,893,200			157,865,900	1,243,661	159,109,561	1.311	202,107,157
2004	9,824,800	122,715,000	7,960,500	2,973,100	13,133,300			156,606,700	1,297,846	157,904,546	1.255	171,248,442
2003	9,527,500	123,223,500	7,459,400	3,098,800	13,029,100			156,338,300	1,442,356	157,780,656	1.012	166,565,417

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b) Tax rates are per \$100

c) First year of revaluation

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)

Year Ended June 30,	Fairfield Township Board of Education			Overlapping Rates			
	a Basic Rate	b General Obligation Debt Service	Total Direct	Cumberland Regional High School	Fairfield Township	Cumberland County	Total
2012	\$ 0.221	\$ 0.163	\$ 0.384	\$ 0.470	\$ 0.384	\$ 0.965	\$ 2.203
2011	0.218	0.160	0.378	0.434	0.375	0.896	2.083
2010	0.459	0.244	0.703	0.912	0.673	1.69	3.978
2009	0.403	0.220	0.623	0.866	0.545	1.707	3.741
2008	0.395	0.228	0.623	0.824	0.521	1.64	3.608
2007	0.380	0.227	0.607	0.949	0.413	1.452	3.421
2006	0.367	0.210	0.577	0.898	0.199	1.333	3.007
2005	0.327	0.152	0.479	0.833	0.221	1.143	2.676
2004	0.436		0.436	0.820	0.215	1.039	2.510
2003	0.365		0.365	0.649	0.214	0.999	2.227

* First year of revaluation

Source: District Records and Municipal Tax Collector

Note:

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

- a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b) Rates for debt service are based on each year's requirements.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
South State, Inc.	\$ 4,926,900	1.54%	\$ 2,356,400	1.49%
Tips Trailer Park, Inc.	3,935,600	1.23%	848,200	0.54%
Arthur Boss, MK Boss & MB McDowell	2,800,100	0.88%		
Laning Bros Farms, Inc.	2,528,900	0.79%	881,000	0.56%
Milner Corp.	2,031,300	0.64%	2,303,500	1.46%
Cumberland Self Storage, LLC	1,971,700	0.62%		
NJ Oak Solar LLC	1,630,200	0.64%		
T Zander & Sons, Inc Profit Sharing	1,525,000	0.39%		
Taxpayer #1	1,231,000	0.48%	667,100	0.42%
Taxpayer #2	1,211,800	0.38%		
Bell Atlantic			1,397,846	0.89%
Miza Pharmaceuticals USA			987,700	0.63%
Eagles Manor			871,500	0.55%
CPM Developers			838,400	0.53%
Exelon (PSEG)			697,600	0.44%
Total	\$ 23,792,500	7.57%	\$ 11,849,246	7.51%

Source: District CAFR & Municipal Tax Assessor

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2012	\$ 1,211,780	\$ 1,211,780	100.00%	\$ -
2011	1,206,843	1,206,843	100.00%	-
2010	1,066,648	1,066,648	100.00%	-
2009	1,051,515	1,051,515	100.00%	-
2008	1,005,185	1,005,185	100.00%	-
2007	933,996	933,996	100.00%	-
2006	762,116	762,116	100.00%	-
2005	686,947	686,947	100.00%	-
2004	574,497	574,497	100.00%	-
2003	545,980	545,980	100.00%	-

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income ^a		Per Capita ^a	
2012	\$ 5,551,000	\$	\$	\$	\$ 5,551,000	2.4%	\$ 856 *	
2011	5,846,000				5,846,000	2.6%	909 *	
2010	6,131,000				6,131,000	2.9%	969	
2009	4,336,000				4,336,000	2.1%	691	
2008	4,536,000				4,536,000	2.3%	745	
2007	4,726,000				4,726,000	2.5%	768	
2006	4,891,000				4,891,000	2.7%	791	
2005	4,981,000				4,981,000	2.6%	738	
2004	4,981,000							
2003								

* Estimate

Source: District CAFR Schedules I-1, I-2

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

- a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b) Includes Early Retirement Incentive Plan (ERIP) refunding

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2012	\$ 5,551,000	\$	\$ 5,551,000	1.72%	\$ 856 *
2011	5,846,000		5,846,000	1.80%	911
2010	6,131,000		6,131,000	1.88%	966
2009	4,336,000		4,536,000	1.56%	667
2008	4,536,000		4,726,000	1.66%	699
2007	4,726,000		4,891,000	2.35%	723
2006	4,891,000		4,981,000	2.46%	736
2005	4,981,000				
2004					
2003					

* Estimate

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

- a) See Exhibit NJ J-6 for property tax data.
- b) Population data can be found in Exhibit NJ J-14.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Fairfield Township	\$ 3,632,894	100.00%	\$ 3,632,894
Other Debt			
Regional School District	11,602,000	17.749%	2,059,255
County of Cumberland - Township Share	67,721,951	3.497%	2,368,239
Subtotal, Overlapping Debt			8,060,389
Fairfield Township School District Direct Debt			5,551,000
Total Direct and Overlapping Debt			<u>\$ 13,611,389</u>

Sources: Fairfield Township Finance Officer and Cumberland County Finance Office

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 Fairfield. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis	
	2011	\$ 324,519,379
	2010	300,882,198
	2009	314,728,313
	[A]	\$ 940,129,890
Average Equalized Valuation of Taxable Property	[A/3]	\$ 313,376,630
Debt Limit (3% of Average Equalization Value)	[B]	9,401,299
Net Bonded School Debt	[C]	5,551,000
Legal Debt Margin	[B-C]	\$ 3,850,299

Fiscal Year

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 4,681,390	\$ 4,803,774	\$ 4,974,377	\$ 5,399,210	\$ 6,099,398	\$ 7,220,520	\$ 8,391,152	\$ 9,172,594	\$ 9,347,809	\$ 9,401,299
Total Net Debt Applicable to Limit		4,981,000	4,981,000	4,981,000	4,726,000	4,536,000	4,336,000	6,131,000	5,846,000	5,551,000
Legal Debt Margin	\$ 4,681,390	\$ (177,226)	\$ (6,623)	\$ 418,210	\$ 1,373,398	\$ 2,684,520	\$ 4,055,152	\$ 3,041,594	\$ 3,501,809	\$ 3,850,299
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	-	104%	100%	92%	77%	63%	52%	67%	63%	59%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (Thousands of Dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012 *	6,482	\$ 228,670,845	\$ 35,277	20.10%
2011 *	6,418	221,967,429	34,585	20.30%
2010	6,346	215,173,822	33,907	17.80%
2009	6,804	222,762,960	32,740	16.8%
2008	6,762	220,420,914	32,597	10.0%
2007	6,761	206,372,764	30,524	8.2%
2006	6,764	198,327,244	29,321	9.1%
2005	6,746	188,017,766	27,871	7.9%
2004	6,653	181,274,291	27,247	11.8%
2003	6,596	175,618,500	26,625	14.9%

* Estimate

Source:

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

^b Personal income

^c Per Capita

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	43.9	41.0	40.0	37.7	41.0	39.0	58.0	59.0	49.0	51.0
Special Education	12.1	15.0	15.0	13.3	11.0	11.0	12.0	12.0	15.0	18.0
Other Special Education	3.0	5.0	4	2.9	2.0	2.0	2.0	2.0	2.0	
Vocational										
Other Instruction	7.0	4.0	4	8.6	3.0	4	1	1	1	
Support Services:										
Tuition										
Student & Instruction Related Services	9.0	6.0	8.0	8.9	8.9	5.0	6.3	7.3	8.2	8.0
General Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	5.0	5.0	6.0	4.1	4.1	5.0	2.1	2.1	2.8	5.0
Business Administrative Services	3.0	3.0	3.0	2.0	2.0	0.5	2.5	2.5	2.2	2.2
Plant Operations and Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pupil Transportation			0.6	1.0	1.0	0.5	0.5	0.5	0.2	0.2
Food Service										
Total	86	82	84	81.5	76.0	70.0	87.4	89.4	83.4	87.4

Source: District Personnel Records

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						K-8	Middle School				
2012	613	\$ 8,982,521	\$ 14,653	6.00%	60	10.2:1		598.1	576.1	-3.20%	96.32%
2011	616	8,515,923	13,825	-10.77%	61	10.1:1		617.9	590.1	4.34%	95.50%
2010	585	9,063,675	15,493	14.58%	87	6.7 : 1		592.2	557.6	-5.36%	94.16%
2009	622	8,410,521	13,522	1.92%	73	8.57:1		625.7	591.4	3.27%	94.52%
2008	607	8,052,774	13,267	2.16%	50	12.1 : 1		605.9	576.1	4.21%	95.09%
2007	590	7,661,671	12,986	-5.37%	57	10.4 : 1		581.4	559.1	9.55%	96.16%
2006	538	7,382,618	13,722	-2.46%	52	9.8 : 1	11 : 1	530.7	510.3	1.45%	96.16%
2005	507	7,132,819	14,069	6.41%	60	9.9 : 1	7.8 : 1	523.1	503.8	-4.26%	96.31%
2004	546	7,219,045	13,222	14.84%	60	12.7 : 1	9.1 : 1	546.4	524.7	-4.34%	96.03%
2003	571	6,573,734	11,513	13.36%	64	10.9 : 1	8.3 : 1	571.2	544.5	-6.41%	95.33%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule 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).
- * Schools combined beginning with the 2006/2007 School Year

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>										
<u>Elementary</u>										
Fairfield Primary School (1956)										
Square Feet	21,711	21,711	21,711	21,711	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	307	307	307	307	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	293	292	263	274	N/A	N/A	N/A	N/A	N/A	N/A
<u>Middle School</u>										
Fairfield Middle School (1976)										
Square Feet	31,004	31,004	31,004	31,004	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	246	246	246	246	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	278	254	244	264	N/A	N/A	N/A	N/A	N/A	N/A
<u>Fairfield Township School</u>										
Square Feet					75,590	100,594	100,594	100,594	100,594	100,594
Capacity (Students)					566	607	622	622	622	622
Enrollment					546	607	622	585	616	613
Number of Schools at June 30, 2012										
Elementary = 0										
Middle School = 0										
Combined = 1										

* The Fairfield Primary and Middle Schools were combined into one new building beginning in the 2006/2007 School Year

Source: District records, ASSA

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Fairfield Twp. Primary School	\$	\$	\$	\$	\$	\$	\$	28,309	\$ 12,974	\$ 5,736	\$ 17,000
Fairfield Twp. Middle School								10,227	1,924	9,243	19,285
Fairfield Township School *	100,594	44,555	47,657	42,188	38,287	52,966	31,156				
Total School Facilities		<u>44,555</u>	<u>47,657</u>	<u>42,188</u>	<u>38,287</u>	<u>52,966</u>	<u>31,156</u>	<u>38,536</u>	<u>14,898</u>	<u>14,979</u>	<u>36,285</u>
Other Facilities											
Grand Total	\$	<u>44,555</u>	\$ <u>47,657</u>	\$ <u>42,188</u>	\$ <u>38,287</u>	\$ <u>52,966</u>	\$ <u>31,156</u>	\$ <u>38,536</u>	\$ <u>14,898</u>	\$ <u>14,979</u>	\$ <u>36,285</u>

* The Fairfield Primary and Middle Schools were combined into one new building beginning in the 2006/2007 School Year

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

The Board of Education of the Township of Fairfield is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund (GCSSDJIF).

The GCSSDJIF is a Joint Insurance Fund as defined under the Provisions of NJS 18A:18B 1-10. The Fund was formed by its member districts on July 1, 1998 to provide a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures. It achieves this goal by pooling together member district resources, deciding on what insurance coverage/s it will offer and/or purchase and at what retention, and by hiring professionals to run the Fund.

The Fund's underwriting includes workers' compensation, property, general liability, automobile liability, crime, educator's legal liability, boiler and machinery, and pollution legal liability insurances.

The coverage provided to members of the GCSSDJIF for the period of July 1, 2011 to June 30, 2012 are as follows:

2011-2012

I. Property, Inland Marine and Automobile Physical Damages		
A. Limit of Liability:		\$150,000,000 Per Occurrence
1. GCSSDJIF Self Insured Retention		250,000 Per Occurrence
2. Member District Deductible		500 Per Occurrence
3. Perils Included		"All Risk"
B. Property Valuation		
1. Buildings and Contents		Replacement Cost
2. Contractors Equipment		Actual Cash Value
3. Automobiles		Actual Cash Value
II. Boiler and Machinery		
A. Limit of Liability		125,000,000
1. GCSSDJIF Self Insured Retention		None
2. Member District Deductible		1,000
III. Crime		
A. Limits of Liability		500,000
1. GCSSDJIF Self Insured Retention		250,000
2. Member District Deductible		500
IV. General and Automobile Liability		
A. Limit of Liability:		10,000,000
1. GCSSDJIF Self Insured Retention (SIR)		250,000
2. Member District Deductible		None
V. Workers' Compensation		
A. Limits of Liability:		Statutory
1. GCSSDJIF Self Insured Retention		250,000
2. Member District Deductible		None

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

VI. Educator's Legal Liability	
A. Limits of Liability:	10,000,000
1. GCSSDJIF Self Insured Retention	100,000
2. Member District Deductible	None
VII. Pollution Legal Liability	
A. Limits of Liability:	3,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000

Excess and Reinsurance Carriers Involved

Property and Crime

SPELLJIF, Selective Ins. Co. of America
Axis Surplus Insurance Company
Westchester Surplus Lines Ins. Co
Alterra Excess & Surplus Ins. Co
Alliance Global Corporate & Specialty Marine Ins. Co
RSUI Indemnity Company

General Liability and Automobile Liability
Worker's Compensation
Educator's Legal Liability

SPELLJIF, Selective Ins. Co. of America
SPELLJIF, Selective Ins. Co. of America
SPELLJIF, Selective Ins. Co. of America

Group Purchase of Primary Insurance Coverage Carrier Array

Boiler and Machinery
Pollution Legal Liability

Travelers Insurance Company
ACE American Insurance, Co.

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 19, 2012

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

The Honorable President and
Members of the Board of Education
Fairfield Township School District
County of Cumberland, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fairfield Township School District, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education of the Fairfield Township School District's basic financial statements and have issued our report thereon dated October 19, 2012. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

Management of the Board of Education of the Fairfield Township School District, in the County of Cumberland, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fairfield Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures 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 Fairfield Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fairfield Township Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did however, identify three immaterial instances of deficiencies in internal control over financial reporting described in the *Independent Auditor's Management report on Administrative Findings – Financial, Compliance and Performance*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fairfield Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance 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 in the accompanying schedule of findings and questioned cost.

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

Respectfully Submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 19, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and
Members of the Board of Education
Fairfield Township School District
County of Cumberland, New Jersey

Compliance

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

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

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

Internal Control Over Compliance

Management of the Fairfield Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Fairfield Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 Fairfield Township School District's Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or 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 federal or state program will not be prevented or detected and corrected, on a timely basis.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Fairfield Township School District's Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Fairfield Township School District's Board of Education's responses and, accordingly, we express no opinion on the responses.

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

Respectfully Submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Grant or State Project Number	Program or Award Amount	Grant Period From/To	June 30, 2011			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjust- ment	June, 30, 2012		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
U S Department of Education General Fund: Education Jobs Fund	84.410A	ARRA	\$ 209,481	8/10/10-9/30/12	\$ -	\$ -	\$ -	\$ -	\$ 122,467	\$ (209,481)	\$ -	\$ (87,014)	\$ -	\$ -
									122,467	(209,481)		(87,014)		
U.S. Department of Agriculture Passed through State Department of Education														
Food Donation	10.550	N/A	15,644	7/1/11-6/30/12					15,644	(15,245)			399	
Food Donation	10.550	N/A	15,453	7/1/10-6/30/11			647			(647)				
National School Lunch Program	10.555	N/A	209,452	7/1/11-6/30/12					173,065	(209,452)		(36,387)		
National School Lunch Program	10.555	N/A	196,060	7/1/10-6/30/11	(16,499)				16,499					
National School Snack Program	10.555	N/A	514	7/1/11-6/30/12					514	(514)				
School Breakfast Program	10.553	N/A	98,500	7/1/11-6/30/12					81,433	(98,500)		(17,067)		
School Breakfast Program	10.553	N/A	84,785	7/1/10-6/30/11	(6,710)				6,710					
Total U.S. Department of Agriculture					(23,209)	647			293,865	(324,358)		(53,454)	399	
U.S. Department of Education Passed Through State Dept. of Education: Special Education Fund:														
Title I	84.010	NCLB-146011	317,951	9/1/10-8/31/11	(283,001)				284,732	(1,731)				
Title I	84.010	NCLB-146012	331,301	9/1/11-8/31/12					163,879	(326,627)		(162,748)		
Title I Early Intervention	84.010	NCLB-146009	22,581	9/1/08-8/31/09	(22,581)				22,581					
Title I SIA	84.010	NCLB-146007	22,576	9/1/06-8/31/07	(353)				353					
Title I SIA	84.010	NCLB-146011	74,079	9/1/10-8/31/11					51,141	(51,141)				
Title II - A	84.367A	NCLB-146012	53,320	9/1/11-8/31/12					32,965	(50,201)		(17,236)		
Title II - A	84.367A	NCLB-146011	55,531	9/1/10-8/31/11	(17,406)				17,406					
Title II - A	84.367A	NCLB-146010	59,010	9/1/09-8/31/10	(284)						284			
Title II - D	84.318X	NCLB-146011	662	9/1/10-8/31/11	(100)				3,749	(3,649)				
Title II - D	84.318X	NCLB-146010	5,431	9/1/09-8/31/10	(1,621)				1,621					
Title II - D	84.318X	NCLB-146009	2,749	9/1/08-8/31/09	(758)				292		466			
Title IV	84.186A	NCLB-146011	282	9/1/10-8/31/11					172	(172)				
ARRA - T-I	84.389	ARRA-146010	207,746	9/1/09-8/31/11	(83,119)				117,005	(33,886)				
ARRA - T-I, SIA Summer	84.388	ARRA-146010	18,133	9/1/09-8/31/11	(2,827)				18,133	(15,337)	31			
ARRA - T-I, Summer	84.389	ARRA-146010	39,427	9/1/09-8/31/11	(11,395)				9,373		2,022			
ARRA - IDEA	84.391	ARRA-146010	167,565	9/1/09-8/31/11	(3,974)				7,740		(3,766)			
ARRA - IDEA - Pre K	84.392	ARRA-146011	6,016	9/1/09-8/31/11					6,016	(6,016)				
ARRA - Talent 21	N/A	10RE01G03	276,956	9/1/09-8/31/10	(58,956)				89,745	(30,789)				
I.D.E.A. Part B Basic	84.027	IDEA146011	182,148	9/1/10-8/31/11					1,593	(5,359)	3,766			
I.D.E.A. Part B Basic	84.027	IDEA146012	186,543	9/1/11-8/31/12					161,279	(184,615)		(23,336)		
I.D.E.A. Pre School	84.173	IDEA146011	5,628	9/1/10-8/31/11					5,628	(5,628)				
I.D.E.A. Pre School	84.173	IDEA146012	5,638	9/1/11-8/31/12						(5,638)		(5,638)		
Indian Education	84.060	N/A	16,803	9/1/11-8/31/12						(12,089)		(12,089)		
Indian Education	84.060	N/A	21,219	9/1/10-8/31/11	(6,068)					(2,891)		(8,959)		
Indian Education	84.060	N/A	21,219	7/1/10-6/30/11			6,597							6,597
Indian Education	84.060	N/A	16,346	7/1/07-6/30/08			2,735							2,735
Indian Education	84.060	N/A	16,063	7/1/04-6/30/05			230							230
Total U.S. Department of Education					(492,443)	9,562			995,403	(735,769)	2,803	(230,006)		9,562
Total Federal Financial Awards					\$ (515,652)	\$ 10,209	\$ -	\$ -	\$ 1,411,735	\$ (1,269,608)	\$ 2,803	\$ (370,474)	\$ 399	\$ 9,562

See Accompanying Notes to Schedules of Financial Assistance

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program Title	Grant or State Project No.	Program or Award Amount	Grant Period From/To	Balance at June 30, 2011			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Balance at June 30, 2012		Memo		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Dept. of Education:															
General Fund:															
Equalization Aid	12-495-034-5120-078	\$ 5,093,334	7/1/11-6/30/12	\$	\$	\$	\$	\$ 4,615,381	\$ (5,093,334)		\$ (477,953)	\$	\$ *	\$ (477,953)	\$ 5,093,334
Equalization Aid	11-495-034-5120-078	5,093,334	7/1/10-6/30/11	(474,882)				474,882							
Transportation Aid	12-495-034-5120-014	154,606	7/1/11-6/30/12					140,098	(154,606)		(14,508)		*	(14,508)	154,606
Transportation Aid	11-495-034-5120-014	154,606	7/1/10-6/30/11	(14,415)				14,415							
Special Education Aid	12-495-034-5120-089	268,132	7/1/11-6/30/12					242,971	(268,132)		(25,161)		*	(25,161)	268,132
Special Education Aid	11-495-034-5120-089	268,132	7/1/10-6/30/11	(25,000)				25,000							
Security Aid	12-495-034-5120-084	163,126	7/1/11-6/30/12					147,818	(163,126)		(15,308)		*	(15,308)	163,126
Security Aid	11-495134--5120-084	163,126	7/1/10-6/30/11	(15,209)				15,209							
Adjustment Aid	12-495-034-5120-085	228,074	7/1/11-6/30/12					206,672	(228,074)		(21,402)		*	(21,402)	228,074
Adjustment Aid	11-495-034-5120-085	80,019	7/1/10-6/30/11	(7,461)				7,461							
Extraordinary aid	12-100-034-5120-473	17,983	7/1/11-6/30/12						(17,983)		(17,983)		*		17,983
Additional Non-Public Transp. Aid	11-495-034-5120-014	6,438	7/1/10-6/30/11	(6,438)				6,438							
Additional Non-Public Transp. Aid	12-495-034-5120-014	4,698	7/1/11-6/30/12						(4,698)		(4,698)		*		4,698
On behalf TPAF Non-Contrib Ins	12-495-034-5095-007	122,151	7/1/11-6/30/12					122,151	(122,151)				*		122,151
On behalf TPAF Post. Med'l Contrib	12-495-034-5095-001	245,557	7/1/11-6/30/12					245,557	(245,557)				*		245,557
Reimb TPAF Soc Sec contrib	12-495-034-5095-002	258,929	7/1/11-6/30/12					234,455	(258,929)		(24,474)		*		258,929
Total General Fund				(543,405)				6,498,508	(6,556,590)		(601,487)			(554,332)	6,556,590
Special Revenue Fund:															
Preschool Education Aid	12-495-034-5120-086	1,058,985	7/1/11-6/30/12				166,881	953,086	(1,008,374)		(105,899)	217,492	*	(105,899)	1,008,374
Preschool Education Aid	11-495-034-5120-086	1,145,096	7/1/10-6/30/11	(105,899)	166,881		(166,881)	105,899							
NJ Nonpublic Aid:															
Chap. 192 - Transportation	11-495-034-5120-014	347	7/1/10-6/30/11					347	(347)				*		347
Chap. 193:															
Corrective Speech	11-100-034-5120-066	2,347	7/1/10-6/30/11			782				(782)					
Corrective Speech	12-100-034-5120-066	3,016	7/1/11-6/30/12					3,016	(2,249)			767	*		2,249
Total Special Revenue Fund				(105,899)	166,881	782		1,062,348	(1,010,970)	(782)	(105,899)	217,492	767	(105,899)	1,010,970
Capital Project Fund:															
NJSDA Grant	1460-070-09-1002-G02	1,984,772	7/1/09-Closing	(396,954)				396,954	(33,061)		(33,061)		*		2,017,833
Total Capital Project Fund				(396,954)				396,954	(33,061)		(33,061)				2,017,833
State Dept. of Agriculture:															
Enterprise Fund:															
State School Lunch Pgm.	12-100-010-3350-023	4,883	7/1/11-6/30/12					4,042	(4,883)		(841)		*		4,883
State School Lunch Pgm.	11-100-010-3350-023	4,595	7/1/10-6/30/11	(412)				412							
Total Enterprise Fund				(412)				4,454	(4,883)		(841)				4,883
Total State Financial Assistance				\$ (1,046,670)	\$ 166,881	\$ 782	\$ -	\$ 7,962,264	\$ (7,605,504)	\$ (782)	\$ (741,288)	\$ 217,492	\$ 767	\$ (660,231)	\$ 9,590,276

See Accompanying Notes to the Schedules of Financial Assistance

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Fairfield School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. 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 schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 a 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 \$17,365 for the general fund and \$0 for the special revenue fund. See Note 2 (The Notes to Required Supplementary Information) for reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statement on a GAAP basis as presented on the following page:

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2012

(Continued)

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 209,481	\$ 6,539,225	\$ 6,748,706
Special Revenue Fund	735,769	1,010,970	1,746,739
Capital Project Fund		33,061	33,061
Food Service Fund	324,358	4,883	329,241
Total Awards and Financial Assistance	<u>\$ 1,269,608</u>	<u>\$ 7,588,139</u>	<u>\$ 8,857,747</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 Fairfield Township School District had no SDA Loan balance at June 30, 2012. The New Jersey SDA is holding cash representing interest income due to the district.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: ADJUSTMENTS

Included in Schedule A are prior year order adjustments totaling \$2,803.

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title - I
84.389	ARRA-Title I
84.410A	Education Jobs Fund
10.553	School Breakfast Program
10.555	National School Lunch
10.555	National Snack Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title - I
84.389	ARRA-Title I
84.410A	Education Jobs Fund
10.553	School Breakfast Program
10.555	National School Lunch
10.555	National Snack Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

Section II - Financial Statement Findings

None

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE FINANCIAL ASSISTANCE

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

Financial Statement Findings

Finding 2011-3

Condition

While the district maintains fixed assets records, an updated report, to be prepared by an outside appraisal company, was not available for examination and accordingly, the current amounts were determined and adjusted as part of the audit, based on the previous year's amounts and current year additions, including capital projects.

Recommendation

A complete inventory should be taken, through a contracted service agreement with an appropriate appraisal company, in order to acquire an update fixed assets ledger that will be adjusted each year in the future based on additions and dispositions for inclusion of information in the Comprehensive Annual Financial Report (CAFR).

Current Status

The finding has been resolved through an inventory prepared by an outside vendor. An adjustment has been reflected in the Statement of Net Assets (Exhibit A-1) and Statement of Activities (Exhibit A-2)