

**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, 2016**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Township of Fairfield Board of Education**

**Fairfield, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

**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, 2016**

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## INTRODUCTORY SECTION



# FAIRFIELD TOWNSHIP PUBLIC SCHOOLS

375 GOULDTOWN WOODRUFF ROAD

BRIDGETON, NEW JERSEY 08302

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

**Dr. James J. Ruffin**  
Interim Superintendent

**Janecia Smith**  
Business Administrator

November 23, 2016

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, 2016, 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 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 2015-2016 fiscal year with a June enrollment of 662 students, which is an increase of 36 students from the previous year's enrollment of 626. The following details the changes in the student enrollment of the District over the last ten years.

**June 30 Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2015-16	662.0	5.75%
2014-15	626.0	.96%
2013-14	620.0	3.00%
2012-13	602.0	(1.79)%
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%

**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 due to the positive relationships and rapport built with families and the community. Research has proven that Early Childhood programs have the potential to positively impact our children. The NJ state approved Creative Curriculum offers students a program that offers enrichment and hands on inquiry based experiences in Language Arts, Mathematics, Science, Social Studies, Social emotional skills, and developmentally pertinent physical activities to promote health and wellness. According to feedback from the NJ state liaison and NEER, FTS continues to meet and exceed expectations.

**Math:** Fairfield Twp School strives to meet and exceed state and district achievement expectations. The district works closely with constituent districts and Cumberland Regional high school to ensure that the math curriculum is aligned to NJ standards and can meet the rigor of PARCC expectations. Throughout the school year, students participate in end of cycle benchmarks to track their progress and monitor student progress. Teachers meet bi-monthly to review data and plan various interventions and strategies to assist gifted and/or struggling learners. We have implemented various professional workshops to FTS staff to ensure that staff can provide and implement best teaching strategies in their instructional practices. Students in 8th grade that qualify are able to participate in an Algebra I course before attending high school in preparation for AP or Algebra at the high school level. The district also offers a summer enrichment and intervention program to prepare students for the academic rigor via the upcoming school year at FTS, high school, or technical school.

Literacy: Fairfield Twp School strives to meet and exceed state and district achievement expectations. The district works closely with constituent districts and Cumberland Regional high school to ensure that the math curriculum is aligned to NJ standards and can meet the rigor of PARCC expectations. Throughout the school year, students participate in end of cycle benchmarks to track their progress and monitor student progress. Teachers meet bi-monthly to review data and plan various interventions and strategies to assist gifted and/or struggling learners. We have implemented various professional workshops to FTS staff to ensure that staff can provide and implement best teaching strategies in their instructional practices. The district also offers a summer enrichment and intervention program to prepare students for the academic rigor via the upcoming school year at FTS, high school, or technical school.

Child Study Team and Special Education: In 2016-2017, the district formed a shared services contract with Hopewell Crest for their Child Study Team Director. Throughout the summer, the Hopewell CST director collaborated with the Fairfield team to recruit, interview, and select the 2016-2017 CST staff as well as develop two SE classroom programs. The district has hired a full-time school psychologist, contracted with a social worker (3-4 days a week), and learning disabled teacher consultant(s) (8-10 hours a week). Over the course of the next month the CST will continue to review polices, IEPs, and prepare PD presentations that will orientate the district staff to in-house CST and SE programs.

Facilities: Fairfield Township School facilities accommodate students in grades PK-8. In addition, the district re-opened the athletic field during the 2015-2016 school years. The field offers additional physical educational program activities such as tennis, basketball, track, soccer, and other sports related activities. In addition, the field is open to the community after school hours and this has strengthened the relationship with the community.

Information Technology: The vision of Fairfield Township School is to implement a technology model that articulates the use of technology in all aspects of the school district. This includes classrooms that are interactive, flexible and ready for collaboration, audiovisual equipment, teaching aides and high-speed networks to enhance learning and the classroom experience. Fairfield's vision includes' the use of mobile laptop carts in the classroom to enhance instruction. Fairfield Township will use educational software, web-based resources and instructional technology research for curriculum integration. As part of the technology initiatives Fairfield Township have begun working towards these goals over the summer

#### **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, 2016.

## **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 was 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 \$85,000 were made during the 2014-15 fiscal year and \$85,000 in 2015-16, resulting in a balance in bonds payable as of June 30, 2016 of \$1,555,000.

On September 15, 2014 the District refunded \$3,150,000 in Bonds Payable from the March 15, 2004 Construction of the new Elementary/Middle School, resulting in a net savings of \$56,000. Principal payments in the amount of \$275,000 were made during the 2015-16, resulting in a balance in these bonds payable as of June 30, 2016 of \$2,570,000.

## **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.

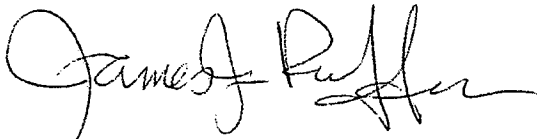
**10. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

**11. ACKNOWLEDGMENTS:**

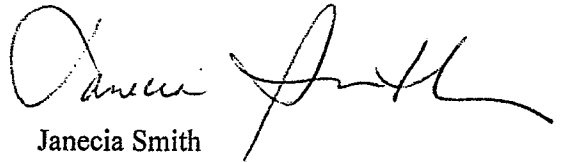
We would like to express our appreciation to the members of the Fairfield Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial 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,



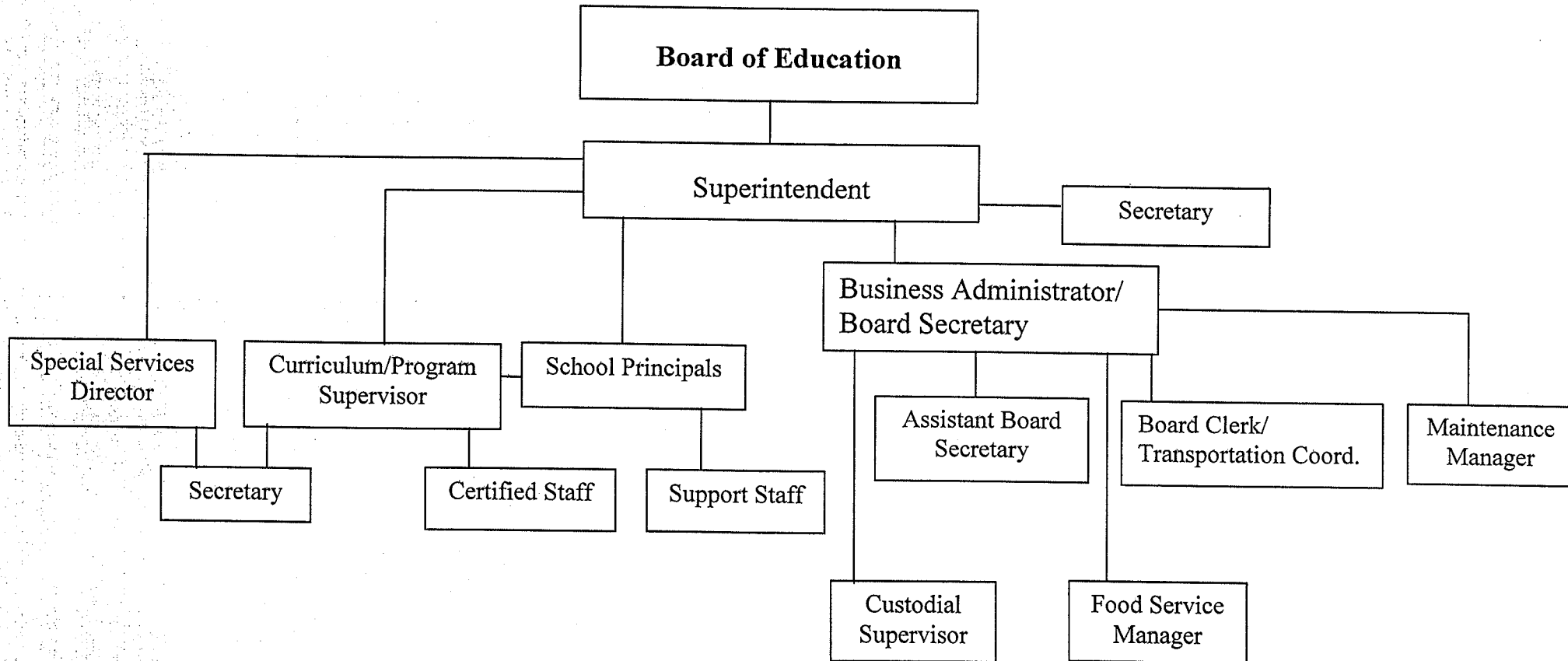
Dr. James J. Ruffin  
Interim Superintendent

Respectfully Submitted,



Janecia Smith  
Business Administrator

**ORGANIZATIONAL CHART**



Approved by the Board of Education

FAIRFIELD TOWNSHIP BOARD OF EDUCATION  
BRIDGETON, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2016

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Michelle Kennedy, President	2018
Alta Lloyd, Vice President	2018
Treemanisha Stewart	2017
Ruth Butler	2016
Robin Winrow	2017
Darlington Henry, Jr.	2018
Mattie Gibbons	2016
Mark Henry, Sr.	2016
Marge Neild	2016

<u>OTHER OFFICIALS</u>	<u>BOND</u>
Dr. James Ruffin, Superintendent	
Janecia Smith, Business Administrator	\$ 100,000
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**

**Ocean First**  
1771 S. Lincoln Avenue  
Vineland, New Jersey 08361

**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  
[www.colavita.net](http://www.colavita.net)

November 23, 2016

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the 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, 2016, and the related notes to the financial statements, which collectively comprise the Fairfield Township School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Division of Administration and 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fairfield Township Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairfield Township Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated November 23, 2016 on our consideration of the Fairfield Township 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 Standards* in considering Fairfield Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
FAIRFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016. 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 2016 are as follows:

- ❖ The assets of the School District exceeded its liabilities at the close of the fiscal year ended June 30, 2016 by \$6,946,056.
- ❖ Total net position of governmental activities totaled \$6,614,808.
- ❖ General revenues accounted for \$7,457,463 in revenue, or 61.6% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions and capital grants accounted for \$4,648,073 or 38.4% to total revenues of \$12,105,536.
- ❖ Total net position of governmental activities increased by \$317,686, made up of changes in cash and cash equivalents, cash deposited with the state as fiscal agent, various receivables and various liabilities.
- ❖ The School District had \$11,264,728 in governmental expenses, of which \$4,648,073 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily Federal and State aid) of \$6,009,367 were adequate to provide for governmental activity programs resulting in a positive change in net position of \$317,686.
- ❖ The General Fund had \$7,847,437 in revenues, offset by \$7,807,719 in expenditures and net transfers of \$477. As a result, the General Fund balance increased by \$40,195 over 2015. 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 Position 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 2016?" The Statement of Net Position 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 position and changes in those assets. This change in net position 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 Position 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 Position 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 Position provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's net position for the years ended in 2016 and 2015.

	Net Position	
	2016	2015
<b>Assets</b>		
Current and Other Assets	\$ 766,439	\$ 925,550
Capital Assets, Net	12,743,020	12,747,527
Total Assets	<u>13,509,459</u>	<u>13,673,077</u>
<b>Deferred Outflows of Resources</b>	<u>350,512</u>	<u>132,793</u>
<b>Liabilities</b>		
Long-term Liabilities	4,295,106	4,650,507
Other Liabilities	2,451,404	5,387,643
Total Liabilities	<u>6,746,510</u>	<u>10,038,150</u>
<b>Deferred Inflows of Resources</b>	<u>167,405</u>	<u>215,833</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	8,571,365	8,211,068
Restricted	86,871	435,960
Unrestricted	(1,712,180)	(2,095,141)
Total Net Position	<u>\$ 6,946,056</u>	<u>\$ 6,551,887</u>



Table 2 shows the changes in net position from fiscal year's 2016 and 2015.

Table 2  
Changes in Net Position

	2016	2015
<b>Revenues</b>		
Programs Revenues		
Charges for Services	\$ 64,863	\$ 101,869
Operating Grants and Contributions	4,583,210	2,940,860
General Revenues		
Property Taxes	1,259,555	1,229,395
Grants and Entitlements	6,009,367	6,095,707
Other	188,541	76,287
<b>Total Revenues</b>	<b>12,105,536</b>	<b>10,444,118</b>
<b>Program Expenses</b>		
Instruction	3,855,221	3,861,090
Support Services		
Tuition	623,880	543,974
Pupils and Instructional Staff	1,023,367	941,324
General Administration, School		
Administration, Business	654,055	717,397
Operations and Maintenance of Facilities	553,285	590,978
Pupil Transportation	462,568	460,219
Employee Benefits	3,454,425	2,043,158
Food Service	446,639	425,630
Other	339,643	365,553
Debt Service - Interest	298,284	270,156
<b>Total Expenses</b>	<b>11,711,367</b>	<b>10,219,479</b>
Transfer to Charter School		(35,706)
<b>Increase (Decrease) in Net Position</b>	<b>\$ 394,169</b>	<b>\$ 188,933</b>

### 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 governmental revenues were \$7,457,463 for the fiscal year ended June 30, 2016. Program specific revenues comprised 38.4% of revenues for governmental activities and property taxes made up 10.4% federal, state and local grants accounted for another 49.6% and 1.6% was for other revenue. The Statement of Activities shows the cost of program services and the program specific revenues 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 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 3,855,221	\$ 2,750,434	\$ 3,861,090	\$ 2,791,736
Support Services				
Tuition	623,880	623,880	543,974	543,974
Pupils and Instructional Staff	1,023,367	298,686	941,324	353,778
General Administration, School				
Administration, Business	654,055	654,055	717,397	717,397
Operation and Maintenance of Facilities	553,285	553,285	590,978	590,978
Pupil Transportation	462,568	462,568	460,219	460,219
Employee Benefits	3,454,425	1,158,942	2,043,158	1,173,407
Interest and Fiscal Charges	298,284	298,284	270,156	270,156
Other	339,643	339,643	365,553	365,553
<b>Total Expenses</b>	<u>\$ 11,264,728</u>	<u>\$ 7,139,777</u>	<u>\$ 9,793,849</u>	<u>\$ 7,267,198</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.

## 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 revenues exceeded expenses by \$76,483.
- ❖ Charges for services represent \$64,863 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 \$458,289.

## 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 \$10,542,179 and expenditures of \$10,544,105. The net change in fund balance for the year was a decrease of \$1,926, which includes funding \$36,027 in debt service costs.

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, 2016, 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 2015</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,447,441	13.7%	\$ 141,759	11%
State Sources	8,512,291	80.7%	329,000	4%
Federal Sources	582,447	5.5%	(41,308)	-7%
<b>Total</b>	<b>\$ 10,542,179</b>	<b>100.0%</b>	<b>\$ 429,451</b>	<b>4%</b>

The increase in Local Sources is attributed to increases in the tax levy of \$30,160, tuition of \$55,669 and other miscellaneous revenues of \$60,317 offset by a decrease of \$4,387 in interest earned.

The increase in State Sources is attributed to increases in Special Projects grants of \$232,863 and various State Public Aid categories of \$134,897, less \$38,760 in SDA Capital Project Grant revenue.

The decrease in Federal Sources is attributed various decreases in federal grant awards of \$41,308.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund Expenditures for the fiscal year ended June 30, 2016

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) 2015</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 3,855,221	36.6%	\$ (5,869)	-0.2%
Undistributed Expenditures	5,693,994	54.0%	194,215	3.5%
Capital Outlay	483,484	4.6%	192,626	66.2%
Debt Service:				
Principal	360,000	3.4%	(25,000)	-6.5%
Interest	151,406	1.4%	31,171	25.9%
Total	<u>\$ 10,544,105</u>	<u>100%</u>	<u>\$ 387,143</u>	<u>3.8%</u>

The decrease in current – instruction is attributed to decreases in regular instruction of \$27,725 and other special instruction of \$229, and other instruction of \$15,841 offset by increases in special instruction of \$37,926.

The increase in current – undistributed expenditures is attributed to increased tuition of \$79,906, student and instruction services of \$82,043, central services of \$14,705, security of \$2,282, employee benefits of \$130,952 and pupil transportation of \$2,349 offset by decreases in plant maintenance of \$39,975, and administrative expenses of \$78,047,

The increase in capital outlay is attributed to decreases in capital project spending of \$185,765 and equipment costs of \$6,861.

Debt Service decreased due to payment of scheduled interest and principal on existing bonds.

### **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 2016, 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 \$344,359 in fund balance, the actual results for the year show an increase in fund balance of \$63,551.

- ❖ Actual revenues were \$139,209 more than expected, which excludes TPAF pension and social security of \$865,391.
- ❖ The actual expenditures were \$268,224 less than expected, which excludes the on-behalf state aid payments for TPAF pension and social security of \$865,391.

### Capital Assets

At the end of the fiscal year 2016, the School District had \$12,743,020 invested general in land, buildings, furniture and equipment, and vehicles and food service equipment. Table 4 shows fiscal 2016 balances compared to 2015.

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

	2016	2015
Land	\$ 179,994	\$ 179,994
Sites	314,559	5,488
Building and Improvements	11,995,491	12,395,992
Machinery and Equipment	252,976	166,053
Totals	\$ 12,743,020	\$ 12,747,527

Overall capital assets decreased \$4,507 from fiscal year 2015 to fiscal year 2016. Acquisitions of capital assets were \$351,930 in general equipment, offset by depreciation expenses for the year of \$357,092, as calculated and a report prepared by an outside contractor. There was also a minor adjustment of \$655.

### Debt Administration

At June 30, 2016, the School District had \$4,295,106 as outstanding debt. Of this amount \$170,106 is for compensated absences and \$4,125,000 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.

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.

On September 15, 2015, the District refunded \$3,150,000 in Bonds payable from the March 15, 2004 Construction of the new Elementary/Middle School, resulting in a net savings of \$56,000.

At June 30, 2016, the School District's overall legal debt margin was \$8,891,833 and the unvoted debt margin was \$4,766,833 or 54%.

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, 2016</u>
Construction of a new elementary/middle School including necessary onsite and offsite improvements, furniture and equipment associated with such improvements (Refunded)	9/15/14	\$ 3,150,000	\$ 2,570,000
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	\$ 1,555,000

#### 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 2015-2016 that will flow through to the 2016-2016 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 rates 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, 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 Janecia Smith, School 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 position 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 POSITION**  
**JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 304,275	\$ 218,365	\$ 522,640
Due from Other Funds	32,343		32,343
Receivables, Net	175,674	26,460	202,134
Inventory		9,322	9,322
Restricted Assets:			
Capital Assets, Net (Note 5):	12,659,888	83,132	12,743,020
Total Assets	13,172,180	337,279	13,509,459
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Pension Outflows	350,512		350,512
<b>LIABILITIES</b>			
Accounts Payable	67,202	1,147	68,349
Net Pension Liability	2,054,136		2,054,136
Accrued Interest on Bonds	44,240		44,240
Unearned Revenue	135,496	4,884	140,380
Short-term Payable	144,299		144,299
Non-current Liabilities (Note 6):			
Due Within One Year	388,123		388,123
Due Beyond One Year	3,906,983		3,906,983
Total Liabilities	6,740,479	6,031	6,746,510
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Pension Inflows	120,750		120,750
Defeasance of Debt	46,655		46,655
Total Deferred Inflows	167,405		167,405
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	8,488,233	83,132	8,571,365
Restricted:			
Excess Surplus	334,638		334,638
Capital Reserve	30,346		30,346
Maintenance Reserve	10,000		10,000
Special Revenue (Deficit)	(146,244)		(146,244)
Capital Projects	86,296		86,296
Debt Service	106,473		106,473
Unrestricted (Deficit)	(2,294,934)	248,116	(2,046,818)
Total Net Position	\$ 6,614,808	\$ 331,248	\$ 6,946,056

**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, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,095,716	\$	\$ (1,104,787)	(1,990,929)	\$	(1,990,929)
Special Education	668,579			(668,579)		(668,579)
Other Special Instruction	18,971			(18,971)		(18,971)
Other Instruction	71,955			(71,955)		(71,955)
Support Services:						
Tuition	623,880			(623,880)		(623,880)
Student & Instruction Related Services	1,023,367		(724,681)	(298,686)		(298,686)
General and Business Administrative Services	274,270			(274,270)		(274,270)
School Administrative Services	156,795			(156,795)		(156,795)
Central Services	170,470			(170,470)		(170,470)
Information Technology	52,520			(52,520)		(52,520)
Plant Operations and Maintenance	537,585			(537,585)		(537,585)
Security	15,700			(15,700)		(15,700)
Pupil Transportation	462,568			(462,568)		(462,568)
Employee Benefits	3,454,425		(2,295,483)	(1,158,942)		(1,158,942)
Interest on Debt Service	298,284			(298,284)		(298,284)
Unallocated Depreciation	339,643			(339,643)		(339,643)
Total Governmental Activities	11,264,728		(4,124,951)	(7,139,777)		(7,139,777)
Business-type Activities:						
Food Service	446,639	(64,863)	(458,259)		76,483	76,483
Total Business-type Activities	446,639	(64,863)	(458,259)		76,483	76,483
Total Primary Government	\$ 11,711,367	\$ (64,863)	\$ (4,583,210)	\$ (7,139,777)	\$ 76,483	\$ (7,063,294)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 784,176	\$	\$ 784,176
Taxes Levied for Debt Service				475,379		475,379
Federal and State Aid not Restricted				6,009,367		6,009,367
Investment Earnings				2,060		2,060
Miscellaneous Income				186,481		186,481
Total General Revenues, Special Items, Extraordinary Items and Transfers				7,457,463		7,457,463
Change in Net Position				317,686	76,483	394,169
Net Position—Beginning				6,297,122	254,765	6,551,887
Net Position—Ending				\$ 6,614,808	\$ 331,248	\$ 6,946,056

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, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 254,346		\$ 164,095		\$ 418,441
Interfunds Receivable	203,533		94,557	172,356	470,446
State Aid Receivable	41,981				41,981
Federal Aid Receivable		133,693			133,693
<b>Total Assets</b>	<b>\$ 499,860</b>	<b>\$ 133,693</b>	<b>\$ 258,652</b>	<b>\$ 172,356</b>	<b>\$ 1,064,561</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 27,804	\$ 39,398			\$ 67,202
Interfund Payable	208,987	105,043	172,356	65,883	552,269
Loan Payable	144,299				144,299
Unearned Revenue		135,496			135,496
<b>Total Liabilities</b>	<b>381,090</b>	<b>279,937</b>	<b>172,356</b>	<b>65,883</b>	<b>899,266</b>
<b>Fund Balances:</b>					
<b>Restricted For:</b>					
Maintenance Reserve	10,000				10,000
Excess Surplus	334,638				334,638
Special Revenue Fund		(146,244)			(146,244)
Capital Projects Fund			86,296		86,296
<b>Assigned - Designated for</b>					
Capital Reserve	30,346				30,346
Year-end Encumbrances	9,040				9,040
Debt Service				106,473	106,473
<b>Unassigned, Reported In:</b>					
General Fund (Deficit)	(265,254)				(265,254)
<b>Total Fund Balances (Deficit)</b>	<b>118,770</b>	<b>(146,244)</b>	<b>86,296</b>	<b>106,473</b>	<b>165,295</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 499,860</b>	<b>\$ 133,693</b>	<b>\$ 258,652</b>	<b>\$ 172,356</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,120,038 and the accumulated depreciation is \$4,460,150 (Note 5).	12,659,888
Accrued Interest is not due and payable in the current period and are, therefore, not reported as liabilities.	(44,240)
Deferred Inflows on Debt Defeasance are not reported as a Liability or Fund Balance in the Governmental funds.	(46,655)
Long Term Net Pension Liability - PERS	(2,054,136)
Deferred Inflow - PERS	350,512
Deferred Outflow- PERS	(120,750)
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).	(4,295,106)
<b>Net position of Governmental Activities</b>	<b>\$ 6,614,808</b>

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, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local Tax Levy	\$ 784,176	\$	\$	\$ 475,379	\$ 1,259,555
Tuition from Other LEA'S	55,669				55,669
Interest Earned	1,583		477		2,060
Miscellaneous	130,157				130,157
<b>Total - Local Sources</b>	<b>971,585</b>		<b>477</b>	<b>475,379</b>	<b>1,447,441</b>
State Sources	6,875,517	1,636,774			8,512,291
Federal Sources	335	582,112			582,447
<b>Total Revenues</b>	<b>7,847,437</b>	<b>2,218,886</b>	<b>477</b>	<b>475,379</b>	<b>10,542,179</b>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular Instruction	1,990,929	1,104,787			3,095,716
Special Education Instruction	668,579				668,579
Other Special Instruction	18,971				18,971
Other Instruction	71,955				71,955
Support Services:					
Tuition	623,880				623,880
Student & Instruction Related Services	298,686	724,681			1,023,367
General Administrative Services	274,270				274,270
School Administrative Services	156,795				156,795
Central Services	170,470				170,470
Admin. Information Technology	52,520				52,520
Plant Operations and Maintenance	537,585				537,585
Security	15,700				15,700
Pupil Transportation	462,568				462,568
Employee Benefits	1,986,327	390,512			2,376,839
Capital Outlay	478,484	5,000			483,484
Debt Service - Principal				360,000	360,000
Debt Service - Interest				151,406	151,406
<b>Total Expenditures</b>	<b>7,807,719</b>	<b>2,224,980</b>		<b>511,406</b>	<b>10,544,105</b>
Excess (Deficiency) of Revenues Over Expenditures	39,718	(6,094)	477	(36,027)	(1,926)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from Capital Projects Fund			(119,856)	119,856	
Transfers Interest from Capital Projects Fund	477		(477)		
<b>Total Other Financing Sources and Uses</b>	<b>477</b>		<b>(120,333)</b>	<b>119,856</b>	
Net Change in Fund Balances	40,195	(6,094)	(119,856)	83,829	(1,926)
Fund Balance—July 1 (Deficit)	78,575	(140,150)	206,152	22,644	167,221
Fund Balance—June 30 (Deficit)	\$ 118,770	\$ (146,244)	\$ 86,296	\$ 106,473	\$ 165,295

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, 2016**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (1,926)

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	\$	(339,643)	
Fixed Asset Adjustment		655	
Capital outlays		325,798	
			(13,190)

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. 360,000

In the Statement of Activities, the gain or loss on the refinancing of debt is reflected as an adjustment to interest cost, whereas there is no reported revenue or loss in the Governmental Funds. 4,804

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). (4,599)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (33,407)

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. 6,004

**Change in Net Position of Governmental Activities (A-2)** **\$ 317,686**

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



**PROPRIETARY FUNDS**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	<b>Business-type Activities Enterprise Funds</b>	
	<b>Food Service</b>	<b>Totals</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 104,199	\$ 104,199
Accounts Receivable:		
Federal	22,521	22,521
State	282	282
Other	3,657	3,657
Interfund Accounts Receivable	114,166	114,166
Inventories	9,322	9,322
Total Current Assets	254,147	254,147
Fixed Assets:		
Equipment	275,948	275,948
Accumulated Depreciation	(192,816)	(192,816)
Total Fixed Assets	83,132	83,132
Total Assets	337,279	337,279
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	1,147	1,147
Unearned Revenue	4,884	4,884
Total Current Liabilities	6,031	6,031
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	83,132	83,132
Unrestricted	248,116	248,116
Total Net Position	\$ 331,248	\$ 331,248

**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 POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs:		
School Breakfast Program	\$	\$
School Lunch Program		
Daily Sales - Non-Reimbursable Programs:	29,318	29,318
Special Functions	13,145	13,145
Satellite Revenue	22,400	22,400
Total Operating Revenue	64,863	64,863
Operating Expenses:		
Cost of Sales	248,810	248,810
Salaries	103,230	103,230
Employee Benefits	20,419	20,419
Management Fees	28,280	28,280
Miscellaneous	11,221	11,221
General Supplies	17,230	17,230
Depreciation	17,449	17,449
Total Operating Expenses	446,639	446,639
Operating Income (Loss)	(381,776)	(381,776)
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	5,123	5,123
Federal Sources:		
National School Breakfast Program	147,457	147,457
National School Lunch Program	255,775	255,775
National School Snack Program	2,773	2,773
Summer Program	8,805	8,805
Food Distribution Program	38,064	38,064
Interest Earned	262	262
Total Non Operating Revenues (Expenses)	458,259	458,259
Income (Loss) Before Contributions & Transfers	76,483	76,483
Change in Net Position	76,483	76,483
Total Net Position—Beginning	254,765	254,765
Total Net Position—Ending	\$ 331,248	\$ 331,248

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, 2016**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 64,863	\$ 64,863
Payments to Employees	(103,230)	(103,230)
Payments for Employee Benefits	(20,419)	(20,419)
Payments to Suppliers	(291,640)	(291,640)
	<hr/>	<hr/>
Net Cash Provided by (used for) Operating Activities	(350,426)	(350,426)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	5,123	5,123
Federal Sources	452,874	452,874
Board Subsidy and Interest	262	262
	<hr/>	<hr/>
Net Cash Provided by (used for) Non-capital Financing Activities	458,259	458,259
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Fixed Assets	(26,132)	(26,132)
	<hr/>	<hr/>
Net Cash Provided by (used for) Capital and Related Financing Activities	(26,132)	(26,132)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	<hr/>	<hr/>
Net Cash Provided by (used for) Investing Activities		
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	81,701	81,701
Balances—Beginning of Year	22,498	22,498
	<hr/>	<hr/>
Balances—End of Year	\$ 104,199	\$ 104,199
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (381,776)	\$ (381,776)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by: (used for) Operating Activities		
Depreciation and Net Amortization	17,449	17,449
(Increase)Decrease in Accounts Receivable, Net	23,139	23,139
(Increase)Decrease in Interfund Accounts Receivable, Net	97,365	97,365
(Increase)Decrease in Inventories	(656)	(656)
Increase(Decrease) in Accounts Payable	(105,880)	(105,880)
Increase(Decrease) in Unearned Revenue	(67)	(67)
	<hr/>	<hr/>
Total Adjustments	31,350	31,350
	<hr/>	<hr/>
Net Cash Provided by (used for) Operating Activities	\$ (350,426)	\$ (350,426)
	<hr/> <hr/>	<hr/> <hr/>

Noncash Noncapital Financing Activities:

During the year, the District accepted \$25,263 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 POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 97,183
Total Assets	\$ 97,183
<b>LIABILITIES</b>	
Due to General Fund	\$ 32,343
Flexible Spending Reserve	14,363
Payable to Student Groups	2,216
Payroll Deductions and Withholdings	48,261
Total Liabilities	\$ 97,183
<b>NET POSITION</b>	
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.**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

30  
**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

**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, 2016 of 662 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**

**A. New Accounting Standards:**

The district adopted the following GASB statements:

- GASB No. 80 - *Blending Requirements for Certain Component Units - an Amendment of GASB No. 14*: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 80, did not impact the financial statements of the School District.



**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. New Accounting Standards (Continued):**

- **GASB No. 79 - *Certain External Investment Pools and Pool Participants*:** This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 79, will impact the financial statements of the School District.
- **GASB Statement No. 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*:** The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78, did not impact the financial statements of the School District.
- **GASB No. 77, *Tax Abatement Disclosures*:** This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77, did not impact the financial statements of the School District
- **GASB No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*:** The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76, did not impact the financial statements of the School District.

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. New Accounting Standards (Continued):**

- **GASB No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68***: The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73, did not impact the financial statements of the School District.
- **GASB No. 72 - *Fair Value Measurement and Application***: This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 72, did not impact the financial statements of the School District.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- **GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 73***: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.
- **GASB No. 81 - *Irrevocable Split-Interest Agreements***: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements.

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. New Accounting Standards (Continued):**

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- *GASB No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions:* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.
  
- *GASB No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans:* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 74 on the School District's financial statements.

**B. Basis of Presentation:**

The District's basic financial statements consist of District-wide statements, including a statement of net position 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 position 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.

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation:**

The statement of net position 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.

**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".

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016

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

**B. Fund Accounting (Cont'd):**

**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.

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

**B. Fund Accounting: (Cont'd)**

**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, 2016

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

**B. Fund Accounting: (Cont'd)**

**FIDUCIARY FUND TYPES (Cont'd)**

**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, 2016**

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

**C. Basis of Accounting and Measurement Focus: (Cont'd)**

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. 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.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. 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.



Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016

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

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

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.

**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 2013-14, 2014-15 and 2015-16 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, 2016.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

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

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

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

**J. 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.

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, 2016. Included below is Commodity Food Inventory of \$4,367.

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$ 7,575
Supplies	<u>1,747</u>
	\$ <u>9,322</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, 2016 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.

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Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016

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

**J. Assets, Liabilities and Equity: (Cont'd)**

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
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.

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, 2016 no liability existed for compensated absences in the proprietary fund types.

**L. Unearned Revenue:**

Unearned 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.

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**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.

**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.

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**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 Position:**

Net position represents the difference between assets and liabilities. Net position 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 position 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 position is 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.

**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.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

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

**V. Revenues – Exchange and Non-exchange Transactions: (Cont'd)**

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.

**W. Lease Acquisition Costs:**

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2016.

**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.

**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%.

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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, 2016, the District had no funds on deposit with the New Jersey Cash Management Fund.

As of June 30, 2016, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash</u> <u>Equivalents</u>
Checking accounts	\$ 619,823
Fiscal Agent account	<u>0</u>
	\$ <u>619,823</u>

As of June 30, 2016, the District had no other investments.

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

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

**Custodial Credit Risk (Cont'd)**

As of June 30, 2016, the School District's bank balance of \$2,342,917 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	<u>2,342,917</u>
Total	\$ <u><u>2,592,917</u></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 equipment. During the year beginning July 1, 2016, there was one existing lease on copiers for a term of five years. The future minimum lease payments are as follows:

2016-2017	\$	23,988
2017-2018		23,988
2018-2019		23,988
2019-2020		23,988
2020-2021		23,988
	\$	<u><u>119,940</u></u>



**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>Capital Assets that are not being Depreciated:</b>				
Land	\$ 179,994	\$ -	\$ -	\$ 179,994
Construction in Progress				
Total Capital Assets not being Depreciated	<u>179,994</u>			<u>179,994</u>
Site Improvements	119,028	306,968		425,996
Building and Building Improvements	15,589,611		357,323	15,946,934
Machinery and Equipment	592,694	18,830	(44,410)	567,114
Totals at Historical Cost	<u>16,301,333</u>	<u>325,798</u>	<u>312,913</u>	<u>16,940,044</u>
<b>Less Accumulated Depreciation for :</b>				
Site Improvements	(102,914)	(8,523)		(111,437)
Building and Improvements	(3,204,245)	(311,716)	(435,482)	(3,951,443)
Equipment	(501,090)	(19,404)	123,224	(397,270)
Total Accumulated Depreciation	<u>(3,808,249)</u>	<u>(339,643)</u>	<u>(312,258)</u>	<u>(4,460,150)</u>
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	<u>12,493,084</u>	<u>(13,845)</u>		<u>12,479,894</u>
<b>Government Activities</b>				
Capital Assets, Net	<u>\$ 12,673,078</u>	<u>\$ (13,845)</u>	<u>\$ 655</u>	<u>\$12,659,888</u>
	To A-1			To A-1
Business-type Activities - Equipment	\$ 249,816	\$ 26,132		\$ 275,948
Less Accumulated Depreciation	(175,367)	(17,449)		(192,816)
<b>Business-type Activities</b>				
Capital Assets, Net	<u>\$ 74,449</u>	<u>\$ 8,683</u>	<u>\$ -</u>	<u>\$ 83,132</u>

Depreciation expense was charged to governmental functions  
as follows:

Unallocated

\$ 339,643

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 6. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	Long-term Portion
<b>Governmental Activities:</b>						
General Obligation Bonds Payable	\$ 4,485,000	\$ -	\$ (360,000)	\$4,125,000	\$ 370,000	\$ 3,755,000
Compensated Absences Payable	165,507	4,599		170,106	18,123	151,983
Total Other Liabilities	\$ 4,650,507	\$ 4,599	\$ (360,000)	\$4,295,106	\$ 388,123	\$ 3,906,983

To A-1

**A. Bonds Payable:**

General obligation Bonds are authorized in accordance with State law by the voters of the municipality through referendums and retired in serial installments within the statutory period of usefulness.

On September 15, 2015, all of the outstanding callable principle, on the School Bonds originally issued on January 15, 2004, was refunded in the amount of \$3,206,000. The refunding bonds were issued in the amount of \$3,150,000, with the difference being funded by a portion of the related bond sale premium.

As of June 30, 2016, there exists a balance of outstanding principal in the 2010 and refunded 2004 bond issues totaling \$4,125,000. Of this amount, there is a reduction of \$56,000, resulting from the refunding on September 15, 2015. Combined Principal and interest due on the two serial bond issues outstanding as of June 30, 2016 are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 370,000	\$ 143,250	\$ 513,250
2018	390,000	131,700	521,700
2019	400,000	119,525	519,525
2020	415,000	107,025	522,025
2021	425,000	94,075	519,075
2022	440,000	80,825	520,825
2023	460,000	67,125	527,125
2024	475,000	49,000	524,000
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
	<u>\$ 4,125,000</u>	<u>\$ 901,325</u>	<u>\$ 5,026,325</u>

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

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

**B. Bonds Authorized But Not Issued:**

As of June 30, 2016, 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, 2016.

**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.

In the 2001-02 school-year, the District established a Capital Reserve Account by board resolution.

During the 2014-15 school-year, the District transferred \$337,314 into the Capital Reserve account and appropriated this amount in the 2015-16 school-year. All of this amount was spent, with the exception of \$30,346, which was returned to Capital Reserve, as of June 30, 2016.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 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. At June 30, 2015 there was a balance of \$27,500 in Maintenance Reserve, of which \$17,500 was appropriated as revenue in the 2015-16 budget, resulting in a balance of \$10,000 as of June 30, 2016.

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 9. PENSION PLANS**

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

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

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

For the year ended June 30, 2016, the District recognized pension expense of \$1,318,346 and revenue of \$1,318,346 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Public Employees' Retirement System** - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain 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 5.5% 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 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. 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.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

**NOTE 9. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Cont'd)** - The School District is billed annually for its normal contribution plus any accrued liability. The School's contributions, which equal the required contribution for each fiscal year, were as follows:

<b>Public Employees Retirement System</b>					
<b>Fiscal Year</b>	<b>Normal Contribution</b>	<b>Accrued Liability</b>	<b>Total Liability</b>	<b>Funded by State</b>	<b>Paid by District</b>
2016	\$ 13,319	\$ 61,354	\$ 74,673	\$ N/A	\$ 74,673

**Vesting and Benefit Provisions**

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

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A.43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for TPAF and PERS:

**Tier Definition**

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

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

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 9. PENSION PLANS (CONT'D)**

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. 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 by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

**Trend Information for TPAF (Paid on-behalf of the School District)**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/16	\$ 610,700	100 %	\$ N/A
6/30/15	477,880	100	N/A
6/30/14	406,026	100	N/A

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$278,766 to the TPAF for pension contributions and \$331,934 for normal and post-retirement benefits on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School District \$254,691 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State Treasurer has the right under the current law to make temporary reductions in 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. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016

**NOTE 9. PENSION PLANS (CONT'D)**

**Contributions (Continued)**

**Public Employees' Retirement System (Continued)** - Contributions to the pension plan from the School District were \$78,671 for the fiscal year ended June 30, 2016. Employee contributions were \$38,080 for the fiscal year ended June 30, 2016.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Teachers' Pension and Annuity Fund** - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

**Public Employees' Retirement System** - At June 30, 2016, the School District reported a liability of 2,054,136 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School District's proportion was .0091506444%, which represents a .0002 decrease from the prior year.

For the fiscal year ended June 30, 2016, the School District recognized \$115,516 in the government-wide financial statements, for pension expense for PERS.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

**NOTE 9. PENSION PLANS (CONT'D)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees' Retirement System (Continued)** - At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 49,004	\$
Changes of assumptions	220,598	
Net difference between projected and actual earnings on pension plan investments		33,027
Changes in proportion and differences between District contributions and proportionate share of contributions		87,723
District contributions subsequent to the measurement date	80,910	
Total	<u>\$ 350,512</u>	<u>\$ 120,750</u>

\$80,910 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS</u>
2017	\$ 27,824
2018	27,824
2019	27,824
2020	27,824
2021	27,824
Thereafter	9,735
Total	<u>\$ 148,853</u>



**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

**NOTE 9. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Continued)** - Collective Balances at June 30, 2015 and 2016 are as follows:

	Actuarial Valuation Date	
	6/30/2015	6/30/2014
Collective deferred outflows of resources	\$ 5,086,138,484	\$ 1,032,618,058
Collective deferred inflows of resources	\$ 478,031,236	\$ 1,726,631,532
Collective net pension liability	\$ 22,447,996,119	\$ 18,722,735,003
District's Proportion	0.0091506444%	0.0093970591%

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	TPAF
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Valuation Date	July 1, 2014	July 1, 2014
Interest Rate	7.90%	7.90%
Salary Scale (Based on Age):		
2012-2021	2.15% - 4.40%	Varies based
Thereafter	3.15% - 5.40%	on Experience
Inflation	3.04%	2.50%

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Preretirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Postretirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

**NOTE 9. PENSION PLANS (CONT'D)**

**Actuarial Assumptions (Continued)**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	PERS		TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	5.00%	0.53%
U.S. Treasuries	1.75%	1.64%	1.75%	1.39%
Investment Grade Credit	10.00%	1.79%	13.50%	2.72%
Mortgages	2.10%	1.62%	2.10%	2.54%
High Yield Bonds	2.00%	4.03%	2.00%	4.57%
Inflation-Indexed Bonds	1.50%	3.25%	1.50%	1.47%
Broad US Equities	27.25%	8.52%	27.25%	5.63%
Developed Foreign Equities	12.00%	6.88%	12.00%	6.22%
Emerging Market Equities	6.40%	10.00%	6.40%	8.46%
Private Equity	9.25%	12.41%	9.25%	9.15%
Hedge Funds/Absolute Return	12.00%	4.72%	12.00%	14.57%
Real Estate (Property)	2.00%	6.83%	4.25%	3.97%
Commodities	1.00%	5.32%	1.00%	3.58%
Timber	n/a	n/a	1.00%	4.61%
Farmland	n/a	n/a	1.00%	4.61%
Global Debt ex US	3.50%	-0.40%	n/a	n/a
Real Estate (REITS)	4.25%	5.12%	n/a	n/a
<b>Total</b>	<b>100%</b>		<b>100%</b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

**NOTE 9. PENSION PLANS (CONT'D)**

**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution.

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2016 calculated using a discount rate of 4.90% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
District's proportionate share of the net pension liability	\$ 2,553,040	\$ 2,054,136	\$ 1,635,859

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**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, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2016**

**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, 2016.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$203,533	\$208,987
Special Revenue Fund		105,043
Capital Project Fund	94,557	172,356
Debt Service Fund	172,356	65,883
Payroll Fund		32,343
Enterprise Fund	114,166	

**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.

**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.

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 14. LAND PURCHASE (CONT'D)**

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 not involved in any lawsuits incidental to its operations, of which the total maximum exposure is considered material to the financial statements taken as a whole.

**NOTE 16. FUND BALANCE**

**General Fund**

Of the \$118,770 General Fund balance at June 30, 2016, \$9,040 is assigned for encumbrances; \$334,638 is restricted as Excess Surplus, of which \$0 has been appropriated and included as anticipated revenue for the year ended June 30, 2017; \$10,000 is restricted for Maintenance Reserve, of which \$0 has been appropriated and included as anticipated revenue for the year ended June 30, 2017; \$30,346 has been restricted for Capital Reserve, of which none has been assigned and appropriated as anticipated revenue for the year ended June 30, 2017 and (\$265,254) represents unassigned and an unrestricted deficit in fund balance. The above amounts exclude the 19th and 20th state aid payment received in July, 2016 in the amount of \$545,384.

**Debt Service Fund**

Of the \$106,473 in Debt Service Fund balance at June 30, 2016, none has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2017.

**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. The excess surplus of \$334,638 is to be appropriated in the 2017-18 budget.

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

The balance in the investment of capital assets of \$8,571,365 on Exhibit A-1 reflects the allocation of the outstanding bonded debt as a liability, 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.

**Fairfield Township School District**  
**Notes to the Financial Statements**  
**June 30, 2016**

**NOTE 19. DEFICIT FUND BALANCES**

The District had a deficit in Unrestricted fund balance of (\$265,254) in the General Fund and (\$146,244) in the Special Revenue Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget 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 balances do 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 fund balance that is 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's general fund deficit is less than the last state aid payments of \$545,384 and the special revenue fund deficit of \$146,244 is equal to the last state aid payments.

End of Notes to the Financial Statements

**BUDGETARY COMPARISON SCHEDULES**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable (Unfavorable)
<b>Revenues:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 784,176	\$	\$ 784,176	\$ 784,176	\$
Tuition from Other LEAs Within State	10,000		10,000	55,669	45,669
Interest on Investments				1,583	1,583
Miscellaneous	50,000		50,000	130,157	80,157
<b>Total Local Sources</b>	<b>844,176</b>		<b>844,176</b>	<b>971,585</b>	<b>127,409</b>
<b>State Sources:</b>					
Equalization Aid	5,088,222		5,088,222	5,088,222	
Categorical Transportation Aid	157,300		157,300	157,300	
Categorical Special Education Aid	286,612		286,612	286,612	
Categorical Security Aid	166,335		166,335	166,335	
Adjustment Aid	253,131		253,131	253,131	
PARCC Readiness Aid	4,940		4,940	4,940	
Per Pupil Growth Aid	4,940		4,940	4,940	
Under Adequacy Aid	41,872		41,872	41,872	
<b>Other State Aids:</b>					
Additional Non-Public Transportation Aid				1,740	1,740
Extraordinary Aid				28,390	28,390
On Behalf TPAF Pension Contribution (Non-budgeted)				278,766	278,766
On Behalf TPAF Post Retirement Contribution (Non-budgeted)				331,934	331,934
Reimbursed TPAF Social Security Contribution (Non-budgeted)				254,691	254,691
<b>Total State Sources</b>	<b>6,003,352</b>		<b>6,003,352</b>	<b>6,898,873</b>	<b>895,521</b>
<b>Federal Sources:</b>					
Medicaid	18,665		18,665	335	(18,330)
<b>Total Federal Sources</b>	<b>18,665</b>		<b>18,665</b>	<b>335</b>	<b>(18,330)</b>
<b>Total Revenues</b>	<b>6,866,193</b>		<b>6,866,193</b>	<b>7,870,793</b>	<b>1,004,600</b>



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Expenditures:</b>					
<b>Current Expense:</b>					
<b>Instruction - Regular Program:</b>					
<b>Salaries of Teachers:</b>					
Preschool Inclusion	\$	\$	\$	\$	\$
Kindergarten	163,281	7,000	170,281	168,436	1,845
Grades 1-5	1,100,392	(76,384)	1,024,008	1,022,204	1,804
Grades 6-8	597,501	146,575	744,076	710,209	33,867
<b>Home Instruction:</b>					
Salaries of Teachers	4,800	16,137	20,937	20,937	
Travel	500	(500)			
<b>Undistributed Instruction - Regular:</b>					
Purchased Professional - Educational Services	2,000	(2,000)			
Other Purchased Services	10,000	(2)	9,998	9,998	
General Supplies	37,500	15,923	53,423	52,225	1,198
Textbooks	15,000	(15,000)			
Other Objects	5,000	1,920	6,920	6,920	
<b>Total Regular Programs</b>	<u>1,935,974</u>	<u>93,669</u>	<u>2,029,643</u>	<u>1,990,929</u>	<u>38,714</u>
<b>Learning and Language Disabilities:</b>					
Salaries of Teachers	399,308	2,013	401,321	401,321	
Other Salaries for Instruction	56,602	16	56,618	56,618	
General Supplies	500		500	500	
Textbooks	500	(344)	156		156
<b>Total Learning and/or Language Disabilities</b>	<u>456,910</u>	<u>1,685</u>	<u>458,595</u>	<u>458,439</u>	<u>156</u>
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	51,127	240	51,367	51,134	233
Other Salaries for Instruction	27,407	21,195	48,602	42,455	6,147
<b>Total Behavioral Disabilities</b>	<u>78,534</u>	<u>21,435</u>	<u>99,969</u>	<u>93,589</u>	<u>6,380</u>
<b>Resource Room:</b>					
Salaries of Teachers	115,973	150	116,123	116,123	
General Supplies	428		428	428	
Textbooks	500	(500)			
<b>Total Resource Room</b>	<u>116,901</u>	<u>(350)</u>	<u>116,551</u>	<u>116,551</u>	
<b>Total Special Education</b>	<u>652,345</u>	<u>22,770</u>	<u>675,115</u>	<u>668,579</u>	<u>6,536</u>
<b>Basic Skills/Remedial:</b>					
Salaries of Teachers	78,762	(59,425)	19,337	18,771	566
General Supplies	500		500	200	300
<b>Total Basic Skills/Remedial</b>	<u>79,262</u>	<u>(59,425)</u>	<u>19,837</u>	<u>18,971</u>	<u>866</u>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Expenditures (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	\$ 56,012	\$	\$ 56,012	\$ 54,512	\$ 1,500
General Supplies	500		500	437	63
<b>Total Bilingual Education - Instruction</b>	<b>56,512</b>		<b>56,512</b>	<b>54,949</b>	<b>1,563</b>
<b>School - Sponsored Co-curricular Activities - Instruction:</b>					
Salaries	18,000		18,000	12,750	5,250
Supplies and Materials	2,500		2,500		2,500
<b>Total School - Sponsored Co-curricular Activities</b>	<b>20,500</b>		<b>20,500</b>	<b>12,750</b>	<b>7,750</b>
<b>School - Sponsored Athletics - Instruction:</b>					
Salaries	12,000	(300)	11,700	3,600	8,100
Purchased Services	500	300	800	656	144
Supplies and Materials	500		500		500
<b>Total School - Sponsored Athletics - Instruction</b>	<b>13,000</b>		<b>13,000</b>	<b>4,256</b>	<b>8,744</b>
<b>Total Instruction</b>	<b>2,757,593</b>	<b>57,014</b>	<b>2,814,607</b>	<b>2,750,434</b>	<b>64,173</b>
<b>Undistributed Expenditures:</b>					
<b>Instruction:</b>					
Tuition - Other LEAs within the State - Regular	10,000	141,472	151,472	133,149	18,323
Tuition - Other LEAs outside State - Regular		9,620	9,620	1,548	8,072
Tuition - Other LEAs within the State - Special	10,000	(10,000)			
Tuition to CSSD & Regional Day Schools	367,500	97,621	465,121	460,796	4,325
Tuition to Private School for the Disabled - Within State	16,500	11,887	28,387	28,387	
<b>Total Instruction</b>	<b>404,000</b>	<b>250,600</b>	<b>654,600</b>	<b>623,880</b>	<b>30,720</b>
<b>Health Services:</b>					
Salaries	53,782	(985)	52,797	52,797	
Purchased Professional & Technical Services	500	33,755	34,255	34,254	1
Other Purchased Services	200		200		200
Supplies & Materials	500	768	1,268	1,182	86
<b>Total Health Services</b>	<b>54,982</b>	<b>33,538</b>	<b>88,520</b>	<b>88,233</b>	<b>287</b>
<b>Other Support Services - Student - Related Services:</b>					
Salaries					
Purchased Professional - Educational Services	58,000	40,427	98,427	98,427	
<b>Total - Other Support Serv - Student - Related Serv</b>	<b>58,000</b>	<b>40,427</b>	<b>98,427</b>	<b>98,427</b>	<b>-</b>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Expenditures (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undistributed Expenditures: (Continued):</b>					
Special Education - Extraordinary Services					
Salaries - Aides	\$ 35,501	\$ 56	\$ 35,557	\$ 35,557	\$
<b>Total - Special Education - Extraordinary Services</b>	<b>35,501</b>	<b>56</b>	<b>35,557</b>	<b>35,557</b>	
Guidance					
Salaries of Other Professional Staff	53,446	(438)	53,008	52,454	554
Other Purchased Professional & Technical Services		11,402	11,402	11,403	(1)
Other Purchased Services	250		250	26	224
Supplies & Materials	250	1,000	1,250	566	684
<b>Total - Other Support Services - Students - Regular</b>	<b>53,946</b>	<b>11,964</b>	<b>65,910</b>	<b>64,449</b>	<b>1,461</b>
Child Study Teams					
Other Salaries		1,353	1,353	1,353	
Other Purchased Professional & Tech Serv	750	(390)	360	360	
Supplies & Materials	500		500	7	493
<b>Total - Other Support Services - Students - Special</b>	<b>1,250</b>	<b>963</b>	<b>2,213</b>	<b>1,720</b>	<b>493</b>
Improvement of Instruction Services/Other Support:					
Salaries of Other Professional Staff	5,000	(4,251)	749		749
Other Purchased Services	800	(500)	300	21	279
Supplies & Materials	500		500		500
Other Objects	250	2,051	2,301	2,239	62
<b>Total - Improvement of Instruction Services/Other Support Services - Instructional Staff</b>	<b>6,550</b>	<b>(2,700)</b>	<b>3,850</b>	<b>2,260</b>	<b>1,590</b>
Educational Media Services - School Library:					
Salaries - Other Professional Staff	77,027	(77,027)			
Purchased Professional & Technical Services	1,500	4,573	6,073	6,073	
Supplies & Materials	500	(7)	493	493	
Other Objects	3,750	(3,750)			
<b>Total Educational Media Services - School Library</b>	<b>82,777</b>	<b>(76,211)</b>	<b>6,566</b>	<b>6,566</b>	
Instructional Staff Training Services:					
Purchased Professional - Educational Services	500	1,325	1,825	1,474	351
Other Purchased Services - Travel	1,000	(1,000)			
Supplies and Materials	250	(250)			
<b>Total - Instructional Staff Training Services</b>	<b>1,750</b>	<b>75</b>	<b>1,825</b>	<b>1,474</b>	<b>351</b>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Expenditures (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undistributed Expenditures: (Continued):</b>					
<b>Support Services - General Administration:</b>					
Salaries	\$ 155,140	\$ (68,140)	\$ 87,000	\$ 84,297	\$ 2,703
Salaries of Secretaries and Clerical		38,908	38,908	38,908	
Legal Services	12,000	24,707	36,707	38,581	(1,874)
Audit Fees	15,000	(15,000)			
Other Purchased Professional Services	3,500	(1,259)	2,241	1,975	266
Purchased Technical Services	1,500	(1,056)	444		444
Equipment Rental		2,000	2,000	2,000	
Communications/Telephone	61,000	(1,650)	59,350	59,026	324
Travel		2,800	2,800	1,349	1,451
BOE Other Purchased Services	1,800	(1,800)			
Misc Purchased Services	35,000	859	35,859	35,573	286
General Supplies	5,000		5,000	4,865	135
Judgments Against School District	2,500		2,500		2,500
Miscellaneous Expenditures	2,500	6,220	8,720	7,696	1,024
BOE Membership Dues and Fees	4,000	(4,000)			
<b>Total Support Services - General Administration</b>	<b>298,940</b>	<b>(17,411)</b>	<b>281,529</b>	<b>274,270</b>	<b>7,259</b>
<b>Support Services - School Administration:</b>					
Salaries - Principals/Assistant Principals	83,150	25,468	108,618	108,618	
Salaries - Secretarial & Clerical Assistants	51,070	(8,808)	42,262	38,403	3,859
Other Purchased Services	1,000	(1,000)			
Travel		3,555	3,555	3,555	
Supplies & Materials	4,500		4,500	4,500	
Other Objects	3,000	(360)	2,640	1,719	921
<b>Total Support Series - School Administration</b>	<b>142,720</b>	<b>18,855</b>	<b>161,575</b>	<b>156,795</b>	<b>4,780</b>
<b>Central Services</b>					
Salaries of Business Administrator	155,255	(57,005)	98,250	98,250	
Salaries of Other Staff		58,466	58,466	58,466	
Purchased Technical Services	10,000	(2,600)	7,400	6,351	1,049
Miscellaneous Purchased Services	7,000	(4,937)	2,063	1,251	812
Supplies and Materials	3,500	681	4,181	4,181	
Other Objects		2,491	2,491	1,971	520
Interest on Current Loans	500	(500)			
Miscellaneous Expenditures	1,350	(1,350)			
<b>Total Central Services</b>	<b>177,605</b>	<b>(4,754)</b>	<b>172,851</b>	<b>170,470</b>	<b>2,381</b>
<b>Admin. Info. Technology</b>					
Purchased Professional Services	56,000	(6,776)	49,224	49,211	13
Other Purchased Services	7,000	(5,220)	1,780	1,335	445
Supplies and Materials	2,000		2,000	1,974	26
<b>Total Admin. Info. Technology</b>	<b>65,000</b>	<b>(11,996)</b>	<b>53,004</b>	<b>52,520</b>	<b>484</b>
<b>Required Maintenance - School Facilities</b>					
Cleaning, Repair, Maintenance Services	52,000	4,851	56,851	50,526	6,325
General Supplies	10,000	(1,000)	9,000	6,766	2,234
<b>Total - Required Maintenance - School Facilities</b>	<b>62,000</b>	<b>3,851</b>	<b>65,851</b>	<b>57,292</b>	<b>8,559</b>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Expenditures (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undistributed Expenditures: (Continued):</b>					
Other Operation & Maintenance - Plant Services					
Salaries	\$	\$	\$	\$	\$
Purchased Professional & Technical Services	25,000	(13,851)	11,149	10,065	1,084
Cleaning, Repair, Maintenance Services	180,000		180,000	179,653	347
Other Purchased Property Services	5,000	500	5,500	5,500	
Insurance	32,000	(17,137)	14,863	14,725	138
Miscellaneous Purchased Services	500	3,893	4,393	4,264	129
General Supplies	7,000	211,648	218,648	204,255	14,393
Energy (Natural Gas)	11,500	(11,500)			
Energy (Electricity)	220,000	(220,000)			
<b>Total - Other Operation &amp; Maintenance - Plant Services</b>	<b>481,000</b>	<b>(46,447)</b>	<b>434,553</b>	<b>418,462</b>	<b>16,091</b>
Care & Upkeep of Grounds					
Salaries	49,575	1,170	50,745	50,745	
Cleaning, Repair, Maintenance Services	17,500	(3,760)	13,740	8,278	5,462
General Supplies	3,000		3,000	2,391	609
Other Objects	500		500	417	83
<b>Total - Care &amp; Upkeep of Grounds</b>	<b>70,575</b>	<b>(2,590)</b>	<b>67,985</b>	<b>61,831</b>	<b>6,154</b>
<b>Total - Operation &amp; Maintenance - Plant Services</b>	<b>613,575</b>	<b>(45,186)</b>	<b>568,389</b>	<b>537,585</b>	<b>30,804</b>
Security					
Salaries	13,096	2,604	15,700	15,700	
General Supplies					
<b>Total - Security</b>	<b>13,096</b>	<b>2,604</b>	<b>15,700</b>	<b>15,700</b>	
Student Transportation Services:					
Salaries - Between Home & School - Regular	8,609	111	8,720	8,720	
Other Purchased Prof. and Technical Serv.	22,000	1,209	23,209	22,860	349
Contracted Services - Aid in Lieu of Payments	25,000	39,063	64,063	63,914	149
Contracted Services (Home/School) - Vendors	15,000	(7,130)	7,870	7,466	404
Contracted Services (Not Home/School) - Vendors	18,000		18,000	13,118	4,882
Contracted Services (Home/School) - Joint Agreements	275,000	(41,733)	233,267	230,551	2,716
Contracted Services (Special Ed) - Vendors	125,300	(9,361)	115,939	115,939	
<b>Total - Student Transportation Services</b>	<b>488,909</b>	<b>(17,841)</b>	<b>471,068</b>	<b>462,568</b>	<b>8,500</b>
<b>UNALLOCATED BENEFITS:</b>					
Social Security Contributions	92,900	2,698	95,598	74,493	21,105
Other Retirement Contributions - PERS	87,500		87,500	82,575	4,925
Unemployment Compensation	18,500		18,500	16,761	1,739
Workmen's Compensation	45,000		45,000	41,842	3,158
Health Benefits	1,135,034	(196,478)	938,556	887,376	51,180
Tuition Reimbursement	12,000		12,000	8,594	3,406
Other Employee Benefits	12,500	(3,205)	9,295	9,295	
<b>Total - UNALLOCATED BENEFITS</b>	<b>1,403,434</b>	<b>(196,985)</b>	<b>1,206,449</b>	<b>1,120,936</b>	<b>85,513</b>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Expenditures (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undistributed Expenditures: (Continued):</b>					
On-behalf TPAF Pension Contributions (Non-Budgeted)	\$	\$	\$	\$ 278,766	\$ (278,766)
On-behalf TPAF Post Retirement Med. Contributions (Non-Budgeted)				331,934	(331,934)
Reimbursement TPAF Social Security Contributions (Non-Budgeted)				254,691	(254,691)
<b>Total - UNDISTRIBUTED EXPENDITURES</b>	<u>3,902,035</u>	<u>(14,002)</u>	<u>3,888,033</u>	<u>4,578,801</u>	<u>(690,768)</u>
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<u>6,659,628</u>	<u>43,012</u>	<u>6,702,640</u>	<u>7,329,235</u>	<u>(626,595)</u>
<b>CAPITAL OUTLAY:</b>					
Increase in Capital Reserve:					
Interest Deposit to Capital Reserve					
Undistributed Expenditures - Equipment					
Grades 6-8					
Administrative	1,500	12,500	14,000	13,830	170
Custodial	1,500	(1,500)			
Care and Upkeep of Grounds	1,500	(1,500)			
Security	1,500	(1,500)			
<b>Total Equipment</b>	<u>6,000</u>	<u>8,000</u>	<u>14,000</u>	<u>13,830</u>	<u>170</u>
Facilities Acquisition & Construction Services					
Legal Services	3,000	28,912	31,912	7,552	24,360
Architectural/Engineering Services	30,000	(30,000)			
Other Purchased Prof. and Tech. Services	17,000	(17,000)			
Construction Services	250,000	54,314	304,314	299,416	4,898
Supplies and Materials	37,314	(37,314)			
Assessment for Debt Service on SDA Funding	157,686		157,686	157,686	
<b>Total - Facilities Acquisition &amp; Construction Services</b>	<u>495,000</u>	<u>(1,088)</u>	<u>493,912</u>	<u>464,654</u>	<u>29,258</u>
<b>TOTAL - CAPITAL OUTLAY</b>	<u>501,000</u>	<u>6,912</u>	<u>507,912</u>	<u>478,484</u>	<u>29,428</u>
<b>TOTAL EXPENDITURES</b>	<u>7,160,628</u>	<u>49,924</u>	<u>7,210,552</u>	<u>7,807,719</u>	<u>(597,167)</u>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	\$ (294,435)	\$ (49,924)	\$ (344,359)	\$ 63,074	\$ 407,433
Other Financing Sources (Uses):					
Transfer to Charter School	(42,879)	42,879			
Transfer to Capital Projects Fund					
Transfer from Capital Project Fund - Interest				477	477
Total Other Financing Sources (Uses)	(42,879)	42,879		477	477
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(337,314)	(7,045)	(344,359)	63,551	407,910
Fund Balances, July 1	600,603		600,603	600,603	
Fund Balances, June 30	\$ 263,289	\$ (7,045)	\$ 256,244	\$ 664,154	\$ 407,910

**RECAPITULATION OF FUND BALANCE:**

**Restricted Fund Balance:**

Maintenance Reserve	\$ 10,000
Excess Surplus	334,638

**Assigned Fund Balance:**

Capital Reserve	30,346
Year-end Encumbrances	9,040

**Unassigned Fund Balance**

280,130

664,154

**Reconciliation to Governmental Fund Statements (GAAP):**

Last State Aid Payment not Recognized on GAAP Basis	(545,384)
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**TOTAL**

\$ 118,770

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State Sources	\$	\$	\$ 1,642,868	\$ 1,642,868	\$
Federal Sources	2,098,095	(1,310,723)	787,372	582,112	(205,260)
<b>Total Revenues</b>	<b>2,098,095</b>	<b>(1,310,723)</b>	<b>2,430,240</b>	<b>2,224,980</b>	<b>(205,260)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries	751,970	(53,321)	698,649	662,282	36,367
Other Salaries for Instruction	243,554	101,790	345,344	329,905	15,439
Tuition		19,313	19,313	19,313	
Purchased Prof/Ed. Services	20,000	29,496	49,496	16,792	32,704
Other Purchased Services	20,061	(5,000)	15,061	1,028	14,033
General Supplies	50,000	33,266	83,266	73,120	10,146
Transportation - Field Trips	20,000	(3,434)	16,566	2,347	14,219
<b>Total Instruction</b>	<b>1,105,585</b>	<b>122,110</b>	<b>1,227,695</b>	<b>1,104,787</b>	<b>122,908</b>
<b>Support Services</b>					
Salaries of Principals/Asst Prin/ Prog Dir	83,150	(13,801)	69,349	63,537	5,812
Salaries of Other Professional Services	24,506	10,801	35,307	30,935	4,372
Salaries of Secretarial/Clerical	11,218	15,820	27,038	26,736	302
Other Salaries - Security	13,096	1,251	14,347	13,771	576
Salaries of Master Teachers	61,319		61,319	59,976	1,343
Personal Services - Employee Benefits	335,193	55,448	390,641	390,512	129
Purchased Professional & Educational Services	56,000	37,569	93,569	82,310	11,259
Cleaning, Repair & Maintenance Services - Preschool	30,000	24,825	54,825	50,848	3,977
Rentals	16,000	(9,000)	7,000	262	6,738
Other Purchased Services	186,276	48,143	234,419	234,404	15
Contracted Transp Grants	75,000	15,760	90,760	88,582	2,178
Contracted Transp Grants - Field Trips	12,000	7,371	19,371	5,461	13,910
Travel	8,000	(4,390)	3,610	845	2,765
Supplies and Materials	34,752	4,248	39,000	37,909	1,091
Other Objects	6,000	23,730	29,730	29,105	625
<b>Total Support Services</b>	<b>952,510</b>	<b>217,775</b>	<b>1,170,285</b>	<b>1,115,193</b>	<b>55,092</b>
<b>Facilities Acquisition and Construction Services:</b>					
Buildings					
Instructional Equipment	20,000		20,000		20,000
Non-Instructional Equipment	20,000	(7,740)	12,260	5,000	7,260
<b>Total Facilities Acquisition and Construction Services</b>	<b>40,000</b>	<b>(7,740)</b>	<b>32,260</b>	<b>5,000</b>	<b>27,260</b>
<b>Total Expenditures</b>	<b>2,098,095</b>	<b>332,145</b>	<b>2,430,240</b>	<b>2,224,980</b>	<b>205,260</b>
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<b>2,098,095</b>	<b>332,145</b>	<b>2,430,240</b>	<b>2,224,980</b>	<b>205,260</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET - TO - GAAP RECONCILIATION**  
**NOTE TO RSI**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(UNAUDITED)**

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule	[C-1]	\$ 7,870,793	[C-2]	\$ 2,224,980
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.		522,028		140,150
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year		(545,384)		(146,244)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2]	<u>\$ 7,847,437</u>	[B-2]	<u>\$ 2,218,886</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 7,807,719	[C-2]	\$ 2,224,980
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]	<u>\$ 7,807,719</u>	[B-2]	<u>\$ 2,224,980</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEE'S RETIREMENT SYSTEM**

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.009151%	0.0093971%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,054,136	\$ 1,759,386
District's Covered-Employee Payroll	\$ 539,382	\$ 589,032
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	380.83%	298.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS

PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 78,671	\$ 77,468
Contributions in Relation to the Contractually Required Contribution	<u>(78,671)</u>	<u>(77,468)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 District's Covered-Employee Payroll	 \$ 539,382	 \$ 589,032
 Contributions as a Percentage of Covered-Employee Payroll	 14.59%	 13.15%

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**

**TEACHERS' PENSION PLAN**

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.034161%	0.036360%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 21,591,343	19,433,469
District's Covered-Employee Payroll	\$ 3,318,640	3,277,879
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee payroll	650.61%	592.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Fairfield Township School District  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

The School District was not required to make any contributions towards TPAF.

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III  
Pension Schedules**

For the Fiscal Year Ended June 30, 2016

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

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

*Change of assumptions.* Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

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

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

*Change of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

**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, 2016**

	<u>Title I</u>	<u>Title II</u>	<u>Preschool</u>	<u>Sub-Total</u>	<u>Totals</u>
	<u>Part A</u>	<u>Part A</u>	<u>Education</u>	<u>Per</u>	<u>2016</u>
				<u>E-1(2)</u>	
<b>REVENUES:</b>					
State Sources			\$ 1,641,644	1,224	\$ 1,642,868
Federal Sources	\$ 304,989	\$ 61,645		\$ 215,478	582,112
<b>Total Revenues</b>	<u>304,989</u>	<u>61,645</u>	<u>1,641,644</u>	<u>216,702</u>	<u>2,224,980</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	133,701	40,537	488,044		662,282
Other Salaries for Instruction	79,477		250,428		329,905
Tuition				19,313	19,313
Purchased Professional/Educ Services	100		16,692		16,792
Other Purchased Services			1,028		1,028
General Supplies	9,590		52,441	11,089	73,120
Other Objects			2,347		2,347
<b>Total Instruction</b>	<u>222,868</u>	<u>40,537</u>	<u>810,980</u>	<u>30,402</u>	<u>1,104,787</u>
<b>Support Services:</b>					
Salaries of Principals/Asst Prin/ Prog Dir			63,537		63,537
Salaries of Other Professional Services	6,320		24,615		30,935
Salaries of Secretarial/Clerical			26,736		26,736
Other Salaries - Security			13,771		13,771
Salaries of Master Teachers			59,976		59,976
Personal Services-Employee Benefits	41,281	21,108	328,123		390,512
Purchased Prof./Educational Services			82,310		82,310
Cleaning, Repair & Maint Services			50,848		50,848
Rentals			262		262
Other Purchased Services	32,790		15,314	186,300	234,404
Contractual Transport.			88,582		88,582
Contractual Transport. - Field Trips			5,461		5,461
Travel			845		845
Supplies and Materials			37,909		37,909
Other Objects	1,730		27,375		29,105
<b>Total Support Services</b>	<u>82,121</u>	<u>21,108</u>	<u>825,664</u>	<u>186,300</u>	<u>1,115,193</u>
<b>Facilities Acquisition:</b>					
Instructional Equipment					
Non-Instructional Equipment			5,000		5,000
<b>Total Facilities Acquisition</b>			<u>5,000</u>		<u>5,000</u>
<b>Total Expenditures</b>	<u>\$ 304,989</u>	<u>\$ 61,645</u>	<u>\$ 1,641,644</u>	<u>\$ 216,702</u>	<u>\$ 2,224,980</u>

**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, 2016**

	IDEA					Totals 2016
	Pre-K	B-Basic	Capacity Building	REAP 14-15	REAP 15-16	
<b>REVENUES:</b>						
State Sources			\$ 1,224			\$ 1,224
Federal Sources	\$ 5,546	\$ 200,067		\$ 3,233	\$ 6,632	215,478
<b>Total Revenues</b>	<b>5,546</b>	<b>200,067</b>	<b>1,224</b>	<b>3,233</b>	<b>6,632</b>	<b>216,702</b>
<b>EXPENDITURES:</b>						
Instruction:						
Tuition		19,313				19,313
General Supplies			1,224	3,233	6,632	11,089
<b>Total Instruction</b>		<b>19,313</b>	<b>1,224</b>	<b>3,233</b>	<b>6,632</b>	<b>30,402</b>
Support Services:						
Other Purchased Services	5,546	180,754				186,300
<b>Total Support Services</b>	<b>5,546</b>	<b>180,754</b>				<b>186,300</b>
Facilities Acquisition:						
Instructional Equipment						
<b>Total Facilities Acquisition</b>						
<b>Total Expenditures</b>	<b>\$ 5,546</b>	<b>\$ 200,067</b>	<b>\$ 1,224</b>	<b>\$ 3,233</b>	<b>\$ 6,632</b>	<b>\$ 216,702</b>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 490,217	\$ 488,044	\$ 2,173
Other Salaries of Instruction	255,631	250,428	5,203
Purchased Professional/Educ Services	25,000	16,692	8,308
Other Purchased Services (400-500 series)	15,061	1,028	14,033
General Supplies	54,065	52,441	1,624
Other Objects	16,566	2,347	14,219
<b>Total Instruction</b>	<u>856,540</u>	<u>810,980</u>	<u>45,560</u>
<b>Support Services:</b>			
Salaries of Program Directors	69,349	63,537	5,812
Salaries of Other Professional Staff	25,307	24,615	692
Salaries of Secretarial & Clerical Assistants	27,038	26,736	302
Other Salaries - Security	14,347	13,771	576
Salaries of Master Teachers	61,319	59,976	1,343
Personal Services-Employee Benefits	328,123	328,123	
Purchased Professional & Educational Services	94,841	82,310	12,531
Other Purchased Professional - Services	18,035	15,314	2,721
Cleaning Repair and Maint Services	50,848	50,848	
Rentals	7,000	262	6,738
Contractual Service-Tran. (Bet. Home & School)	90,760	88,582	2,178
Contractual Service-Tran. (Field Trips)	19,371	5,461	13,910
Travel	3,610	845	2,765
Supplies and Materials	39,000	37,909	1,091
Other Objects	28,000	27,375	625
<b>Total Support Services</b>	<u>876,948</u>	<u>825,664</u>	<u>51,284</u>
<b>Facilities Acquisition and Construction Services:</b>			
Instruction Equipment	20,000		20,000
Non-Instructional Equipment	12,260	5,000	7,260
<b>Total Facilities Acquisition and Construction Services</b>	<u>32,260</u>	<u>5,000</u>	<u>27,260</u>
<b>Contribution to Charter Schools</b>			
<b>Total Expenditures</b>	<u>\$ 1,765,748</u>	<u>\$ 1,641,644</u>	<u>\$ 124,104</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total Revised 2015-16 Preschool Education Aid Allocation	\$ 1,462,440	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2015)	306,995	(2)
Add: Budgeted Transfer from the General Fund 2015-16		(3)
<b>Total Preschool Education Aid Funds Available for 2015-16 Budget</b>	<u>1,769,435</u>	(4)
Less: 2015-16 Budgeted Preschool Education Aid (including prior year budget carryover)	1,765,748	(5)
<b>Available &amp; Unbudgeted Preschool Education Aid Funds as of June 30, 2016</b>	<u>3,687</u>	(6)
Add: June 30, 2016 Unexpended Preschool Education Aid	124,104	(7)
Less: 2015-16 Commissioner-approved Transfer to the General Fund		(8)
<b>2015-16 Carryover -Preschool Education Aid Programs</b>	<u>\$ 127,791</u>	(9)
<b>2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17</b>	<u>\$ 123,688</u>	(10)

Note: Since the 2015-16 Actual Carryover is more than the amount budgeted in 2016-17, the District should consider revising its 2016-17 Preschool Education Program Budget.

\$ 4,103

## **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, 2016**

<b><u>Project Title/Issue</u></b>	<b><u>Original Date</u></b>	<b><u>Appropriations</u></b>	<b><u>Expenditures to Date</u></b>		<b><u>Adjustment</u></b>	<b><u>Unexpended Balance June 30, 2016</u></b>
			<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>		
Construction of new Elementary/Middle School, necessary onsite and offsite improvements, furniture, and equipment associated with such improvements.	1/15/04	\$ 5,245,313	\$ 5,185,673	\$	\$ (6,804)	\$ 52,836
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	3,871,720		(113,052)	
Demolition of Original Fairfield Elementary School	2/28/13	1,150,808	1,117,348			33,460
		<b><u>\$ 10,380,893</u></b>	<b><u>\$ 10,174,741</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ (119,856)</u></b>	<b><u>\$ 86,296</u></b>



**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, 2016**

**Revenues and Other Financing  
Sources**

State Sources - SCC Grant	\$	
Interest		477
Total Revenues		<u>477</u>

**Expenditures and Other Financing Uses**

Demolition Services		
Total Expenditures		<u>          </u>

Excess (Deficiency) of Revenues Over (Under) Expenditures		477
Transfer Interest to General Fund		(477)
Transfer to Debt Service Fund		(119,856)
		<u>(119,856)</u>
Fund Balance - Beginning		206,152
Fund Balance - Ending	\$	<u><u>86,296</u></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, 2015**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 4,981,000	\$	\$ 4,981,000	\$ 4,981,000
Bond Proceeds and Transfers	(283,187)		(283,187)	(283,187)
Transfer to Demolition Project	600,000		600,000	600,000
Transfer from Capital Reserve				
<b>Total Revenues</b>	<b>5,297,813</b>		<b>5,297,813</b>	<b>5,297,813</b>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	5,185,673		5,185,673	5,297,813
<b>Total Expenditures</b>	<b>5,185,673</b>		<b>5,185,673</b>	<b>5,297,813</b>
Less: Transferred to Debt Service fund	(52,500)		(52,500)	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 59,640	\$	\$ 59,640	\$
Less: Transfer to Debt Service Fund		(6,804)	(6,804)	
	<b>59,640</b>	<b>(6,804)</b>	<b>\$52,836</b>	

**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	100%
Original Target Completion Date	August 31, 2005
Revised Target Completion Date	December 8, 2005

**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, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
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
<b>Expenditures and Other Financing Uses</b>				
Professional Technical Services	95,285		95,285	95,285
Construction Services	3,776,435		3,776,435	3,889,487
Total Expenditures	3,871,720		3,871,720	3,984,772
Excess (Deficiency) of Revenues Over (Under) Expenditures	113,052		113,052	
Less: Transfer to Debt Service Fund		(113,052)	(113,052)	
	\$ 113,052	\$ (113,052)	-	\$

**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	100%
Original Target Completion Date	December 31, 2010
Revised Target Completion Date	December 31, 2010

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**DEMOLITION OF ORIGINAL FAIRFIELD ELEMENTARY SCHOOL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 768,587	\$	\$ 768,587	\$ 803,208
Local Share Transferred from SDA	317,808		317,808	317,808
Local Share Transferred from SDA	64,413		64,413	64,413
Total Revenues	<u>1,150,808</u>		<u>1,150,808</u>	<u>1,185,429</u>
<b>Expenditures and Other Financing Uses</b>				
Architectural Services	98,103		98,103	101,461
Other Professional Technical Services	17,000		17,000	17,000
Demolition Services	1,002,245		1,002,245	1,032,347
Total Expenditures	<u>1,117,348</u>		<u>1,117,348</u>	<u>1,150,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 33,460</u>	<u>\$</u>	<u>\$ 33,460</u>	<u>\$ 34,621</u>

**Additional project information:**

Project Number	1460-01-00-0366-01
Grant Date	February 28, 2013
Original Authorization Cost	\$1,479,311
Reduction in Authorized Cost	\$328,503
Revised Authorized Cost	\$1,150,808
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	0%
Original Target Completion Date	February 28, 2013
Revised Target Completion Date	September 30, 2015

## **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 POSITION**  
**AS OF JUNE 30, 2016 AND 2015**

	<u>Food Service</u> <u>Fund</u>	<u>Totals</u>	
		<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 104,199	\$ 104,199	\$ 22,498
Accounts Receivable:			
State	282	282	624
Federal	22,521	22,521	38,459
Other	3,657	3,657	10,516
Interfund Accounts Receivable	114,166	114,166	211,531
Inventories	9,322	9,322	8,666
Total Current Assets	<u>254,147</u>	<u>254,147</u>	<u>292,294</u>
Fixed Assets:			
Equipment	275,948	275,948	249,816
Accumulated Depreciation	(192,816)	(192,816)	(175,367)
Total Fixed Assets	<u>83,132</u>	<u>83,132</u>	<u>74,449</u>
Total Assets	<u>337,279</u>	<u>337,279</u>	<u>366,743</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Unearned Revenue	4,884	4,884	4,951
Accounts Payable	1,147	1,147	107,027
Total Current Liabilities	<u>6,031</u>	<u>6,031</u>	<u>111,978</u>
<b>NET POSITION:</b>			
Invested in Capital Assets, Net of Related Debt	83,132	83,132	74,449
Restricted			26,132
Unrestricted	248,116	248,116	154,184
Total Net Position	<u>\$ 331,248</u>	<u>\$ 331,248</u>	<u>\$ 254,765</u>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**AS OF JUNE 30, 2016 AND 2015**

	Food Service	Totals	
	Fund	2016	2015
<b>OPERATING REVENUES:</b>			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Breakfast Program	\$	\$	\$ 523
School Lunch Program			33,587
Daily Sales - Non-Reimbursable Programs:			
Special Functions	29,318	29,318	23,423
Satellite Revenue	13,145	13,145	21,959
	22,400	22,400	22,377
<b>Total Operating Revenue</b>	<b>64,863</b>	<b>64,863</b>	<b>101,869</b>
<b>OPERATING EXPENSES:</b>			
Salaries	103,230	103,230	99,358
Employee Benefits	20,419	20,419	18,859
Management Fees	28,280	28,280	28,000
Supplies	17,230	17,230	20,268
Miscellaneous	11,221	11,221	10,089
Depreciation	17,449	17,449	14,834
Cost of Sales	248,810	248,810	234,222
<b>Total Operating Expenses</b>	<b>446,639</b>	<b>446,639</b>	<b>425,630</b>
<b>Operating Loss</b>	<b>(381,776)</b>	<b>(381,776)</b>	<b>(323,761)</b>
<b>Non-Operating Revenues:</b>			
State Sources:			
State School Lunch Program	5,123	5,123	5,019
Federal Sources:			
National School Breakfast Program	147,457	147,457	140,912
National School Lunch Program	255,775	255,775	231,426
National School Snack Program	2,773	2,773	2,537
Summer Program	8,805	8,805	12,017
Food Distribution Program	38,064	38,064	22,112
Interest	262	262	186
<b>Total Non-Operating Revenues</b>	<b>458,259</b>	<b>458,259</b>	<b>414,209</b>
<b>Non-Operating Expenses and (Income):</b>			
<b>Total Non-Operating Expenses</b>			
<b>Net Income</b>	<b>76,483</b>	<b>76,483</b>	<b>90,448</b>
<b>Net Position - July 1</b>	<b>254,765</b>	<b>254,765</b>	<b>164,317</b>
<b>Net Position - June 30</b>	<b>\$ 331,248</b>	<b>\$ 331,248</b>	<b>\$ 254,765</b>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING STATEMENT OF CASH FLOW**  
**AS OF JUNE 30, 2016 AND 2015**

	Food Service	Totals	
	Fund	2016	2015
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 64,863	\$ 64,863	\$ 101,869
Payments to Employees	(103,230)	(103,230)	(99,358)
Payments for Employee Benefits	(20,419)	(20,419)	(18,859)
Payments to Suppliers	(291,640)	(291,640)	(422,555)
Net Cash Used by Operating Activities	(350,426)	(350,426)	(438,903)
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	457,997	457,997	414,023
Net Cash Provided by Noncapital Financing Activities	457,997	457,997	414,023
Cash Flows from Capital Financing Activities:			
Purchase of Fixed Assets	(26,132)	(26,132)	
Cash Flows from Investing Activities:			
Interest on Investments	262	262	186
Net Increase/(Decrease) in Cash and Cash Equivalents	81,701	81,701	(24,694)
Cash and Cash Equivalents, July 1	22,498	22,498	47,192
Cash and Cash Equivalents, June 30	\$ 104,199	\$ 104,199	\$ 22,498
Operating Income (Loss)	\$ (381,776)	\$ (381,776)	\$ (323,761)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Depreciation	17,449	17,449	14,834
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	23,139	23,139	33,648
(Increase)/Decrease in Interfund Receivable	97,365	97,365	(106,441)
(Increase)/Decrease in Inventory	(656)	(656)	(2,566)
Increase/(Decrease) in Accounts Payable	(105,880)	(105,880)	(57,135)
Increase/(Decrease) in Unearned Revenue	(67)	(67)	2,518
Total Adjustments	31,350	31,350	(115,142)
Net Cash Used by Operating Activities	\$ (350,426)	\$ (350,426)	\$ (438,903)



## 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 POSITION**  
**AS OF JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	<u>Agency</u>		<u>Totals</u>	
	<u>Student Activity</u>	<u>Payroll</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 2,216	\$ 94,967	\$ 97,183	\$ 161,708
Total Assets	\$ 2,216	\$ 94,967	\$ 97,183	\$ 161,708
<b>LIABILITIES AND NET POSITION:</b>				
<b>Liabilities:</b>				
Payroll Deductions and Withholdings	\$	\$ 48,261	\$ 48,261	\$ 45,280
Flexible Spending Reserve		14,363	14,363	7,073
Due to General Fund		32,343	32,343	105,591
Due to Student Groups	2,216		2,216	3,764
Total Liabilities	2,216	94,967	97,183	161,708
Total Liabilities and Net Position	\$ 2,216	\$ 94,967	\$ 97,183	\$ 161,708

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1,</u> <u>2015</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>2016</u>
Middle School	\$ 3,764	\$ 22,297	\$	\$ 23,845	\$	\$ 2,216
Totals	\$ 3,764	\$ 22,297	\$	\$ 23,845	\$	\$ 2,216

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 157,944	\$ 3,557,100	\$ 3,620,077	\$ 94,967
Total Assets	<u>\$ 157,944</u>	<u>\$ 3,557,100</u>	<u>\$ 3,620,077</u>	<u>\$ 94,967</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 45,280	\$ 3,549,810	\$ 3,546,829	\$ 48,261
Flexible Spending Reserve	7,073	7,290		14,363
Due to General Fund	105,591		73,248	32,343
Total Liabilities	<u>\$ 157,944</u>	<u>\$ 3,557,100</u>	<u>\$ 3,620,077</u>	<u>\$ 94,967</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, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
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	3/1/17	\$ 90,000	3.500%	\$ 1,640,000	\$	\$ 85,000	\$ 1,555,000
			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%							
Refunding of 3/15/04 School Bond Issue for the Construction of a new Elementary/Middle School, etc.	9/15/15	3,150,000	3/16/17	280,000	3.000%	2,845,000		275,000	2,570,000
			3/17/18	295,000	3.000%				
			3/18/19	300,000	3.000%				
			3/18/20	315,000	3.000%				
			3/19/21	325,000	3.000%				
			3/20/22	340,000	3.000%				
			3/21/23	350,000	4.000%				
3/21/24	365,000	4.000%							
Totals						\$ 4,485,000	\$	\$ 360,000	\$ 4,125,000

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 475,379	\$	\$ 475,379	\$ 475,379	\$
Total Revenues - Local Sources	475,379		475,379	475,379	
State sources:					
Debt Service Aid Type II					
Total Revenues - State Sources					
Total Revenues	475,379		475,379	475,379	
<b>EXPENDITURES</b>					
Regular Debt Service:					
Redemption of Principal	360,000		360,000	360,000	
Interest	167,879		167,879	151,406	16,473
Total Regular Debt Service	527,879		527,879	511,406	16,473
Total Expenditures	527,879		527,879	511,406	16,473
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,500)		(52,500)	(36,027)	16,473
Transfer from Capital Projects Fund				119,856	119,856
Fund Balances, July 1	22,644		22,644	22,644	
Fund Balances, June 30	\$ (29,856)	\$	\$ (29,856)	\$ 106,473	\$ 119,856
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$	\$	\$	\$	\$

**STATISTICAL SECTION**



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

	Fiscal Year,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 1,002,002	\$ 10,561,634	\$ 10,129,348	\$ 9,459,843	\$ 12,312,897	\$ 7,872,940	\$ 8,012,695	\$ 7,979,459	\$ 8,136,619	\$ 8,488,233
Restricted	735,940	463,246	1,097,886	2,724,746	977,545	1,056,002	766,964	725,006	435,960	421,509
Unrestricted	(406,269)	(251,655)	(555,764)	(739,399)	(338,219)	(287,595)	(647,914)	(566,736)	(2,275,457)	(2,294,934)
<b>Total Governmental Activities Net Position</b>	<b>\$ 1,331,673</b>	<b>\$ 10,773,225</b>	<b>\$ 10,671,470</b>	<b>\$ 11,445,190</b>	<b>\$ 12,952,223</b>	<b>\$ 8,641,347</b>	<b>\$ 8,131,745</b>	<b>\$ 8,137,729</b>	<b>\$ 6,297,122</b>	<b>\$ 6,614,808</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 18,836	\$ 132,496	\$ 136,933	\$ 136,521	\$ 123,109	\$ 118,951	\$ 104,117	\$ 89,283	\$ 74,449	\$ 83,132
Restricted										
Unrestricted	16,148	24,063	50,865	7,799	19,244		12,312	75,034	180,316	248,116
<b>Total Business-Type Activities Net Position</b>	<b>\$ 34,984</b>	<b>\$ 156,559</b>	<b>\$ 187,798</b>	<b>\$ 144,320</b>	<b>\$ 142,353</b>	<b>\$ 118,951</b>	<b>\$ 116,429</b>	<b>\$ 164,317</b>	<b>\$ 254,765</b>	<b>\$ 331,248</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 1,020,838	\$ 10,694,130	\$ 10,266,281	\$ 9,596,364	\$ 12,436,006	\$ 7,991,891	\$ 8,116,812	\$ 8,068,742	\$ 8,211,068	\$ 8,571,365
Restricted	735,940	463,246	1,097,886	2,724,746	977,545	1,056,002	766,964	578,762	435,960	421,509
Unrestricted	(390,121)	(227,592)	(504,899)	(731,600)	(318,975)	(287,595)	(635,602)	(491,702)	(2,095,141)	(2,046,818)
<b>Total District-Wide Net Position</b>	<b>\$ 1,366,657</b>	<b>\$ 10,929,784</b>	<b>\$ 10,859,268</b>	<b>\$ 11,589,510</b>	<b>\$ 13,094,576</b>	<b>\$ 8,760,298</b>	<b>\$ 8,248,174</b>	<b>\$ 8,155,802</b>	<b>\$ 6,551,887</b>	<b>\$ 6,946,056</b>

Source: CAFR Schedule A-1

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
 (UNAUDITED)

	Fiscal Year,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 2,419,480	\$ 2,541,764	\$ 2,985,335	\$ 3,662,220	\$ 3,336,418	\$ 3,367,316	\$ 3,150,130	\$ 3,188,568	\$ 3,123,441	\$ 3,095,716
Special Education	509,161	505,488	595,850	223,476	410,858	497,594	494,964	506,453	630,653	668,579
Other Special Instruction	199,106	178,439	145,321	168,504	77,134	159,433	166,931	195,664	19,200	18,971
Other Instruction	59,910	62,815	73,479	65,794	72,567	70,424	85,260	84,956	87,796	71,955
<b>Support Services</b>										
Tuition	368,500	418,562	518,224	408,837	481,638	383,558	524,146	551,519	543,974	623,880
Student and Instruction Related Services	706,855	703,879	780,552	1,110,300	794,864	889,763	871,912	933,660	941,324	1,023,367
General Administrative Services	258,508	270,388	375,465	311,001	324,894	276,763	280,209	314,833	295,408	274,270
School Administrative Services	183,777	138,393	165,090	175,506	156,602	210,345	208,571	193,112	202,296	156,795
Central Services & Info Technology	180,695	181,134	198,516	232,437	164,482	207,822	204,782	230,556	219,693	222,990
Plant Operations and Maintenance	558,004	692,253	652,581	632,481	580,466	553,394	581,351	1,258,057	577,560	537,585
Security								17,647	13,418	15,700
Pupil Transportation	479,171	488,626	531,587	513,955	508,839	526,476	554,280	524,881	460,219	462,568
Employee Benefits	1,761,528	1,711,706	1,389,774	1,546,527	1,550,801	1,798,555	2,628,187	2,075,641	2,043,158	3,454,425
Interest on Long-Term Debt	182,511	176,343	169,733	183,211	339,192	216,960	322,410	353,504	270,156	298,284
Amortization of Debt Issue Costs	1,735	1,735	1,735	2,235	3,735	3,735				
Unallocated Depreciation and Amortization	205,254	401,708	373,354	360,363	517,268	357,611	365,805	351,304	365,553	339,643
<b>Total Governmental Activities Expenses</b>	<b>8,074,195</b>	<b>8,473,233</b>	<b>8,956,596</b>	<b>9,596,847</b>	<b>9,319,758</b>	<b>9,519,749</b>	<b>10,438,938</b>	<b>10,780,355</b>	<b>9,793,849</b>	<b>11,264,728</b>
<b>Business-Type Activities</b>										
Food Service	295,061	328,503	338,786	371,513	388,722	447,826	449,175	474,964	425,630	446,639
<b>Total Business-Type Activities Expense</b>	<b>295,061</b>	<b>328,503</b>	<b>338,786</b>	<b>371,513</b>	<b>388,722</b>	<b>447,826</b>	<b>449,175</b>	<b>474,964</b>	<b>425,630</b>	<b>446,639</b>
<b>Total District Expenses</b>	<b>\$ 8,369,256</b>	<b>\$ 8,801,736</b>	<b>\$ 9,295,382</b>	<b>\$ 9,968,360</b>	<b>\$ 9,708,480</b>	<b>\$ 9,967,575</b>	<b>\$ 10,888,113</b>	<b>\$ 11,255,319</b>	<b>\$ 10,219,479</b>	<b>\$ 11,711,367</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Operating Grants and Contributions	\$ 2,157,819	\$ 2,136,643	\$ 1,797,849	\$ 2,381,901	\$ 2,197,473	\$ 2,369,566	\$ 2,485,404	\$ 2,721,094	\$ 2,526,651	\$ 4,124,951
<b>Total Governmental Activities Program Revenues</b>	<b>2,157,819</b>	<b>2,136,643</b>	<b>1,797,849</b>	<b>2,381,901</b>	<b>2,197,473</b>	<b>2,369,566</b>	<b>2,485,404</b>	<b>2,721,094</b>	<b>2,526,651</b>	<b>4,124,951</b>
<b>Business-Type Activities</b>										
<b>Charges for Services</b>										
Food Service	67,287	72,819	69,609	83,898	81,365	91,200	75,889	121,855	101,869	64,863
Operating Grants and Contributions	223,800	251,893	282,843	301,012	305,390	329,303	370,764	400,997	414,209	458,259
<b>Total Business-Type Activities Program Revenues</b>	<b>291,087</b>	<b>324,712</b>	<b>352,452</b>	<b>384,910</b>	<b>386,755</b>	<b>420,503</b>	<b>446,653</b>	<b>522,852</b>	<b>516,078</b>	<b>523,122</b>
<b>Total District Program Revenues</b>	<b>\$ 2,448,906</b>	<b>\$ 2,461,355</b>	<b>\$ 2,150,301</b>	<b>\$ 2,766,811</b>	<b>\$ 2,584,228</b>	<b>\$ 2,790,069</b>	<b>\$ 2,932,057</b>	<b>\$ 3,243,946</b>	<b>\$ 3,042,729</b>	<b>\$ 4,648,073</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>										
Governmental Activities	\$ (5,916,376)	\$ (6,336,590)	\$ (7,158,747)	\$ (7,214,946)	\$ (7,122,285)	\$ (7,150,183)	\$ (7,953,534)	\$ (8,059,261)	\$ (7,267,198)	\$ (7,139,777)
<b>Business-Type Activities</b>										
Business-Type Activities	(3,974)	(3,791)	13,666	13,397	(1,967)	(27,323)	(2,522)	47,888	90,448	76,483
<b>Total District-Wide Net Expense</b>	<b>\$ (5,920,350)</b>	<b>\$ (6,340,381)</b>	<b>\$ (7,145,081)</b>	<b>\$ (7,201,549)</b>	<b>\$ (7,124,252)</b>	<b>\$ (7,177,506)</b>	<b>\$ (7,956,056)</b>	<b>\$ (8,011,373)</b>	<b>\$ (7,176,750)</b>	<b>\$ (7,063,294)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, Net	\$ 584,786	\$ 636,750	\$ 679,730	\$ 696,863	\$ 696,863	\$ 696,863	\$ 710,800	\$ 725,016	\$ 754,016	\$ 784,176
Taxes Levied for Debt Service	349,210	368,435	371,785	369,785	509,980	514,917	514,661	519,042	475,379	475,379
Unrestricted Grants and Contributions	4,619,781	5,038,741	5,794,162	6,901,808	7,374,175	6,158,940	6,092,595	6,639,326	6,095,707	6,009,367
Tuition Received	13,147	2,632	19,177	2,184						
Adjustment to Fixed Assets	(819,458)	9,720,585	(276,647)				175,856	(5,021)		
Investment Earnings	49,948	32,457	5,784	1,244	1,401	1,814	18,690	6,564	6,447	2,060
Transfer to Charter School				(15,394)				(35,706)	(35,706)	
Miscellaneous Income	1,422	(21,458)	463,001	32,176	46,899	6,113	(12,780)	69,780	69,840	186,481
<b>Total Governmental Activities</b>	<b>4,798,836</b>	<b>15,778,142</b>	<b>7,056,992</b>	<b>7,988,666</b>	<b>8,629,318</b>	<b>7,378,647</b>	<b>7,499,822</b>	<b>7,919,001</b>	<b>7,365,683</b>	<b>7,457,463</b>
<b>Business-Type Activities</b>										
Board Subsidy						3,921				
Prior Year Inventory Adjustments	10,800	125,366	17,573	(56,875)						
<b>Total Business-Type Activities</b>	<b>10,800</b>	<b>125,366</b>	<b>17,573</b>	<b>(56,875)</b>		<b>3,921</b>				
<b>Total District-Wide</b>	<b>\$ 4,809,636</b>	<b>\$ 15,903,508</b>	<b>\$ 7,074,565</b>	<b>\$ 7,931,791</b>	<b>\$ 8,629,318</b>	<b>\$ 7,382,568</b>	<b>\$ 7,499,822</b>	<b>\$ 7,919,001</b>	<b>\$ 7,365,683</b>	<b>\$ 7,457,463</b>
<b>Change in Net Position</b>										
<b>Governmental Activities</b>										
Governmental Activities	\$ (1,117,540)	\$ 9,441,552	\$ (101,755)	\$ 773,720	\$ 1,507,033	\$ 228,464	\$ (453,712)	\$ (140,260)	\$ 98,485	\$ 317,686
<b>Business-Type Activities</b>										
Business-Type Activities	6,826	121,575	31,239	(43,478)	(1,967)	(23,402)	(2,522)	47,888	90,448	76,483
<b>Total District-Wide</b>	<b>\$ (1,110,714)</b>	<b>\$ 9,563,127</b>	<b>\$ (70,516)</b>	<b>\$ 730,242</b>	<b>\$ 1,505,066</b>	<b>\$ 205,062</b>	<b>\$ (456,234)</b>	<b>\$ (92,372)</b>	<b>\$ 188,933</b>	<b>\$ 394,169</b>

Source: CAFR Schedule A-2

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

	<b>Fiscal Year,</b>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Restricted	\$ 338,892	\$ 157,819	\$ 851,263	\$ 275,210	\$ 226,205	\$ 316,497	\$ 267,000	\$	\$	
Maintenance Reserve								10,000	10,000	10,000
Excess Surplus										334,638
Assigned:										
Maintenance Reserve								17,500		
Capital Reserve								337,314	337,314	30,346
Subsequent Year's Expenditures								135,000		
Year End Encumbrances									7,045	9,040
Unassigned	(118,623)	25,441	(295,129)	(488,405)	(335,131)	(284,018)	(414,558)	(331,601)	(275,784)	(265,254)
<b>Total General Fund</b>	<b>\$ 220,269</b>	<b>\$ 183,260</b>	<b>\$ 556,134</b>	<b>\$ (213,195)</b>	<b>\$ (108,926)</b>	<b>\$ 32,479</b>	<b>\$ (147,558)</b>	<b>\$ 168,213</b>	<b>\$ 78,575</b>	<b>\$ 118,770</b>
All Other Governmental Funds										
Restricted:										
Special Revenue Fund	\$ (35,314)	\$ (35,314)	\$ (74,124)	\$ (92,665)	\$ (105,899)	\$ (105,899)	\$ (113,166)	\$ (146,244)	\$ (140,150)	\$ (146,244)
Capital Projects Fund	397,439	346,684	344,087	2,543,206	857,239	845,693	613,130	172,692	206,152	86,296
Assigned:										
Debt Service								52,500	22,644	106,473
<b>Total All Other Governmental Funds</b>	<b>\$ 362,125</b>	<b>\$ 311,370</b>	<b>\$ 269,963</b>	<b>\$ 2,450,541</b>	<b>\$ 751,340</b>	<b>\$ 739,794</b>	<b>\$ 499,964</b>	<b>\$ 78,948</b>	<b>\$ 88,646</b>	<b>\$ 46,525</b>

Source: CAFR Schedule B-1

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 933,996	\$ 1,005,185	\$ 1,051,515	\$ 1,066,648	\$ 1,206,843	\$ 1,211,780	\$ 1,225,461	\$ 1,244,058	\$ 1,229,395	\$ 1,259,555
Tuition Charges	13,147	2,632	19,177	2,184						
Interest Earnings	49,948	32,457	5,784	1,244	1,401	1,814	18,690	6,564	6,447	2,060
Miscellaneous	1,422	(18,777)	464,318	32,176	46,899	10,034	28,328	69,780	69,840	185,826
State Sources	6,133,119	6,660,070	7,012,377	7,286,581	8,872,507	7,583,256	7,982,445	8,711,066	8,183,291	8,512,291
Federal Sources	644,481	512,633	578,317	1,997,128	699,141	945,250	595,554	649,354	623,755	582,447
<b>Total Revenues</b>	<b>7,776,113</b>	<b>8,194,200</b>	<b>9,131,488</b>	<b>10,385,961</b>	<b>10,826,791</b>	<b>9,752,134</b>	<b>9,850,478</b>	<b>10,680,822</b>	<b>10,112,728</b>	<b>10,542,179</b>
<b>Expenditures</b>										
<b>Instruction</b>						497,594				
Regular Instruction	2,396,456	2,541,764	2,985,335	3,662,220	3,336,418	3,367,316	3,150,130	3,188,568	3,123,441	3,095,716
Special Education Instruction	509,161	505,488	595,850	223,476	410,858		494,964	506,453	630,653	668,579
Other Special Instruction	199,106	178,439	145,321	168,504	77,134	159,433	166,931	195,664	19,200	18,971
Other instruction	59,910	62,815	73,479	65,794	72,567	70,424	85,260	84,956	87,796	71,955
<b>Support Services</b>										
Tuition	368,500	418,562	518,224	408,837	481,638	383,558	524,146	551,519	543,974	623,880
Student and Instruction Related Services	706,855	703,879	780,552	1,110,300	794,864	889,763	871,912	933,660	941,324	1,023,367
General Administrative Services	258,508	270,388	375,465	311,001	324,894	276,763	280,209	314,833	295,408	274,270
School Administrative Services	183,777	138,393	165,090	175,506	156,602	210,345	208,571	193,112	202,296	156,795
Central Services & Info. Technology	180,695	181,134	198,516	232,437	164,482	207,822	204,782	230,556	219,693	222,990
Plant Operations and Maintenance	558,004	692,253	652,581	632,481	580,466	553,394	581,351	532,119	577,560	537,585
Security								17,647	13,418	15,700
Pupil Transportation	479,171	488,626	531,587	513,955	508,839	526,476	554,280	524,881	460,219	462,568
Business and Other Support Services										
Unallocated Employee Benefits	1,761,528	1,681,033	1,388,521	1,559,164	1,607,161	1,839,633	2,092,265	2,070,638	2,245,887	2,376,839
Capital Outlay	443,373	50,755	17,715	1,525,858	3,395,820	120,916	675,631	886,713	290,858	483,484
<b>Debt Service:</b>										
Principal	165,000	190,000	200,000	164,785	285,000	295,000	305,000	320,000	385,000	360,000
Interest and Other Charges	184,210	178,435	171,785	205,000	224,980	219,917	209,661	199,042	120,235	151,406
<b>Total Expenditures</b>	<b>8,454,254</b>	<b>8,281,964</b>	<b>8,800,021</b>	<b>10,959,318</b>	<b>12,421,723</b>	<b>9,120,760</b>	<b>10,405,093</b>	<b>10,750,361</b>	<b>10,156,962</b>	<b>10,544,105</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(678,141)	(87,764)	331,467	(573,357)	(1,594,932)	631,374	(554,615)	(69,539)	(44,234)	(1,926)
<b>Other Financing Sources (Uses)</b>										
Proceeds from NJSDA							175,856			
Transfer to Charter School							(19,540)	(35,706)	(35,706)	
Transfers (Net)						(3,921)	(21,568)			
<b>Total Other Financing Sources (Uses)</b>						(3,921)	134,748	(35,706)	(35,706)	
<b>Net Change in Fund Balances</b>	<b>\$ (678,141)</b>	<b>\$ (87,764)</b>	<b>\$ 331,467</b>	<b>\$ (573,357)</b>	<b>\$ (1,594,932)</b>	<b>\$ 627,453</b>	<b>\$ (419,867)</b>	<b>\$ (105,245)</b>	<b>\$ (79,940)</b>	<b>\$ (1,926)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>4.1%</b>	<b>4.4%</b>	<b>4.2%</b>	<b>3.4%</b>	<b>4.1%</b>	<b>5.6%</b>	<b>4.9%</b>	<b>4.80%</b>	<b>4.70%</b>	<b>4.8%</b>

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>
2016	\$ 1,583	\$ 42,588	\$	\$	\$ (4,117)	\$ 32,441	\$ 52,444	\$ 62,470	\$ 187,409
2015	5,111			200	14,264		37,124	18,252	74,951
2014	5,756			600	38,705		22,960	7,515	75,536
2013	10,982				2,159	3,933	21,058	1,178	39,310
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

Source: District Records

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	a Public Utilities	Net Valuation Taxable	Total Direct School Rate <sup>b</sup>	Estimated Actual County Equalized Value
2016	\$ 18,269,100	\$ 250,625,000	\$ 12,490,800	\$ 2,924,600	\$ 25,601,100	\$ 1,630,200	\$ 344,200	\$ 311,885,000	\$ 713,142	\$ 312,598,142	\$ 0.916	\$ 287,213,371
2015	19,017,700	250,704,700	12,843,500	2,887,500	26,053,500	1,630,200	344,200	313,481,300	743,541	314,224,841	0.875	292,697,443
2014	19,175,800	241,140,500	13,644,400	2,863,100	2,689,700	1,630,200	344,200	281,487,900	734,782	282,222,682	0.875	308,715,419
2013	19,555,400	251,576,200	14,020,900	2,774,300	26,080,900	1,630,200	344,200	315,982,100	1,057,941	317,040,041	0.843	321,672,120
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 <sup>c</sup>
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

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)*  
*(UNAUDITED)*

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
2016	\$ 0.255	\$ 0.161	\$ 0.416	\$ 0.500	\$ 0.43	\$ 2.375	\$ 3.721
2015	0.246	0.155	0.401	0.474	0.407	1.03	2.312
2014	0.227	0.163	0.39	0.485	0.383	1.017	2.275
2013	0.222	0.161	0.383	0.460	0.393	0.976	2.212
2012	0.221	0.163	0.384	0.47	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

\* 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 pre-budget 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**  
*(UNAUDITED)*

<u>Taxpayer</u>	<u>2016</u>		<u>2007</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
South State, Inc.	\$ 4,801,600	1.54%	\$ 2,408,800	1.45%
Tips Trailer Park, Inc.	3,935,600	1.26%	849,600	0.51%
Laning Bros Farms, Inc.	2,583,800	0.83%	1,323,200	0.80%
Arthur Boss, MK Boss & MB McDowell	2,448,100	0.78%		
Cumberland Self Storage, LLC	1,971,700	0.63%	867,900	0.52%
NJ Oak Solar LLC	1,630,200	0.52%		
Taxpayer #1	1,237,000	0.40%	762,200	0.46%
Halka Nurseries, Inc.	1,188,700	0.38%	669,200	0.40%
Taxpayer #2	1,122,200	0.36%		
Taxpayer #3	1022900	0.33%		
Milner Corp.			2,303,500	1.39%
Eagles Manor			900,000	0.54%
40 Main Street LLC			675,000	0.41%
Exelon (PSEG)			697,600	0.42%
<b>Total</b>	<b>\$ 21,941,800</b>	<b>7.02%</b>	<b>\$ 11,457,000</b>	<b>6.91%</b>

Source: District CAFR & Municipal Tax Assessor



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2016	\$ 1,259,555	\$ 1,259,555	100.00%	\$
2015	1,229,395	1,229,395	100.00%	
2014	1,244,058	1,123,222	90.29%	120,836
2013	1,225,461	1,225,461	100.00%	
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%	

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**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of	
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income <sup>a</sup>		Per Capita <sup>a</sup>	
2016	\$ 4,125,000	\$	\$	\$	\$ 4,125,000	1.8%	\$ 656	
2015	4,485,000				4,485,000	2.0%	706	
2014	4,926,000				4,926,000	2.1%	761	
2013	5,246,000				5,246,000	2.3%	801	
2012	5,551,000				5,551,000	2.4%	837	
2011	5,846,000				5,846,000	2.7%	911	
2010	6,131,000				6,131,000	2.9%	964	
2009	4,336,000				4,336,000	2.0%	637	
2008	4,536,000				4,536,000	2.1%	671	
2007	4,726,000				4,726,000	2.3%	699	

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**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2016	\$ 4,125,000	\$	\$ 4,125,000	1.41%	\$ 649
2015	4,485,000		4,485,000	1.45%	693
2013	4,926,000		4,926,000	1.53%	752
2012	5,551,000		5,551,000	1.72%	837
2011	5,846,000		5,846,000	1.80%	911
2010	6,131,000		6,131,000	1.88%	964
2009	4,336,000		4,336,000	1.49%	637
2008	4,536,000		4,536,000	1.60%	671
2007	4,726,000		4,726,000	2.27%	699

**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, 2016**  
*(UNAUDITED)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
Fairfield Township	\$ 3,284,532	100.00%	\$ 3,284,532
<b>Other Debt</b>			
Regional School District	8,577,000	17.85%	1,530,843
County of Cumberland - Township Share	86,581,151	3.269%	2,830,414
Subtotal, Overlapping Debt			7,645,788
Fairfield Township School District Direct Debt			4,125,000
<b>Total Direct and Overlapping Debt</b>			<b>\$ 11,770,788</b>

**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**  
 (UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis
	2015     \$    288,683,396
	2014            292,375,023
	2013            308,124,915
	<u>          </u>
	[A] \$    889,183,334
Average Equalized Valuation of Taxable Property	<u>[A/3] \$    296,394,445</u>
Debt Limit (3% of Average Equalization Value)	[B]            8,891,833
Net Bonded School Debt	4,125,000
Legal Debt Margin	<u>[B-C] \$    4,766,833</u>

	<u>Fiscal Year,</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 6,099,398	\$ 7,220,520	\$ 8,391,152	\$ 9,172,594	\$ 9,347,809	\$ 9,401,299	\$ 9,401,299	\$ 9,475,900	\$ 9,154,457	\$ 8,891,833
Total Net Debt Applicable to Limit	<u>4,726,000</u>	<u>4,536,000</u>	<u>4,336,000</u>	<u>6,131,000</u>	<u>5,846,000</u>	<u>5,551,000</u>	<u>5,551,000</u>	<u>4,926,000</u>	<u>4,485,000</u>	<u>4,125,000</u>
Legal Debt Margin	<u>\$ 1,373,398</u>	<u>\$ 2,684,520</u>	<u>\$ 4,055,152</u>	<u>\$ 3,041,594</u>	<u>\$ 3,501,809</u>	<u>\$ 3,850,299</u>	<u>\$ 3,850,299</u>	<u>\$ 4,549,900</u>	<u>\$ 4,669,457</u>	<u>\$ 4,766,833</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	77%	63%	52%	67%	63%	59%	59%	52%	49%	46%

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**  
*(UNAUDITED)*

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (Thousands of Dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2016 *	6,291	\$ 227,630,366	\$ 36,181	10.49%
2015	6,355	227,653,131	35,823	10.60%
2014	6,471	229,513,428	35,468	11.60%
2013	6,547	224,470,442	34,286	14.60%
2012	6,633	226,649,610	34,170	15.40%
2011	6,417	219,859,254	34,262	14.40%
2010	6,358	211,009,304	33,188	15.40%
2009	6,804	220,714,956	32,439	16.8%
2008	6,762	215,944,470	31,935	10.0%
2007	6,761	204,750,124	30,284	8.2%

\* Estimate

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> 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**  
*(UNAUDITED)*

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	41.0	39.0	58.0	59.0	49.0	51.0	51.0	51.0	54.0	56.0
Special Education	11.0	11.0	12.0	12.0	15.0	18.0	21.0	18.0	21.0	15.0
Other Special Education	2.0	2.0	2.0	2.0	2.0					
Vocational										
Other Instruction	3.0	4	1	1	1					1
Support Services:										
Tuition										
Student & Instruction Related Services	8.9	5.0	6.3	7.3	8.2	8.0	5.0	4.7	6.0	5.0
General Administrative Services	2.0	2.0	2.0	2.0	2.0	2.2	2.0	2.0	3.0	2.0
School Administrative Services	4.1	5.0	2.1	2.1	2.8	5.0	5.0	5.0	4.0	4.0
Business Administrative Services	2.0	0.5	2.5	2.5	2.2		1.8	2.5	2.8	2.8
Plant Operations and Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Security								1.3	2.0	2.0
Pupil Transportation	1.0	0.5	0.5	0.5	0.2	0.2	0.2	0.2	0.2	0.2
Food Service										
<b>Total</b>	<b>76.0</b>	<b>70.0</b>	<b>87.4</b>	<b>89.4</b>	<b>83.4</b>	<b>85.4</b>	<b>87.0</b>	<b>85.6</b>	<b>94.0</b>	<b>89.0</b>

Source: District Personnel Records



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						K-8	Middle School				
2016	662	\$ 9,549,215	\$ 14,425	-3.54%	56	8.1:1		661.8	628.9		
2015	626	9,360,869	14,953	-0.79%	63	9.1:1		629.9	597.9	5.06%	95.03%
2014	620	9,344,606	15,072	-1.54%	57	10.9:1		613.0	586.5	2.76%	94.92%
2013	602	9,214,801	15,307	10.59%	60	10.1:1		598.0	571.7	2.52%	95.68%
2012	613	8,484,927	13,842	0.12%	60	10.2:1		598.1	576.1	-0.03%	95.62%
2011	616	8,515,923	13,825	-10.77%	61	10.1:1		617.9	590.1	-3.20%	96.32%
2010	585	9,063,675	15,493	14.58%	87	6.7:1		592.2	557.6	4.34%	95.50%
2009	622	8,410,521	13,522	1.92%	73	8.57:1		625.7	591.4	-5.36%	94.16%
2008	607	8,052,774	13,267	2.16%	50	12.1:1		605.9	576.1	3.27%	94.52%
2007	590	7,661,671	12,986	-5.37%	57	* 10.4:1		581.4	559.1	4.21%	95.09%
										1.45%	96.16%

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**  
*(UNAUDITED)*

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Fairfield Primary School (1956)										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>Middle School</u></b>										
Fairfield Middle School (1976)										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>Fairfield Township School</u></b>										
Square Feet	75,590	100,594	100,594	100,594	100,594	100,594	100,594	100,594	100,594	100,594
Capacity (Students)	566	607	622	622	622	622	622	622	622	622
Enrollment	546	607	622	585	616	613	602	620	626	662

Number of Schools at June 30, 2016  
 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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Fairfield Twp. Primary School	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$
Fairfield Twp. Middle School											
Fairfield Township School *	100,594	57,292	58,092	47,257	58,279	44,555	47,657	42,188	38,287	52,966	31,156
<b>Total School Facilities</b>		<u>57,292</u>	<u>58,092</u>	<u>47,257</u>	<u>58,279</u>	<u>44,555</u>	<u>47,657</u>	<u>42,188</u>	<u>38,287</u>	<u>52,966</u>	<u>31,156</u>
Other Facilities											
<b>Grand Total</b>		<u>\$ 57,292</u>	<u>\$ 58,092</u>	<u>47,257</u>	<u>\$ 58,279</u>	<u>\$ 44,555</u>	<u>\$ 47,657</u>	<u>\$ 42,188</u>	<u>\$ 38,287</u>	<u>\$ 52,966</u>	<u>\$ 31,156</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, 2016**  
**(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 NJSA 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, 2015 to June 30, 2016 are as follows:

**2015-2016**

<b>I. Property, Inland Marine and Automobile Physical Damages</b>	
<b>A. Limit of Liability:</b>	\$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>B. Property Valuation</b>	
1. Buildings and Contents	Replacement Cost
2. Contractors Equipment	Actual Cash Value
3. Automobiles	Replacement Cost
<b>II. Boiler and Machinery</b>	
<b>A. Limit of Liability</b>	125,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	1,000
<b>III. Crime</b>	
<b>A. Limits of Liability</b>	500,000
1. GCSSDJIF Self Insured Retention	250,000
2. Member District Deductible	500
<b>IV. General and Automobile Liability</b>	
<b>A. Limit of Liability:</b>	15,000,000
1. GCSSDJIF Self Insured Retention (SIR)	250,000
2. Member District Deductible	None
<b>V. Workers' Compensation</b>	
<b>A. Limits of Liability:</b>	Statutory
1. GCSSDJIF Self Insured Retention	250,000
2. Member District Deductible	None

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2016**  
**(UNAUDITED)**

<b>VI. Educator's Legal Liability</b>	
<b>A. Limits of Liability:</b>	15,000,000
1. GCSSDJIF Self Insured Retention	100,000
2. Member District Deductible	None
<b>VII. Pollution Legal Liability</b>	
<b>A. Limits of Liability:</b>	3,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000
<b>VII. Cyber Liability</b>	
<b>A. Limits of Liability:</b>	1,000,000
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.  
Ironshore Specialty Ins. Co.  
Steadfast Inc. Co.  
RSUI Indemnity Company  
Liberty Surplus Insurance Corp.  
James River Insurance Co.  
Maiden Specialty Insurance Co.  
Arch Specialty Insurance Co.

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

Cyber Liability

Travelers Insurance Company  
AIG/Commerce and Industry Insurance, Co.  
Lloyd's of London

**SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

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, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the Fairfield Township's basic financial statements and have issued our report thereon dated November 23, 2016. 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

### 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses as labeled 2016-1, 2016-2, and 2016-3.

### **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 on 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 and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2016-4.

### **Fairfield Township Board of Education's Response to Findings**

Fairfield Township Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

This report is intended solely for the information and use of 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. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
November 23, 2016



# NIGHTLINGER, COLAVITA & VOLPA

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES REQUIRED BY THE UNIFORM ADMINISTRATIVE REQUIREMENTS,  
COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS  
(UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 15-08**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on Compliance for Each Major Federal and State Program

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 *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Fairfield Township School District's major federal and state programs for the fiscal year ended June 30, 2016. 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.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Fairfield Township Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 on compliance for each major federal and state program. Our audit does not provide a legal determination of Fairfield Township Board of Education's compliance with those requirements.

**Opinion on Each Major Program**

In our opinion, the Board of Education of the Fairfield Township School District, 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, 2016.

**Report on 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 major federal and state programs. In planning and performing our audit, we considered Fairfield Township Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance in accordance with Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fairfield Township School District Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* 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 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. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB 15-08.

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 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

November 23, 2016

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT K-3

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From/To	June 30, 2015				Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	June 30, 2016		
						(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received				(Accounts Receivable)	Unearned Revenue	Due to Grantor
U S Department of Education															
General Fund:															
Medical Assistance Program(SEMI)	93.778	1605NJSMAP	N/A	335	7/1/15-6/30/16				\$ 335	\$ (335)	\$ (335)				
U.S. Department of Agriculture Passed through State Department of Education															
Food Distribution Program	10.565	Unknown	N/A	\$ 38,371	7/1/15-6/30/16				38,371	(34,004)	(34,004)		\$ 4,367		
Food Distribution Program	10.565	Unknown	N/A	25,263	7/1/14-6/30/15		\$ 4,060			(4,060)	(4,060)				
National School Lunch Program	10.555	16161NJ304N1099	N/A	255,775	7/1/15-6/30/16				241,675	(255,775)	(255,775)	\$ (14,100)			
National School Lunch Program	10.555	16161NJ304N1099	N/A	231,426	7/1/14-6/30/15	\$ (23,642)			23,642						
Summer Program	10.559	16161NJ304N1099	N/A	8,805	7/1/15-6/30/16				8,805	(8,805)	(8,805)				
National School Snack Program	10.555	16161NJ304N1099	N/A	2,773	7/1/15-6/30/16				2,773	(2,773)	(2,773)				
School Breakfast Program	10.553	16161NJ304N1099	N/A	147,457	7/1/15-6/30/16				139,036	(147,457)	(147,457)	(8,421)			
School Breakfast Program	10.553	16161NJ304N1099	N/A	140,912	7/1/14-6/30/15	(14,817)			14,817						
Total U.S. Department of Agriculture						(38,459)	4,060		469,119	(452,874)	(452,874)	(22,521)	4,367		
U.S. Department of Education Passed Through State Dept. of Education: Special Education Fund:															
Title I	84.010	S010A150030	NCLB-146016	340,237	7/1/15-6/30/16				245,215	(304,989)	(304,989)	(59,774)			
Title I	84.010	S010A150030	NCLB-146015	380,103	7/1/14-6/30/15	(188,937)			185,495			(3,442)			
Title I	84.010	S010A150030	NCLB-146014	354,766	7/1/13-6/30/14		3,928						3,928		
Title II - A	84.367A	S367A150029	NCLB-146016	48,437	7/1/15-6/30/16				46,646	(61,645)	(61,645)	(14,999)			
Title II - A	84.367A	S367A150029	NCLB-146015	53,036	7/1/14-6/30/15	(14,488)			17,424				2,936		
I.D.E.A. Part B Basic	84.027	H027A150100	IDEA146016	200,067	7/1/15-6/30/16				164,410	(200,067)	(200,067)	(35,657)			
I.D.E.A. Part B Basic	84.027	H027A150100	IDEA146015	190,471	7/1/14-6/30/15	(190,471)			190,471						
I.D.E.A. Pre-School	84.173	H173A150114	IDEA146016	5,546	7/1/15-6/30/16					(5,546)	(5,546)	(5,546)			
I.D.E.A. Pre-School	84.173	H173A150114	IDEA146015	5,322	7/1/14-9/30/15	(5,322)			5,322						
REAP	84.358A	S358A151066	S358A151066	11,246	7/1/15-9/30/16					(6,632)	(6,632)	(6,632)			
REAP	84.358A	S358A141066	S358A141066	51,278	7/1/14-9/30/15	(48,045)			43,635	(3,233)	(3,233)	(7,643)			
Total U.S. Department of Education						(447,263)	3,928		898,618	(582,112)	(582,112)	(133,693)	6,864		
Total Federal Financial Awards						\$ (485,722)	\$ 7,988		\$ 1,368,072	\$ (1,035,321)	\$ (1,035,321)	\$ (156,214)	\$ 11,231		

See Accompanying Notes to Schedules of Financial Assistance  
These funds were audited in accordance with the Uniform Guidance since the total of all grant expenditures exceeded \$750,000.

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project No.	Program or Award Amount	Grant Period From/To	Balance at June 30, 2015			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2016			Memo		
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue/	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Dept. of Education:</b>															
<b>General Fund:</b>															
Equalization Aid	16-495-034-5120-078	\$ 5,088,222	7/1/15-6/30/16					\$ 4,625,975	\$ (5,088,222)	\$ (462,247)			* \$ (462,247)	\$ 5,088,222	
Equalization Aid	15-495-034-5120-078	5,088,222	7/1/14-6/30/15	\$ (442,452)				442,452							
Transportation Aid	16-495-034-5120-014	157,300	7/1/15-6/30/16					143,010	(157,300)	(14,290)			*	157,300	
Transportation Aid	15-495-034-5120-014	157,300	7/1/14-6/30/15	(13,678)				13,678							
Special Education Aid	16-495-034-5120-089	286,612	7/1/15-6/30/16					260,574	(286,612)	(26,038)			*	286,612	
Special Education Aid	15-495-034-5120-089	286,612	7/1/14-6/30/15	(24,922)				24,922							
Security Aid	16-495-034-5120-084	166,335	7/1/15-6/30/16					151,224	(166,335)	(15,111)			*	166,335	
Security Aid	15-495-034-5120-084	166,335	7/1/14-6/30/15	(14,464)				14,464							
Adjustment Aid	16-495-034-5120-085	253,131	7/1/15-6/30/16					230,135	(253,131)	(22,996)			*	253,131	
Adjustment Aid	15-495-034-5120-085	253,131	7/1/14-6/30/15	(22,011)				22,011							
Under Adequacy Aid	16-495-034-5120-096	41,872	7/1/15-6/30/16					38,068	(41,872)	(3,804)			*	41,872	
Under Adequacy Aid	15-100-034-5120-096	41,872	7/1/14-6/30/15	(3,641)				3,641							
PARCC Readiness Aid	16-495-034-5120-098	4,940	7/1/15-6/30/16					4,491	(4,940)	(449)			*	4,940	
PARCC Readiness Aid	15-495-034-5120-098	4,940	7/1/14-6/30/15	(430)				430							
Per Pupil Growth Aid	16-495-034-5120-097	4,940	7/1/14-6/30/15					4,491	(4,940)	(449)			*	4,940	
Per Pupil Growth Aid	15-495-034-5120-097	4,940	7/1/15-6/30/16	(430)				430							
Extraordinary Aid	16-100-034-5120-473	28,390	7/1/14-6/30/15						(28,390)	(28,390)			*	28,390	
Additional Non-Public Transp. Aid	16-495-034-5120-014	1,740	7/1/15-6/30/16						(1,740)	(1,740)			*	1,740	
Additional Non-Public Transp. Aid	15-495-034-5120-014	2,804	7/1/14-6/30/15	(2,804)				2,804							
Reimb TPAF Soc Sec Contrib	16-495-034-5095-002	254,691	7/1/15-6/30/16					242,840	(254,691)	(11,851)			*	254,691	
Reimb TPAF Soc Sec Contrib	15-495-034-5095-002	255,522	7/1/14-6/30/15	(12,386)				12,386							
<b>Total General Fund</b>				<b>(537,218)</b>				<b>6,238,026</b>	<b>(6,288,173)</b>	<b>(587,365)</b>				<b>6,288,173</b>	
<b>Special Revenue Fund:</b>															
Preschool Education Aid	16-495-034-5120-086	1,462,440	7/1/15-6/30/16				\$ 306,995	1,316,196	(1,641,644)	(146,244)	\$ 127,791		*	1,641,644	
Preschool Education Aid	15-495-034-5120-086	1,401,505	7/1/14-6/30/15	(140,150)	\$ 306,995		(306,995)	140,150						1,397,817	
<b>Total Special Revenue Fund</b>				<b>(140,150)</b>	<b>306,995</b>			<b>1,456,346</b>	<b>(1,641,644)</b>	<b>(146,244)</b>	<b>127,791</b>			<b>3,039,461</b>	
<b>State Dept. of Agriculture:</b>															
<b>Enterprise Fund:</b>															
State School Lunch Pgm.	16-100-010-3350-023	5,123	7/1/15-6/30/16					4,841	(5,123)	(282)			*	5,123	
State School Lunch Pgm.	15-100-010-3350-023	5,019	7/1/14-6/30/15	(624)				624							
<b>Total Enterprise Fund</b>				<b>(624)</b>				<b>5,465</b>	<b>(5,123)</b>	<b>(282)</b>				<b>5,123</b>	
<b>Total State Financial Assistance Subject to OMB 15-08</b>				<b>\$ (677,992)</b>	<b>\$ 306,995</b>			<b>\$ 7,699,837</b>	<b>\$ (7,934,940)</b>	<b>\$ (733,891)</b>	<b>\$ 127,791</b>			<b>\$ (691,628)</b>	<b>\$ 9,332,757</b>
<b>State Financial Assistance Not Subject to OMB 15-08</b>															
On-Behalf TPAF Post Retirement M	16-495-034-5095-001	331,934	7/1/15-6/30/16					\$ 331,934	\$ (331,934)						
On-Behalf TPAF Pension Contribu	16-495-034-5095-006	278,766	7/1/15-6/30/16					278,766	(278,766)						
<b>Total State Financial Assistance</b>								<b>\$ 8,310,537</b>	<b>\$ (8,545,640)</b>						

See Accompanying Notes to the Schedules of Financial Assistance

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2016**

**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 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 15-08. 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 (\$23,356) for the general fund and (\$6,094) 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 AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2016**  
(Continued)

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 335	\$ 6,875,517	\$ 6,875,852
Special Revenue Fund	582,112	1,636,774	2,218,886
Food Service Fund	452,874	5,123	457,997
Total Awards and Financial Assistance	<u>\$ 1,035,321</u>	<u>\$ 8,517,414</u>	<u>\$ 9,552,735</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, 2016 and the New Jersey SDA is no longer holding cash for the project, as they transferred the balance to the District during the year under audit.

**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, 2016. 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, 2016.

**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**

There were no adjustments reflected on Schedule A or on Schedule B.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted?     X     yes            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: Unmodified

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

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.010A	S010A150030	Title I
84.027	H027A150100	Special Education Cluster
84.173	H173A150114	
10.553, 10.555, 10.559	16161NJ304N1099	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?            yes     X     no

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

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

Internal control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 \_\_\_\_\_ yes \_\_\_\_\_ X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-085	Additional Adjustment Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-096	Under Adequacy Aid
16-495-034-5120-014	Transportation Aid



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)**

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Circular 15-08 audit.

**Finding: 2016-1 (AMR Finding 2016-2)**

**Criteria or specific requirement:**

It is considered necessary, as well as required, to record adjusting journal entries into the General Ledger and other journals within the accounting software.

**Condition:**

Numerous adjustments to the general ledger were required to be submitted as part of the audit.

**Context:**

There were several adjusting journal entries required to be identified and recorded subsequent to year-end financial close out.

**Effect:**

As a result of the above condition, adjusting journal entries were submitted to the Board Office, as of June 30, 2016.

**Cause:**

A necessary step to analyze the General Ledger account balances was omitted.

**Recommendation:**

Prior to the year-end close out of the accounting system, various adjustments should be identified and recorded in the general ledger.

**Management's response:**

Management is aware of the necessary procedures to be updated and followed.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

Section II - Financial Statement Findings (continued)

**Finding: 2016-2 (AMR Finding 2016-4)**

**Criteria or specific requirement:**

N.J.S.A. 18A: 17-19 states that the chief school administrator or board designee other than the secretary shall prepare the monthly reconciliation of bank account statements and in conjunction with the secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the secretary's monthly report.

**Condition:**

The records of the Board Secretary were not in agreement with the reconciled cash balance as determined during the audit.

**Context:**

The aggregate cash balance of the Governmental Funds were not in agreement with the June 30, 2016 bank reconciliation.

**Effect:**

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2016.

**Cause:**

There were numerous changes at the Board Secretary position, which adversely affected controls over bank reconciliation duties.

**Recommendation:**

All bank accounts should be properly reconciled and in agreement with the records of the Board Secretary.

**Management's response:**

Management is aware of the necessary procedures to be updated and followed.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

Section II - Financial Statement Findings (continued)

Finding: 2016-3 (AMR Finding 2016-1)

Criteria or specific requirement:

In accordance with a complete internal control structure over payroll withholdings and deductions, the payroll agency ledger should be properly maintained.

Condition:

The payroll agency ledger was not properly maintained during the year, requiring numerous adjustments to be submitted for recording.

Context:

Numerous entries were recorded in the wrong account and the ledger was not reconciled to the bank account.

Effect:

Internal control was not adequate over the documentation of payroll withholdings and deductions.

Cause:

It did not appear that adequate training and supervision was devoted to the maintenance of the payroll agency ledger.

Recommendation:

Procedures to maintain the payroll agency ledger should be revised, in order to assure that the ledger is properly maintained and analyzed for accuracy. In addition, this task should be assigned to personnel that are properly trained and supervised.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

Section II - Financial Statement Findings (continued)

**Finding: 2016-4 (AMR Finding 2016-7)**

**Criteria or specific requirement:**

The New Jersey Department of Agriculture requires a School Food Authority to maintain a nonprofit School Food Service. The nonprofit status of the School Food Service is determined by evaluating net cash resources, which may not exceed three months average expenditures.

**Condition:**

Net cash resources in the Food Service Fund exceeded three months average expenditures.

**Context:**

Utilizing the USDA net cash resource calculation form, it was determined the District's net cash resources exceeded three months average expenditures by \$110,037, as of June 30, 2016.

**Effect:**

Violation of New Jersey Department of Agriculture requirements.

**Cause:**

Inadvertent oversight.

**Recommendation:**

The District should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.

**Management's response:**

Management is aware of the necessary procedures to be updated and followed.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

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

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable, for State Financial Assistance.

**FEDERAL AWARDS**

**Finding:** NONE

**Information on the federal program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**STATE AWARDS**

**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  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a) (b) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

**STATUS OF PRIOR - YEAR FINDINGS**

**Finding: 2015-1**

**Condition:**

Numerous adjustments to the general ledger were required to be submitted as part of the audit.

**Current Status:**

Unresolved, see finding 2016-1.

**Finding: 2015-2**

**Condition:**

The records of the Board Secretary were not in agreement with the reconciled cash balance as determined during the audit.

**Current Status:**

Unresolved, see finding 2016-2.

**Finding: 2015-3**

**Condition:**

The payroll agency ledger was not properly maintained during the year, requiring numerous adjustments to be submitted for recording.

**Current Status:**

Unresolved, see finding 2016-3.

**Finding: 2015-4**

**Condition:**

Net cash resources in the Food Service Fund exceeded three months average expenditures

**Current Status:**

Unresolved, see finding 2016-4.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

**Finding: 2015-5**

**Condition:**

While the District maintains fixed asset records, the updated report, prepared by an outside appraisal company, was not available for examination in a timely manner and accordingly, the current year amounts were determined and adjusted as part of the audit, based on the previous outside appraisal report.

**Current Status:**

Resolved.

**Finding: 2015-6**

**Condition:**

Title IIA salaries were not properly recorded in the Special Revenue Fund, resulting in adjustments to be reflected as part of the Audit. This includes allocation of payroll charges between the grant fund and general fund as budget amendments were approved.

**Current Status:**

Resolved.

**Finding: 2015-7**

**Condition:**

The Board Secretary did not have surety bond coverage for several months during the 2015-16 School Year.

**Current Status:**

Resolved.

**Finding: 2015-8**

**Condition:**

While the District reimbursed the State for TPAF/FICA payments made on-behalf of the school district within the 90 day statutory period, the District did not accurately calculate the amount due.

**Current Status:**

Resolved.