

**BOARD OF EDUCATION
TOWNSHIP OF FAIRFIELD SCHOOL DISTRICT
COUNTY OF CUMBERLAND
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

TABLE OF CONTENTS

	<u>Page No.</u>
Auditor's Management Report on Administrative Findings - Financial, Compliance, and Performance	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Officials Bonds	2
Tuition Charges	2
District Internal Control Policies	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account and Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against those Federal Grants Awards	3
Classification of Expenditures	3-4
General Classifications	4
Administrative Classifications	4
Board Secretary's Records	4
Certification of Income Tax Compliance	5
Treasurer's Records	5
Elementary and Secondary Education Act/Improving America's Schools Act as Reauthorized by the No Child Left Behind Act of 2001	5-6
Other Special Federal and/or State Projects	6
T.P.A.F. Reimbursement	6
TPAF Reimbursement to the State for Federal Salary Expenditures	6
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	6-7
School Food Service	7-8
Student Body Activities	9
Application for State School Aid	9
Pupil Transportation	9-10
Facilities and Capital Assets	10
Follow-up on Prior Year Findings	10-11
Acknowledgment	11
Schedule of Meal Count Activity	12-13
Net Cash Resource Schedule	14
Schedule of Audited Enrollments	15-17
Excess Surplus Calculation	18-19

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November 23, 2016

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE, AND PERFORMANCE

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

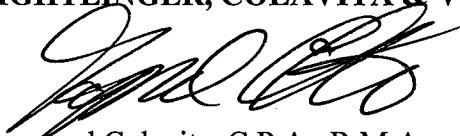
We have audited, in accordance with generally accepted audit standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of Fairfield School District in the County of Cumberland for the year ended June 30, 2016, and have issued our report thereon dated November 23, 2016.

As part of our audit, we performed procedures required by the Division of Administration and Finance, New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the Township of Fairfield School District, for the fiscal year ended June 30, 2016 and is intended for the information of the School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



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

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the School Business Administrator/Board Secretary and District personnel entrusted with duties formally under the auspices of the Treasurer of School Monies, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Janecia Smith	School Business Administrator	\$100,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$500,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings and invoices to sending districts for the decreases and increases in per pupil costs in accordance with N.J.A.C. 6A:23-17.1(f)3. There were no students enrolled on a tuition basis in the 2015-16 school year.

District Internal Control Policies

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

All Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Payroll Account and Position Control Roster

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

Finding 2016-1(CAFR Finding 2016-3)

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

Recommendation

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2016 for proper classification of orders as reserve for encumbrances or accounts payable.

District personnel performed an analysis of outstanding purchase orders at June 30, 2016 and properly prepared the separate listings of purchase orders, comprising the balance sheet account balances for accounts payable and reserve for encumbrances. No blanket orders were noted in our test.

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grants Award - No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Classification of Expenditures (Continued)

As a result of the procedures performed, no transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

None

B. Administrative Classification Findings

None

Board Secretary's Records

Finding 2016-2(CAFR Finding 2016-1)

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

Recommendation

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

Acknowledgement of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes. Monthly financial certifications of the Board Secretary and Board of Education for positive line item account status (N.J.A.C. 6:2-2.13) were performed. Budgetary line item account transfers were generally approved monthly to cover any anticipated deficits.

Purchase orders were generally charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public School.**

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury was not filed by the March 15 due date.

Finding 2016-3

The required certification (E-CERT1) was not timely filed.

Recommendation:

The Board of Education should designate someone to prepare and submit the certification as required by the N.J.S.A 18A:14.4 and submit the E-CERT1 if not yet submitted.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Treasurer's Records – Board Secretary's Office

Board Secretary personnel prepared cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A.18A:17-9.

Finding 2016-4(CAFR Finding 2016-2)

The board designee did not perform proper cash reconciliations for the general operating account, payroll agency account and the student activity account.

Recommendation:

Procedures to properly reconcile accounts each month should be revised in order to provide accurate information between the bank accounts the subsidiary ledgers.

All cash receipts were promptly deposited. (N.J.S.A.18A:17-34, 18A:17-9.1) and the Treasury records were in agreement with the records of the Board Secretary.

The Treasury reports were filed in a timely manner.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001 (NCLB)

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for the E.S.E.A. did not indicate any areas of noncompliance and/or questionable costs.

The district's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Finding 2016-5

Title I salaries were not properly recorded in the Special Revenue Fund, resulting in difficulty in identifying district charges to payroll and the subsidiary ledgers. This includes allocation of payroll charges between the grant fund and general fund as budget amendments were approved. While a subsequent review of the OFAC report identified similar errors, we considered the amounts to be immaterial.

Recommendation:

Procedures to record and report Title I grant salaries should be reviewed, revised and implemented, in order to assure that the wage allocation worksheet is updated based on amended budgets.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001 (NCLB) (Continued)

Finding 2016-6

A Title I expenditure was identified to be an unallowable charge based on 2 CFR 200.438. While a subsequent review of the OFAC report identified similar error, we considered the amount to be immaterial.

Recommendation:

Procedures to identify and record allowable costs and activities needs to be reviewed in order to ensure proper use of Federal funds.

Other Special Federal and/or State Projects

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects. The business office is in the process of analyzing various accounts receivable and deferred revenue balances reflected as of June 30, 2016.

T.P.A.F. Reimbursement

Our audit procedures included a test of bi-weekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

SCHOOL PURCHASING PROGRAM

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website:

http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html.

Current statute is posted on the New Jersey Legislature website at:

http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800 for 2015-16.

SCHOOL PURCHASING PROGRAM

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal that School Supplies were properly purchased from vendors through approved state contracts.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered.

School Food Service

The financial transactions and statistical records of the school food service fund were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exception was noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The District utilizes a food service management company, NutriServe, and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract does not contain any operating results guarantee. In accordance with AICPA Statement on Auditing Standards (SAS) #70, as amended by SAS # 88 and SSAE No. 16, a report on the Food Service Management Company's control structure, policies and procedures was received. An independent audit firm performed this audit.

School Food Service (Continued)

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. No exceptions were noted.

Net cash resource exceeded three months average expenditures.

Finding 2016-7 (CAFR Finding 2016-4)

Net cash resources exceeded three months average expenditures.

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees authorized by the board of education by Nutri-Serve, a food service management company.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted and certified in a timely manner. In addition, no exception was noted for the following:

The daily meal count records number of students served meals was compared to the enrollment times the school's attendance factor for reasonableness.

During the 2015-16 year, the District participated in the Community Eligibility Program (CEP), which allowed the School to offer breakfast and lunch free of charge to on-roll students. Although all children in a CEP school are eligible for receipt of a free meal, the CEP school is still required to maintain equivalent meal count records as those schools that are not participating in CEP. The equivalent meal count records were reviewed for completeness and accuracy. The number of meals claimed was compared to the number of valid household surveys on file and/or to the list of directly certified students, times the number of operating days, on a school by school basis. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required procedures for household surveys were completed and available for review.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually. No exceptions were noted.

USDA Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

Student Body Activities

The Board has a policy, which clearly established the regulation of student activity funds.

Receipts appeared to be deposited promptly in the bank and Cash receipts and disbursements records were maintained in satisfactory condition.

Vouchers and supporting invoices were maintained for the student activity fund purchases. All disbursements appeared to be supported by appropriate documentation.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent as updated during the audit. The district's written procedures appear to be adequate for the recording of student enrollment data.

Finding 2016-8

There were no attendance registers available to insure the students listed as on roll for the ASSA were actually attending the Fairfield School District. The information provided was not sufficient to complete our testing.

Recommendation

At the end of October the attendance registers should be printed and placed with the ASSA workpapers for proper testing and verification of the information submitted to the State.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015-2016 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS eligibility summary report without exception. The County Summary was compared to and agreed with the District's DRTRS summary report. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Pupil Transportation - Continued

Finding 2016-9

Although the County Summary and the DRTRS Report agree, we did not have the student listing for the DRTRS or the attendance registers to verify information reported to the State. The information provided was not sufficient to complete our testing.

Recommendation

When the DRTRS Report is submitted to the State, the student listing along with the total pages, should be printed and placed with the workpapers. This will allow for proper testing and verification of the information submitted to the State.

Facilities and Capital Assets

Our procedures included a review of the grant agreements with the New Jersey School Construction Corp. (NJSCC) and SDA for consistency with recording, revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

On December 8, 2009, the voters of the district approved a referendum for the construction of an addition and renovations to the elementary school, which included a grant award received from NJSDA in the amount of \$1,984,772. The local share of the project was made up by \$2,000,000 in serial bonds issued.

Included in the conversion to the GASB 34 reporting format is the requirement that the fixed assets be recorded in accordance with GAAP along with depreciation expense.

Follow-Up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action was taken on prior year findings with the exception of the following:

Finding: 2015-1

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

Recommendation

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

Finding: 2015-2

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

Recommendation

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

Follow-Up on Prior Years' Findings Continued

Finding: 2015-3

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

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.

Finding 2015-4

Net cash resources exceeded three months average expenditures.

Recommendation

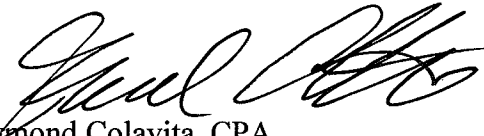
The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

Acknowledgment

We received the complete cooperation of all the officials of the school district and I greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

SCHEDULE OF MEAL COUNT ACTIVITY

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-FEDERAL

ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM (b)
National School Lunch (Severe Need Rate)	Paid	19,601	19,601	19,601	0	0.31	0.00
	Reduced				0		0.00
	Free	78,896	78,896	78,896	0	3.09	0.00
	TOTAL	<u>98,497</u>	<u>98,497</u>	<u>98,497</u>			<u>0.00</u>
National School Lunch	HHFKA - PB						
	Lunch Only	<u>98,497</u>	<u>98,497</u>	<u>98,497</u>	0	0.06	<u>0.00</u>
School Breakfast (Severe Need Rate)	Paid	17,765	17,765	17,765	0	0.29	0.00
	Reduced						0.00
	Free	71,510	71,510	71,510	0	1.99	0.00
	TOTAL	<u>89,275</u>	<u>89,275</u>	<u>89,275</u>			<u>0.00</u>
After School Snack Program		<u>3,301</u>	<u>3,301</u>	<u>3,301</u>	0	0.06	<u>0.00</u>
Total Net Overclaim							<u><u>0.00</u></u>

SCHEDULE OF MEAL COUNT ACTIVITY

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-STATE

ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
State Reimbursement - National School Lunch (Regular Rate)	Paid	19,601	19,601	19,601	0		0.00
	Reduced	0	0	0	0		0.00
	Free	78,896	78,896	78,896	0		0.00
	TOTAL	<u>98,497</u>	<u>98,497</u>	<u>98,497</u>			
Total Net Overclaim							<u><u>0.00</u></u>

NET CASH RESOURCE SCHEDULE

**Net cash resources did exceed three months of expenditures
 Proprietary Funds - Food Service
 FYE 2016
 Fairfield Township School District**

<u>Net Cash Resources:</u>		Food Service B - 4/5
CAFR	*	Current Assets
B-4		Cash & Cash Equiv. \$ 104,199
B-4		Due from Other Gov'ts 22,803
B-4		Accounts Receivable 117,823
B-4		Investments
CAFR		Current Liabilities
B-4		Less Accounts Payable (1,147)
B-4		Less Accruals
B-4		Less Due to Other Funds
B-4		Less Deferred Revenue (4,884)
		Net Cash Resources
		\$ 238,794.00
		(A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	446,639
B-5	Less Depreciation	(17,449)
	Adj. Tot. Oper. Exp.	\$ 429,190.00
		(B)

Average Monthly Operating Expense:

B / 10	\$ 42,919.00	(C)
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Three times monthly Average:

3 X C	\$ 128,757.00	(D)
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TOTAL IN BOX A	\$	238,794.00	
LESS TOTAL IN BOX D	\$	128,757.00	
NET	\$	110,037.00	
From above:			
A is greater than D, cash exceeds 3 X average monthly operating expenses.			
D is greater than A, cash does not exceed 3 X average monthly operating expenses.			

* Inventories are not to be included in total current assets.

SCHEDULE OF AUDITED ENROLLMENTS

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported On A.S.S.A. as Low Income	Reported On Workpapers as Low Income	Errors	Sample Selected From Workpapers	*Verified to Application	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected From Workpapers	**Verified to Test Score	Sample Errors
Full Day Preschool 3 Year Olds												
Full Day Preschool 4 Year Olds												
Full Day Kindergarten												
One	72	72		33	33		4	4		3	3	
Two	47	47		21	21		4	4		3	3	
Three	55	55		25	25		4	4		3	3	
Four	47	47		21	21		4	4		3	3	
Five	50	50		23	23		2	2		2	2	
Six	28	28		13	13		1	1		0	0	
Seven	35	35		16	16		1	1		1	1	
Eight	27	27		12	12		1	1		1	1	
Nine	35	35		16	16							
Ten												
Eleven												
Twelve												
Subtotal	396	396	0	180	180	0	16	16	0	13	13	0
Special Ed - Elementary	26	26		12	12							
Special Ed - Middle	12	12		5	5							
Special Ed - High												
Subtotal	38	38	0	17	17	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	434	434	0	197	197	0	16	16	0	13	13	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	***Verified	Errors
	Reg. - Public Schools	292	292			
Reg. - Special Ed.						
AIL-Non Public	10	10		5	5	
Transported - Non-Public						
Special Needs - Public	10	10		5		5
Totals	312	312	0	150	5	145
Percentage Error						<u>96.67%</u>

* Verified to Household Surveys ONLY
Attendance Registers were not available
** Verified to Test Scores ONLY
Attendance Registers were not available

	Reported	Re-Calculated
Avg. Mileage - Regular including Grade PK students	4.4	
Avg. Mileage - Regular Excluding Grade PK students	4.5	
Avg. Mileage - Special Ed with Special Needs	6.2	

SCHEDULE OF AUDITED ENROLLMENTS

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On</u> <u>A.S.S.A. as</u> <u>NOT Low</u> <u>Income</u>	<u>Report On</u> <u>Workpapers as</u> <u>NOT Low</u> <u>Income</u>	<u>Errors</u>	<u>Sample</u> <u>Selected From</u> <u>Workpapers</u>	<u>Verified to</u> <u>Application</u> <u>and Register</u>	<u>Sample</u> <u>Errors</u>
Full Day Preschool 3 Year Olds						
Full Day Preschool 4 Year Olds						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Subtotal	0	0	0	0	0	0
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	0	0	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	0	0	0	0	0	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures per the CAFR	\$ <u>7,807,719</u>	(B)	
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	_____	(B1a)	
Transfer from Capital Reserve to Capital Projects Fund	_____	(B1b)	
Transfer from General Fund to SRF for PreK-Regular	_____	(B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	_____	(B1d)	
Decreased by:			
On-Behalf TPAF Pension & Social Security	865,391	(B2a)	
Assets Acquired Under Capital Leases	_____	(B2b)	
 Adjusted 15-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>6,942,328</u>	 (B3)	
 2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	 <u>138,847</u>	 (B4)	
Enter Greater of (B4) or \$250,000	<u>250,000</u>	(B5)	
Increased by: Allowable Adjustment*	<u>30,130</u>	(K)	
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]			 \$ <u>280,130</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary-Comparison Schedule C-1)	\$ <u>664,154</u>	(C)	
Decreased by:			
Year-end Encumbrances	9,040	(C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	_____	(C2)	Capital
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	_____	(C3)	Surplus
Other Restricted Fund Balances****	40,346	(C4)	
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	_____	(C5)	Other
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			 \$ <u>614,768</u> (U1)

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION**

SECTION 3

Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 334,638 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	-	(C3)
Reserved Excess Surplus ***[(E)]	<u>334,638</u>	(E)
Total Excess Surplus [(C3) + (E)]	<u>\$ 334,638</u>	(D)

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

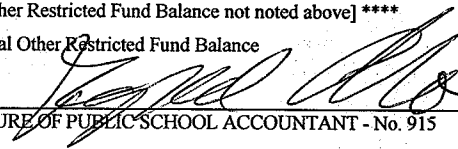
Detail of Allowable Adjustments

Impact Aid	\$	<u> </u>	(H)
Sale & Lease-Back		<u> </u>	(I)
Extraordinary Aid		<u>28,390</u>	(J1)
Additional Nonpublic School Transportation Aid		<u>1,740</u>	(J2)
Current Year School Bus Advertising Revenue Recognized		<u> </u>	(J3)
Family Crisis Transportation Aid		<u> </u>	(J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$	<u>30,130</u>	(K)

- ** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amounts must agree to the June 30, 2015 CAFR and must agree to Audit Summary Worksheet Line 90030.
- **** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance and Regulatory Compliance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:			
Approved unspent separate proposal	\$	<u> </u>	
Sale/lease-back reserve		<u> </u>	
Capital reserve		<u>30,346</u>	
Maintenance reserve		<u>10,000</u>	
Emergency Reserve		<u> </u>	
Tuition reserve		<u> </u>	
School Bus Advertising 50% Fuel Offset Reserve - Current Year		<u> </u>	
School Bus Advertising 50% Fuel Offset Reserve - Prior Year		<u> </u>	
Impact Aid General Fund Reserve (Sections 8007 and 8008)		<u> </u>	
Impact Aid General Fund Reserve (Sections 8002 and 8003)		<u> </u>	
Other state/government mandated reserve		<u> </u>	
[Other Restricted Fund Balance not noted above] ****		<u> </u>	
Total Other Restricted Fund Balance	\$	<u>40,346</u>	(C4)


 SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT - No. 915