

**FAIRVIEW BOARD OF EDUCATION
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

FAIRVIEW BOARD OF EDUCATION

**FAIRVIEW BOARD OF EDUCATION
Fairview, New Jersey**

**Comprehensive Annual Financial Report
Year Ended June 30, 2017**

Comprehensive Annual Financial Report

of the

**FAIRVIEW BOARD OF EDUCATION
Fairview, New Jersey**

Year Ended June 30, 2017

Prepared by

**John Bussanich
Board Secretary/Business Administrator**

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INTRODUCTORY SECTION

FAIRVIEW PUBLIC SCHOOLS

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Superintendent of Schools
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Fairview, NJ 07022

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E-mail: dsleppin@fairviewps.org

October 12, 2017

Honorable President and Members of the Fairview Board of Education
Fairview Public Schools
130 Hamilton Avenue
Fairview, New Jersey 07022

Dear Board Members,

The Comprehensive Annual Financial Report of the Fairview School District for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for the accuracy of the data and completeness of the presentation lies with the management of the district. It is our belief that the data contained in this report is accurate and is reported in a manner designed to present a clear picture of the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of district financial activities have been included.

The Government Accounting Standards Board (GASB) requires the district to provide a narrative introduction, an overview, and an analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal can be found immediately following the "Independent Auditors' Report".

The Comprehensive Annual Financial Report is presented in four sections: introduction, financial, statistical, and single audit. The introduction includes this transmittal letter and lists principal officials. The financial section includes the independent auditors' report, management's discussion and analysis, the basic financial statements including the district financial statements in an effort to conform to the Governmental Accounting Standards Board Statement Number 34. The basic financial statements also include the individual fund financial statements, notes to the basic financial statements, and required supplemental information. The statistical section includes selected financial and demographic information.

The district is required to have an annual single audit in order to conform with the provisions of Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards (Uniform Guidance) and New Jersey States Office of Management and Budget Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and a schedule of findings and questioned costs are included in the supplementary section of this report.

1. Reporting Entity and its Services: The Fairview Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board as established by GASB Statement No. 14. All funds of the district are included in this report.

The district provides a full range of educational services appropriate to grade levels Pre-K through eight. These services include regular, as well as special education for students with disabilities. The fiscal year concluded with an enrollment of 1439 students. This number represents an increase of seventy-one (71) students from the previous fiscal year. The following is a view of the district enrollment for the last ten years.

Average Daily Enrollment

Year	Enrollment	Percent
2007-2008	1051	4.58
2008-2009	1043	(.76)
2009-2010	1115	6.9
2010-2011	1148	3.0
2011-2012	1196	4.2
2012-2013	1203	.06
2013-2014	1273	5.8
2014-2015	1293	1.6
2015-2016	1368	5.8
2016-2017	1439	5.2

2. Economic Condition and Outlook: The community of Fairview continues to see substantial growth in the multi-family housing market. As a result of this growth the school district is experiencing an influx of students at all levels. Over the ten year period from the 2007-2008 school year to the present, the overall student population has increased by 37.0% or 388 additional elementary school students. The overall district enrollment is expected to continue to increase over the next few years.

3. Major Initiatives: During the 2016-2017 school year the district made an effort prepare students for the administration of the PARCC (Partnership for Assessment of Readiness for Career and College). This effort involved increasing technology available to students in the classroom and upgrading the technology infrastructure. The district continued to increase the amount of technology devices available to students during the 2016-2017 school year. The district is currently awaiting the results of the PARCC test administered during the 2016-2017 school year.

In addition, the district continued its lease agreement with the Newark Archdiocese for what was formerly St. John the Baptist School located at 240 Fourth Street, Fairview, N.J. This building currently houses all first grade students in the Fairview Public School District.

4. Internal Accounting Controls: District management is responsible for establishing and maintaining structure designed to ensure district assets are safe from loss, misuse or theft and to ensure that accurate accounting data are compiled when preparing financial statements which conform to generally accepted accounting practices. The internal control structure provides reasonable, but not absolute, assurance that the objectives are met.

As a recipient of federal and state funds, the Fairview School District is also responsible to ensure compliance with laws and regulations related to those programs. The district internal control structure must also be periodically evaluated by the district management.

Part of the district's single audit requires tests to determine the accuracy of the internal control structure. This in an effort to ensure the district is in compliance with laws and regulations regarding federal and state funding programs.

5. Budgetary Controls: The district maintains budgetary controls, in addition to internal accounting controls, in an effort to ensure compliance with legal provisions in the annual appropriated budget. Annual budgets are adopted for the general debt service and special revenue funds. The final budget amounts are reported 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 cancelled or are included as re-appropriation of fund balance in the subsequent year. The funds that are to be re-appropriated are reported as reservations of fund balance on June 30, 2017.

6. Debt Administration: As of June 30, 2017, the district outstanding debt issues included a total of \$82,300.00 in Pension Refunding Bonds. The balance of all Safe School Bonds had been paid off as of July 15, 2013.

7. Cash Management: The district investment policy is in accordance with the state statute detailed in the "Notes to the Financial Statements". The district cash management plan requires it to deposit public funds in institutions protected from loss under the GUDPA (Governmental Units Deposit Protection Act) which was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed bank in the state of New Jersey.

8. Risk Management: The Fairview Board of Education is covered by a variety of insurance forms. These include general liability, auto liability and collision, hazard and theft insurance on buildings and other property (including contents) and fidelity bonds.

9. Other Information: The district is required to conduct an annual audit conducted by an independent certified public accountant or registered municipal accountant. The Fairview Board of Education currently employs the services of Ferraioli, Wielkocz, Cerullo & Cuva, P.A. as our independent accounting firm. The audit is performed and designed to meet the requirements of Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards (Uniform Guidance) and New Jersey States Office of Management and Budget Circular 15-08. The report on basic financial statements and schedules is included in the financial section of the report. The auditors' report specifically related to the single audit is included in that section of this report.

10. Acknowledgements: The administration wishes to express their gratitude to the Fairview Board of Education for their efforts in providing fiscal accountability and stability to the children, parents and taxpayers of the borough of Fairview. With the support of the Fairview Board of Education, the district has been able to develop and maintain a stable financial base. In addition, the administration wishes to acknowledge the efforts of the Business Administrator and his staff for their dedicated service to the Fairview Public School District.

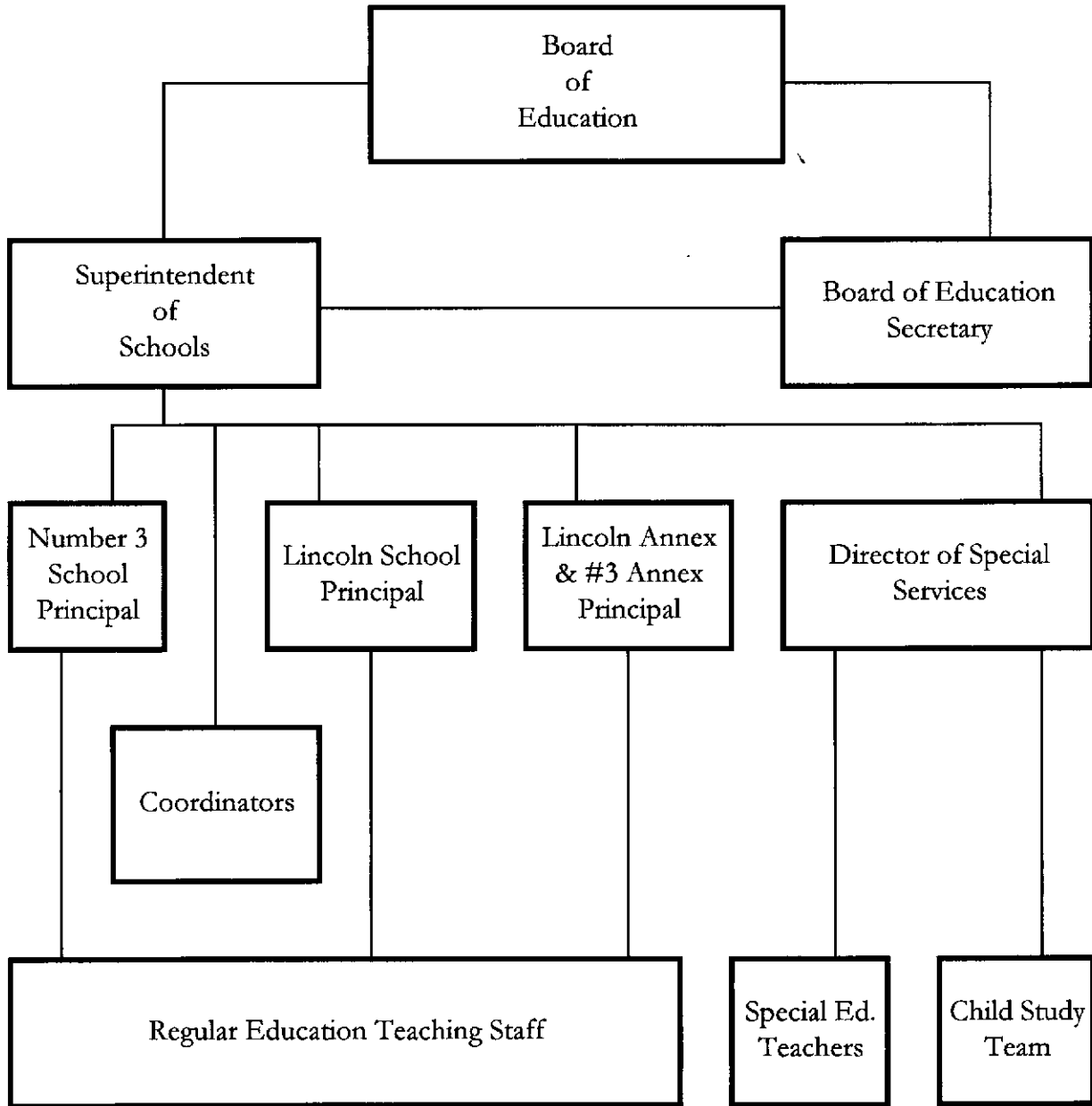
Respectfully submitted,

David S. Sleppin

Dr. David S. Sleppin
Superintendent of Schools

BOUROUGH OF FAIRVIEW BOARD OF EDUCATION

Fairview, New Jersey



FAIRVIEW BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Diane Testa, President	2019
Martin Booth, Vice President	2018
Joseph Alampi	2019
Louis Aveta	2017
Gustavo Gomez	2018
Louis Lynaugh	2018
Francisco Martinez	2019
Nicholas Morin	2017
Maria Travers	2017

Other Officials

David Sleppin, Ph.D., Superintendent

Partick Caufield, School Business Administrator/Board Secretary
(7/1/2016-12/31/2016)

John Bussanich, School Business Administrator/Board Secretary
(1/1/2017-6/30/2017)

FAIRVIEW BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2017

Attorney

Stephen F. Pellino, Esq.
Basile, Birchwale and Pellino
865 Broad Avenue
Ridgefield, NJ 07657

Architect of Record

GEORGE HELD & ASSOCIATES, AIA
457 Crooks Avenue
Clifton, NJ 07011

District Auditor

STEVEN D. WIELKOTZ, C.P.A.
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Pompton Lakes, New Jersey 07442

Official Depository

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215 Bergen Blvd
Fairview, NJ 07022

FINANCIAL SECTION

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Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Fairview Board of Education
Fairview, 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 Fairview Board of Education, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable President and
Members of the Board of Education
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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 presentation of the financial statements.

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

Opinion

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 Fairview Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and schedules related to accounting and reporting for pensions 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 the 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.



Honorable President and
Members of the Board of Education
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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairview Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the introductory section 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 nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2017 on our consideration of the Fairview Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant



Honorable President and
Members of the Board of Education
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agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fairview Board of Education's internal control over financial reporting and compliance.

Steven D. Wielkocz

Steven D. Wielkocz, C.P.A.
Licensed Public School Accountant
No. 816

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 12, 2017



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The discussion and analysis of the Fairview Board of Education’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District’s financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District’s revenues and expenditures by program for the General Fund, Special Revenue Fund, Debt Service and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position decreased by \$780,934. Net position of governmental activities decreased \$806,549 while net position of business-type activities increased by \$25,615.
- General revenues accounted for \$27,933,603 in revenue or 94 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,826,507 or 6 percent of total revenues of \$29,760,110.
- The School District had \$30,541,044 in expenses related to governmental and business-type activities; only \$1,826,507 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$27,933,603 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (government-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, “Is the District better or worse off as a result of the year’s activities?” These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year’s revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Fairview Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

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

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Fund is reported as a business-type activity.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fairview Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

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

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Fairview Board of Education maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue and debt service funds, which are both considered to be major funds.

The Fairview Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Fairview Board of Education uses proprietary funds to account for its food service program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

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

The School District's net positions were \$896,682 at June 30, 2017 and \$1,677,616 at June 30, 2016. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2017 compared to 2016 (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and Other Assets	1,982,423	2,226,439	140,925	87,950	2,123,348	2,314,389
Capital Assets:						
Land and Construction in Progress	1,320,213	1,320,213			1,320,213	1,320,213
Depreciable Buildings, Improvements and Equipment (net)	<u>2,796,196</u>	<u>3,034,285</u>	<u>6,292</u>	<u>9,321</u>	<u>2,802,488</u>	<u>3,043,606</u>
Total Assets	<u>6,098,832</u>	<u>6,580,937</u>	<u>147,217</u>	<u>97,271</u>	<u>6,246,049</u>	<u>6,678,208</u>
Deferred Outflows:						
Unamortized Bond Issuance Costs	2,335	4,668			2,335	4,668
Deferred Outflows of Resources						
Related to PERS	<u>2,514,621</u>	<u>1,120,589</u>	_____	_____	<u>2,514,621</u>	<u>1,120,589</u>
Total Deferred Outflows	<u>2,516,956</u>	<u>1,125,257</u>	_____	_____	<u>2,516,956</u>	<u>1,125,257</u>
Liabilities						
Current Liabilities	544,749	671,172	24,331		569,080	671,172
Noncurrent Liabilities	<u>7,216,944</u>	<u>5,279,512</u>	_____	_____	<u>7,216,944</u>	<u>5,279,512</u>
Total Liabilities	<u>7,761,693</u>	<u>5,950,684</u>	<u>24,331</u>	_____	<u>7,786,024</u>	<u>5,950,684</u>
Deferred Inflows:						
Deferred Inflows of Resources						
Related to PERS	<u>80,299</u>	<u>175,165</u>	_____	_____	<u>80,299</u>	<u>175,165</u>
Total Deferred Inflows	<u>80,299</u>	<u>175,165</u>	_____	_____	<u>80,299</u>	<u>175,165</u>
Net Position						
Net Investment in Capital						
Assets	3,996,197	4,107,255	6,292	9,321	4,002,489	4,116,576
Restricted	1,686,085	1,840,297			1,686,085	1,840,297
Unrestricted	<u>(4,908,486)</u>	<u>(4,367,207)</u>	<u>116,594</u>	<u>87,950</u>	<u>(4,791,892)</u>	<u>(4,279,257)</u>
Total Net Position	<u>773,796</u>	<u>1,580,345</u>	<u>122,886</u>	<u>97,271</u>	<u>896,682</u>	<u>1,677,616</u>

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2017.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues:						
Charges for Services and Sales			14,336	20,278	14,336	20,278
Operating Grants and Contributions	1,507,392	1,802,348	304,779	297,822	1,812,171	2,100,170
General Revenues:						
Taxes:						
Property Taxes	14,921,256	13,895,286			14,921,256	13,895,286
Federal and State Aid not Restricted	12,933,997	11,429,835			12,933,997	11,429,835
Federal and State Aid - Capital Outlay	39,647	15,018			39,647	15,018
Tuition Received	7,400	11,040			7,400	11,040
Miscellaneous Income	27,596	32,403			27,596	32,403
Investment Income	3,654	3,250	53	59	3,707	3,309
Transfers	<u>(2,500)</u>	<u>(3,476)</u>	<u>2,500</u>	<u>3,476</u>	<u>0</u>	<u>0</u>
Total Revenues and Transfers	<u>29,438,442</u>	<u>27,185,704</u>	<u>321,668</u>	<u>321,635</u>	<u>29,760,110</u>	<u>27,507,339</u>

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Functions/Program Expenses						
Instruction:						
Regular	6,927,377	5,434,612			6,927,377	5,434,612
Special Education	2,571,285	3,392,487			2,571,285	3,392,487
Other Special Instruction	1,451,388	1,079,531			1,451,388	1,079,531
Other Instruction	65,993	55,925			65,993	55,925
Support Services:						
Tuition	8,847,632	8,291,898			8,847,632	8,291,898
Student & Instruction						
Related Services	2,542,014	2,503,010			2,542,014	2,503,010
School Administrative						
Services	1,087,819	936,880			1,087,819	936,880
General Administrative						
Services	580,381	631,519			580,381	631,519
Central Administration and						
Admin. Info. Tech.	698,744	799,532			698,744	799,532
Plant Operations and						
Maintenance	2,000,870	1,771,983			2,000,870	1,771,983
Pupil Transportation	608,507	515,194			608,507	515,194
Unallocated Benefits	2,548,761	1,831,028			2,548,761	1,831,028
Special Schools	22,000	18,118			22,000	18,118
Charter Schools	6,509					
Capital Outlay -						
Nondepreciable	39,647	565,265			39,647	565,265
Interest on Long-Term Debt	5,642	9,883			5,642	9,883
Unallocated Depreciation	238,089	249,241			238,089	249,241
Capital Lease Obligations						
and Amortization	2,333	2,333			2,333	2,333
Food Service			296,053	296,625	296,053	296,625
Total Expenses	<u>30,244,991</u>	<u>28,088,439</u>	<u>296,053</u>	<u>296,625</u>	<u>30,541,044</u>	<u>28,385,064</u>
Increase or (Decrease) in						
Net Position	<u>(806,549)</u>	<u>(902,735)</u>	<u>25,615</u>	<u>25,010</u>	<u>(780,934)</u>	<u>(877,725)</u>

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$30,541,044. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$14,921,256 because some of the cost was paid by those who benefitted from the programs \$14,336, by other governments and organizations who subsidized certain programs with grants and contributions \$1,812,171, unrestricted federal and state aid \$12,933,997, federal and state aid capital outlay \$39,647, and by miscellaneous sources \$38,703.

Revenues for the District's business-type activities (food service and school age child care programs) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service revenues exceeded expenses by \$25,615.
- ✓ Charges for services provided totaled \$14,336. This represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches was \$304,779.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2017, and the amount and percentage of increases/(decreases) relative to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Local Source	\$14,959,906	56.8%	\$1,017,927	7.30%	\$13,941,979
State Source	10,124,972	38.4%	385,496	3.96%	9,739,476
Federal Source	<u>1,253,470</u>	<u>4.8%</u>	<u>(289,349)</u>	(18.75)%	<u>1,542,819</u>
Total	<u>\$26,338,348</u>	<u>100.0%</u>	<u>\$1,114,074</u>	4.42%	<u>\$25,224,274</u>
<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Current Expenditures:					
Instruction	\$7,285,078	27.6%	\$57,475	0.80%	\$7,227,603
Undistributed	19,038,192	72.0%	1,074,247	5.98%	17,963,945
Debt Service	81,756	0.3%	831	1.03%	80,925
Capital Outlay	<u>39,647</u>	<u>0.1%</u>	<u>(525,618)</u>	(92.99)%	<u>565,265</u>
Total	<u>\$26,444,673</u>	<u>100.0%</u>	<u>\$606,935</u>	(2.35)%	<u>\$25,837,738</u>

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2017, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$107,553 for increases in federal and state grant awards.

General Fund

The general fund actual revenue was \$24,722,397. That amount is \$2,307,657 above the final amended budget of \$22,414,740. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,960,981 for TPAF social security reimbursements and on-behalf pension payments and a \$346,676 excess in miscellaneous anticipated revenues, other state aids and other federal aids.

The actual expenditures of the general fund were \$24,798,201 including transfers which is \$1,312,817 more than the final amended budget of \$23,485,384. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$1,960,981 and \$648,164 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$1,554,861. That amount is below the original budget estimate of \$1,713,143 and below the final amended budget of \$1,820,696. The \$107,553 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The \$265,835 variance between the final amended budget and the June 30, 2017 actual results was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year.

The actual expenditures of the special education fund were \$1,554,861, which is below the original budget of \$1,713,143 and below the final amended budget of \$1,820,696. The \$107,553 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The \$265,835 variance between the final amended budget and the June 30, 2017 actual results was due to the anticipation of fully expending

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017 the School District had \$13,249,890 invested in sites, buildings, equipment and construction in progress. Of this amount, \$9,127,189 in depreciation has been taken over the years. We currently have a net book value of \$4,122,701. Total depreciable additions for the year were \$-0-, which consisted of various equipment purchases and site and building improvements. Table 3 shows fiscal year 2017 balances compared to 2016.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	1,320,213	1,320,213			1,320,213	1,320,213
Site Improvements	97,261	108,398			97,261	108,398
Buildings and Improvements	2,385,137	2,516,072			2,385,137	2,516,072
Machinery and Equipment	<u>313,798</u>	<u>409,815</u>	<u>6,292</u>	<u>9,321</u>	<u>320,090</u>	<u>419,136</u>
	<u>4,116,409</u>	<u>4,354,498</u>	<u>6,292</u>	<u>9,321</u>	<u>4,122,701</u>	<u>4,363,819</u>

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)

Debt Administration

At June 30, 2017, the District had \$7,216,944 of long term debt. Of this amount, \$505,246 is for compensated absences, \$80,000 is for the pension refunding bonds, \$42,547 is for obligations under capital lease, and \$6,589,151 is for net pension liability.

**Table 4
Outstanding Serial Bonds at June 30,**

	<u>2017</u>	<u>2016</u>
2003 Pension Refunding Bonds	<u>\$80,000</u>	<u>\$155,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economy in the State of New Jersey is slowly improving. The current State of New Jersey revenue estimates have declined to the point that the legislature and governor have approved a State Aid funding bill for the 2017-2018 school year that is slightly above the funding level of the 2016-2017 school year.

These factors were considered in preparing the Fairview Board of Education's budgets for the 2017-2018 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Fairview Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

School Business Administrator
Fairview Board of Education
Hamilton and Day Avenues
Fairview, NJ 07022

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

FAIRVIEW BOARD OF EDUCATION
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	1,300,361	53,997	1,354,358
Receivables, net	502,532	24,158	526,690
Internal Balances	(62,770)	62,770	-
Restricted assets:			
Reserve accounts - cash	242,300		242,300
Capital assets:			
Land and Construction in Progress	1,320,213		1,320,213
Depreciable Buildings, Improvements and Equipment (net)	2,796,196	6,292	2,802,488
Total Assets	<u>6,098,832</u>	<u>147,217</u>	<u>6,246,049</u>
Deferred Outflow of Resources:			
Unamortized bond issuance costs	2,335		2,335
Deferred outflows of resources related to PERS	2,514,621		2,514,621
Total Deffered Outflows	<u>2,516,956</u>		<u>2,516,956</u>
LIABILITIES			
Accounts payable and accrued liabilities	508,923	24,331	533,254
Payable to state government	29,482		29,482
Deferred revenue	6,344		6,344
Noncurrent liabilities:			
Due within one year	116,138		116,138
Due beyond one year	7,100,806		7,100,806
Total liabilities	<u>7,761,693</u>	<u>24,331</u>	<u>7,786,024</u>
Deferred Inflows of Resources:			
Deferred inflows of resources related to PERS	80,299		80,299
Total Deffered Inflows	<u>80,299</u>		<u>80,299</u>
NET POSITION			
Net Investment in Capital Assets	3,996,197	6,292	4,002,489
Restricted for:			
Debt service	1		1
Capital projects	283,579		283,579
Other purposes	1,402,505		1,402,505
Unrestricted (Deficit)	(4,908,486)	116,594	(4,791,892)
Total net position	<u>773,796</u>	<u>122,886</u>	<u>896,682</u>

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

FAIRVIEW BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Indirect Expenses Allocation	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	4,749,155	2,178,222		1,046,044	(5,881,333)		(5,881,333)
Special education	1,561,466	1,009,819			(2,571,285)		(2,571,285)
Other special instruction	879,562	571,826			(1,451,388)		(1,451,388)
Other instruction	40,531	25,462			(65,993)		(65,993)
Support services:							
Tuition	8,847,632				(8,847,632)		(8,847,632)
Student & instruction related services	1,828,794	713,220		461,348	(2,080,666)		(2,080,666)
School administrative services	658,583	429,236			(1,087,819)		(1,087,819)
General administrative services	430,584	149,797			(580,381)		(580,381)
Central services and administrative information technology	446,157	252,587			(698,744)		(698,744)
Plant operations and maintenance	1,561,677	439,193			(2,000,870)		(2,000,870)
Pupil transportation	491,627	116,880			(608,507)		(608,507)
Unallocated benefits	2,548,761				(2,548,761)		(2,548,761)
Special schools	22,000				(22,000)		(22,000)
Charter schools	6,509				(6,509)		(6,509)
Capital outlay - non-depreciable	39,647				(39,647)		(39,647)
Interest on long-term debt	5,642				(5,642)		(5,642)
Unallocated depreciation	238,089				(238,089)		(238,089)
Amortization	2,333				(2,333)		(2,333)
Total governmental activities	24,358,749	5,886,242	-	1,507,392	(28,737,599)	-	(28,737,599)
Business-type activities:							
Food Service	296,053		14,336	304,779		23,062	23,062
Total business-type activities	296,053		14,336	304,779		23,062	23,062
Total primary government	24,654,802		14,336	1,812,171	(28,737,599)	23,062	(28,714,537)
General revenues:							
Taxes:							
Levied for general purposes					14,839,499		14,839,499
Taxes levied for debt service					81,757		81,757
Federal and State aid not restricted					12,933,997		12,933,997
Federal and State aid - Capital Outlay					39,647		39,647
Investment Earnings					3,654	53	3,707
Miscellaneous Income					27,596		27,596
Tuition from Summer Schools					7,400		7,400
Transfers					(2,500)	2,500	-
Total general revenues, special items, extraordinary items and transfers					27,931,050	2,553	27,933,603
Change in Net Position					(806,549)	25,615	(780,934)
Net Position—beginning					1,580,345	97,271	1,677,616
Net Position—ending					773,796	122,886	896,682

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

FUND FINANCIAL STATEMENTS

FAIRVIEW BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents					
Checking	1,099,629	2,243	198,488	1	1,300,361
Accounts Receivable -					
Intergovernmental - Federal		95,555			95,555
Intergovernmental - State	364,186		42,791		406,977
Restricted cash and cash equivalents					
Capital reserve	42,300				42,300
Tuition reserve	200,000				200,000
Total assets	<u>1,706,115</u>	<u>97,798</u>	<u>241,279</u>	<u>1</u>	<u>2,045,193</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	238,848	61,972			300,820
Intergovernmental accounts payable - State		29,482			29,482
Interfund payables	62,770				62,770
Deferred revenue		6,344			6,344
Total liabilities	<u>301,618</u>	<u>97,798</u>	<u>-</u>	<u>-</u>	<u>399,416</u>
Fund Balances:					
Restricted for:					
Excess Surplus - prior year - designated for					
subsequent year's expenditures	286,074				286,074
Capital reserve account	42,300				42,300
Tuition reserve	200,000				200,000
Assigned to:					
Year-end encumbrances	812,646				812,646
Designated by the BOE for					
subsequent year's expenditures	103,785				103,785
Capital projects fund			241,279		241,279
Debt service fund				1	1
Unassigned:					
General fund	<u>(40,308)</u>				<u>(40,308)</u>
Total Fund balances	<u>1,404,497</u>	<u>-</u>	<u>241,279</u>	<u>1</u>	<u>1,645,777</u>
Total liabilities and fund balances	<u>1,706,115</u>	<u>97,798</u>	<u>241,279</u>	<u>1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,186,820 and the accumulated depreciation is \$9,070,411	4,116,409
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds	(575)
Accounts payable for subsequent Pension payment is not a payable in the funds	(207,528)
Bond issuance costs are reported as expenditures in the Governmental Funds in the year of the expenditure. The costs are \$30,000 and accumulated amortization is \$27,665	2,335
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred outflows of resources related to PERS Pension Liability	2,514,621
Deferred inflows of resources related to PERS Pension Liability	(80,299)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	<u>(7,216,944)</u>
Net position of governmental activities	<u>773,796</u>

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

FAIRVIEW BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Municipal tax levy	14,839,499			81,757	14,921,256
Tuition from Summer School	7,400				7,400
Interest Earned	3,654				3,654
Miscellaneous	7,419	20,177			27,596
Total - Local Sources	14,857,972	20,177	-	81,757	14,959,906
State sources	9,770,814	354,158			10,124,972
Federal sources	60,589	1,192,881			1,253,470
Total revenues	24,689,375	1,567,216	-	81,757	26,338,348
EXPENDITURES					
Current:					
Regular instruction	3,737,298	1,066,221			4,803,519
Special education instruction	1,561,466				1,561,466
Other special instruction	879,562				879,562
School sponsored/other instructional	40,531				40,531
Support services and undistributed costs:					
Tuition	8,847,632				8,847,632
Attendance and social work services	156,790				156,790
Health services	198,923				198,923
Student & instruction related services	1,011,733	461,348			1,473,081
School administrative services	658,583				658,583
General administrative services	430,584				430,584
Central services & administrative information technology	446,157				446,157
Plant operations and maintenance	1,561,677				1,561,677
Pupil transportation	491,627				491,627
Unallocated benefits	2,783,648				2,783,648
On-behalf contributions	1,960,981				1,960,981
Special Schools:					
Summer School Instruction	22,000				22,000
Transfer to charter school	6,509				6,509
Debt service:					
Principal				75,000	75,000
Interest and other charges				6,756	6,756
Capital outlay		39,647	-		39,647
Total expenditures	24,795,701	1,567,216	-	81,756	26,444,673
Excess (Deficiency) of revenues	(106,326)	-	-	1	(106,325)
OTHER FINANCING SOURCES (USES)					
Transfers out	(2,500)				(2,500)
Total other financing sources and uses	(2,500)	-	-	-	(2,500)
Net change in fund balances	(108,826)	-	-	1	(108,825)
Fund balance—July 1	1,513,323		241,279		1,754,602
Fund balance—June 30	1,404,497	-	241,279	1	1,645,777

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

FAIRVIEW BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Fiscal Year Ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2) (108,825)

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	(238,089)	
	Depreciable Capital outlays	<u>0</u>	
			(238,089)

Repayment of long-term debt is reported as 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.

In the current year, these amounts consist of:

General Bond Obligations - Principal	75,000	
Capital Lease Obligations - Principal	<u>54,364</u>	
		129,364

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

General Bond Obligations - Prior Year	1,689	
General Bond Obligations	<u>(575)</u>	
		1,114

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

Increase in compensated absences payable (35,461)

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changed in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	197,646	
Less: Pension Expense	<u>(749,965)</u>	
Increase in Pension Expense		(552,319)

Per GASB No. 68, Non-employer contributing entities are required to record any increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

Increase in On-behalf State Aid TPAF Pension	3,102,594	
Increase in On-behalf TPAF Pension Expense	<u>(3,102,594)</u>	

The governmental funds report the effect of issuance costs when debt is first issued. Whereas these amounts are deferred and amortized in the Statement of Activities (-)

(2,333)

Change in net position of governmental activities

(806,549)

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

FAIRVIEW BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2017

**Business-type
Activities -
Enterprise Fund**

**Food Service
Program**

ASSETS

Current assets:	
Cash and cash equivalents	53,997
Interfund receivable	62,770
Accounts receivable:	
State	370
Federal	23,788
Total current assets	140,925
Noncurrent assets:	
Capital assets:	
Equipment	63,070
Less accumulated depreciation	(56,778)
Total capital assets (net of accumulated depreciation)	6,292
Total assets	147,217
Current Liabilities:	
Accounts Payable	24,331
Total Liabilities	24,331
 NET POSITION	
Net Investment in Capital Assets	6,292
Unrestricted	116,594
Total net position	122,886

FAIRVIEW BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2017

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service Program</u>
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	14,336
Total operating revenues	<u>14,336</u>
Operating expenses:	
Cost of sales-reimbursable programs	288,422
Supplies and materials	2,407
Depreciation expense	3,029
Repairs and other expenses	2,195
Total Operating Expenses	<u>296,053</u>
Operating income (loss)	<u>(281,717)</u>
Nonoperating revenues (expenses):	
State sources:	
School lunch program	4,727
Federal sources:	
National school lunch program	267,228
Breakfast program	32,824
Interest Income	53
Total nonoperating revenues (expenses)	<u>304,832</u>
Income (loss) before contributions & transfers	23,115
Other financing sources/(uses)	
Transfer In	2,500
Change in net position	<u>25,615</u>
Total net position—beginning	<u>97,271</u>
Total net position—ending	<u><u>122,886</u></u>

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

FAIRVIEW BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2017

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	14,336
Payments to suppliers	(268,693)
Net cash provided by (used for) operating activities	<u>(254,357)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	4,336
Federal Sources	273,068
Transfer In	2,500
Net cash provided by (used for) non-capital financing activities	<u>279,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	53
Net cash provided by (used for) investing activities	<u>53</u>
Net increase (decrease) in cash and cash equivalents	<u>25,600</u>
Balances—beginning of year	<u>28,397</u>
Balances—end of year	<u>53,997</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(281,717)
Adjustments to reconcile operating income (loss) to net cash provided by	
Depreciation and net amortization	3,029
Increase (decrease) in accounts payable	24,331
Total adjustments	<u>27,360</u>
Net cash provided by (used for) operating activities	<u>(254,357)</u>

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

**FAIRVIEW BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	310,643
Total assets	<u>310,643</u>
LIABILITIES	
Payable to student groups	18,965
Payroll deductions and withholdings	<u>291,678</u>
Total liabilities	<u><u>310,643</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Fairview Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Fairview Board of Education is a Type II district located in the County of Bergen, State of New Jersey. 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 Pre-K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools and a middle school, located in the Borough of Fairview. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fairview Board of Education have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board’s accounting policies are described below.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation:

The Board'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 Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

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 - *government*, *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 models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

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

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America 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 fixed 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 sale of bonds, lease purchases and other revenues.

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.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service. The following is a description of the Proprietary Funds of the Board:

Enterprise Funds - 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 Board 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 Board 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 Board's Enterprise Fund is comprised of the Food Service Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Region VI Fund, Student Activities Fund, Payroll and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus: (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. 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:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Budgets/Budgetary Control: (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

E. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as 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 Board has received advances, are reflected in the balance sheet as unearned 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. Cash, Cash Equivalents and Investments:

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

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Cash, Cash Equivalents and Investments: (continued)

Additionally, the Board has adopted a cash management plan that 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.

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

G. Tuition Payable:

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital 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 capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

L. Compensated Absences:

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

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

M. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Accounting and Financial Reporting for Pensions:

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions 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 pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Accounting and Financial Reporting for Pensions: (continued)

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amounts related to pension and deferred amounts relating to unamortized bond issuance costs.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies in this category, deferred amounts related to pension.

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

Q. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

R. Net Position:

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings 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 Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

R. Net Position: (continued)

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

S. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for the Food Service Program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

T. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

U. Allocation of Indirect Expenses:

The District reports all 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 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. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect 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 as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

V. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements

The Government Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement is effective for fiscal years beginning after June 15, 2015. 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 also 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. The District had no transactions of this type for the year ended June 30, 2017.

The Government Accounting Standards Board issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. 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.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$-0- of the District's bank balance of \$3,341,024 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES

Receivables at June 30, 2017, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$406,977	\$370	\$407,347
Federal Aid	95,555	23,788	119,343
Due from Other Funds	<u> </u>	<u>62,770</u>	<u> </u>
Gross Receivables	502,532	86,928	526,690
Less: Allowance for Uncollectibles	<u> </u>	<u> </u>	<u> </u>
Total Receivables, Net	<u>\$502,532</u>	<u>\$86,928</u>	<u>\$526,690</u>

NOTE 5. INTERFUND BALANCE AND ACTIVITY

Balance due to/from other funds at June 30, 2017, consist of the following:

\$62,770 Due to the Enterprise Fund from the General Fund for subsidiary reimbursements not turned over.

It is anticipated that all interfunds will be liquidated during the fiscal year.

Interfund transfers for the year ended June 30, 2017 consisted of the following:

\$2,500 Due from the General Fund to the Enterprise Fund to reimburse for expenses paid

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance <u>6/30/16</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance <u>6/30/17</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	1,320,213	_____	_____	1,320,213
Total Capital Assets Not Being Depreciated	<u>1,320,213</u>	_____	_____	<u>1,320,213</u>
Site Improvements	313,485			313,485
Buildings and Building Improvements	8,743,824			8,743,824
Machinery and Equipment	<u>2,809,298</u>			<u>2,809,298</u>
Totals at Historical Cost	<u>11,866,607</u>	_____	_____	<u>11,866,607</u>
Less Accumulated Depreciation:				
Sites and Improvements	(205,087)	(11,137)		(216,224)
Buildings and Improvements	(6,227,752)	(130,935)		(6,358,687)
Machinery and Equipment	<u>(2,399,483)</u>	<u>(96,017)</u>		<u>(2,495,500)</u>
Total Accumulated Depreciation	<u>(8,832,322)</u>	<u>(238,089)</u>	_____	<u>(9,070,411)</u>
Total Capital Assets, Being Depreciated, Net of Accumulated Depreciation	<u>3,034,285</u>	<u>(238,089)</u>	_____	<u>2,796,196</u>
Governmental Activities Capital Assets, Net	<u>4,354,498</u>	<u>(238,089)</u>	=====	<u>4,116,409</u>
	Beginning Balance <u>6/30/16</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance <u>6/30/17</u>
Business-Type Activity				
Equipment	<u>63,070</u>	_____	_____	<u>63,070</u>
Totals at historical	<u>63,070</u>	_____	_____	<u>63,070</u>
Less Accumulated Depreciation for:				
Equipment	<u>(53,749)</u>	<u>(3,029)</u>		<u>(56,778)</u>
Total Accumulated Depreciation	<u>(53,749)</u>	<u>(3,029)</u>	_____	<u>(56,778)</u>
Business-Type Activity Capital Assets, Net	<u>9,321</u>	<u>(3,029)</u>	=====	<u>6,292</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as unallocated depreciation.

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the year ended June 30, 2017 were as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$155,000	\$ _____	\$(75,000)	\$80,000	\$80,000
Total Bonds Payable	<u>155,000</u>	<u>_____</u>	<u>(75,000)</u>	<u>80,000</u>	<u>\$80,000</u>
Other Liabilities:					
Obligations Under Capital Lease	96,911		(54,364)	42,547	36,138
Compensated Absences Payable	469,785	170,805	(135,344)	505,246	
Net Pension Liability PERS	<u>4,557,816</u>	<u>2,031,335</u>	<u>_____</u>	<u>6,589,151</u>	<u>_____</u>
Total Other Liabilities	<u>5,124,512</u>	<u>2,202,140</u>	<u>(189,708)</u>	<u>7,136,944</u>	<u>36,138</u>
	<u>5,279,512</u>	<u>2,202,140</u>	<u>(\$264,708)</u>	<u>\$7,216,944</u>	<u>\$116,138</u>

A. Bonds Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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

Outstanding bonds payable at June 30, 2017 consisted of the following:

<u>Issue</u>	<u>Issue</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>Principal</u> <u>Balance</u> <u>June 30, 2017</u>
ERIP Refunding Bonds	10/1/2003	5.50%-5.75%	10/1/2017	<u>\$80,000</u>

Principal and interest due on serial bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	<u>80,000</u>	<u>2,300</u>	<u>82,300</u>
	<u>\$80,000</u>	<u>\$2,300</u>	<u>\$82,300</u>

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY, (continued)

B. Bonds Authorized But Not Issued:

As of June 30, 2017 the Board has no authorized but not issued bonds.

C. Capital Leases

The District is leasing various equipment including Apple I-Pads and accessories. The Apple-I Pad’s capital leases are for thirty-six months. The following is a schedule of future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2017:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$36,138	\$2,075	\$38,213
2019	<u>6,409</u>	<u>181</u>	<u>6,590</u>
	<u>\$42,547</u>	<u>\$2,256</u>	<u>\$44,803</u>
	Total minimum lease payments		\$44,803
	Less: Amount representing interest		<u>(2,256)</u>
	Present value of lease payments		<u>\$42,547</u>

NOTE 8. OPERATING LEASES

The District has commitments to lease certain office equipment and a building for classroom use under operating leases that expire in 2020. Total operating lease payments made during the year ended June 30, 2017 were \$239,219. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$245,009
2019	235,798
2020	<u>18,549</u>
	<u>\$499,356</u>

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS

Description of Plans - All required employees of the 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 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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 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.

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60^a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Benefits Provided

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60^a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

The Board's contribution to PERS and DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/17	\$197,646	\$6,994
6/30/16	174,559	9,637
6/30/15	172,670	14,120

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	<u>Pension</u>	<u>Post-Retirement</u>	<u>NCGI</u>	<u>Long-Term</u>
<u>Ending</u>	<u>Contributions</u>	<u>Medical</u>	<u>Premium</u>	<u>Disability</u>
<u>Ending</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Premium</u>	<u>Insurance</u>
6/30/17	\$761,488	\$657,482	\$27,590	\$2,256
6/30/16	502,138	627,691	25,013	
6/30/15	325,683	554,219	23,431	

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$512,165 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. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2017, the District had a liability of \$6,589,151 for its proportionate share of the PERS 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportion was 0.0222477688 percent, which was an increase of 0.0000194388 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$749,965. At June 30, 2017, 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>
Difference in actual and expected experience	\$122,538	
Actual investment earnings on pension plan investments		
Changes of assumptions	1,364,920	
Net difference between projected and actual earnings on pension plan investments	251,250	
Changes in proportion and differences between District contributions and proportionate share of contributions	568,385	\$80,299
District contributions subsequent to the measurement date	<u>207,528</u>	<u> </u>
Total	<u>\$2,514,621</u>	<u>\$80,299</u>

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

The \$207,528 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$391,454
2018	391,454
2019	453,513
2020	381,017
2021	121,270

Changes in Proportion

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

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
District s Proportion	0.0222477688%	.0203038900%

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Actuarial Assumptions

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

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

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

Mortality Rates

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 9. PENSION PLANS, (continued)

expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1 -percentage-point higher than the current rate:

	<u>June 30, 2016</u>		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
District's proportionate share of the pension liability	\$7,368,756	\$6,589,151	\$4,894,490

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>51,794,974</u>
	<u>\$51,794,974</u>

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

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 June 30, 2015 rolled forward to June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was 0.0658413192%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$3,891,672 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Mortality Rates

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 9. PENSION PLANS, (continued)

expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding 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 Chapter 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following 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 as follows:

Valic
Equitable
Prudential Financial

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this method, the District remits all contributions directly to the State of New Jersey Unemployment Trust Fund.

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Fairview Board of Education by inclusion of \$552,000 on July 25, 2012 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) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end 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.

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

Beginning Balance, July 1, 2016	<u>\$42,300</u>
Ending Balance, June 30, 2017	<u>\$42,300</u>

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 14. TUITION RESERVE

A tuition reserve was established by the Fairview Board of Education by inclusion of \$520,000 on July 25, 2012 for the accumulation of funds for use in subsequent fiscal years. The reserve for tuition is maintained in the general fund. The tuition reserve represent a year end fund balance classification to reserve unrestricted fund balance for a foreseeable future tuition adjustment pursuant to N.J.A.C. 6A:23A-17.1(f). The tuition reserve enables the District to reserve fund balance for an anticipated large tuition adjustment for the current contract year. The major contributing factor for tuition adjustments and use of the reserve is a significant change from estimated to the actual enrollment.

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

Beginning Balance, July 1, 2016	\$600,000
Decreased by:	
Budget Appropriations	<u>400,000</u>
Ending Balance, June 30, 2017	<u>\$200,000</u>

NOTE 15. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$1,404,497 General Fund fund balance at June 30, 2017, \$812,646 is reserved for encumbrances; \$286,074 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$286,074 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$42,300 has been reserved in the Capital Reserve Account; \$200,000 has been reserved in the Tuition Reserve Account; \$103,785 of unreserved and undesignated has been appropriated and included as anticipated revenue for the year ended June 30, 2018; \$(40,308) is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund balance at June 30, 2017 of \$1 is unreserved and undesignated.

NOTE 16. 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 New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$286,074. Of this amount, \$-0- is the result of current year's operations.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 17. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Tuition Adjustment - The District has received a tuition adjustment bill from the Borough of Cliffside Park School District in accordance with N.J.A.C. 6A:23A-17 in the amount of \$239,886. This amount will be recorded as an expenditure in 2017-2018.

NOTE 18. SUBSEQUENT EVENTS

The Board has evaluated subsequent events through October 12, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

**FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	14,839,499		14,839,499	14,839,499	
Other Local Governmental Units-Unrestricted	50,000		50,000		(50,000)
Tuition from Summer School	11,040		11,040	7,400	(3,640)
Unrestricted Miscellaneous Revenues				11,073	11,073
Total - Local Sources	<u>14,900,539</u>		<u>14,900,539</u>	<u>14,857,972</u>	<u>(42,567)</u>
Revenues from State Sources:					
Categorical Special Education Aid	965,114		965,114	965,114	
Equalization Aid	5,866,847		5,866,847	5,866,847	
Categorical Security Aid	131,131		131,131	131,131	
Categorical Transportation Aid	35,012		35,012	35,012	
Under Adequacy Aid	428,905		428,905	428,905	
Extraordinary Aid				260,026	260,026
PARCC Readiness Aid	17,310		17,310	17,310	
Per Pupil Growth Aid	17,310		17,310	17,310	
Professional Learning Community Aid	17,040		17,040	17,040	
NTE Homeless Reimbursement				104,160	104,160
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				657,482	657,482
On-behalf TPAF Pension (non-budgeted)				761,488	761,488
On-behalf TPAF NCGI Premium (non-budgeted)				27,590	27,590
On-behalf TPAF LTDI				2,256	2,256
Reimbursed TPAF Social Security Contributions (non-budgeted)				512,165	512,165
Total - State Sources	<u>7,478,669</u>		<u>7,478,669</u>	<u>9,803,836</u>	<u>2,325,167</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	35,532		35,532	43,951	8,419
Special Education Medicaid Initiative - ARRA				1,156	1,156
MAC				15,482	15,482
Total - Federal Sources	<u>35,532</u>		<u>35,532</u>	<u>60,589</u>	<u>25,057</u>
TOTAL REVENUES	<u>22,414,740</u>		<u>22,414,740</u>	<u>24,722,397</u>	<u>2,307,657</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	129,701	(29,426)	100,275	100,005	270
Kindergarten - Salaries of Teachers	253,868	74,869	328,737	326,813	1,924
Grades 1-5 - Salaries of Teachers	1,633,404	(10,248)	1,623,156	1,622,294	862
Grades 6-8 - Salaries of Teachers	1,175,326	(41,261)	1,134,065	1,134,055	10
Regular Programs - Home Instruction:					
Salaries of Teachers	11,000	15,190	26,190	25,961	229
Other Salaries for Instruction	190	(190)			
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	171,504	(36,200)	135,304	132,955	2,349
Other Purchased Services (400-500 series)	107,012	(7,982)	99,030	58,014	41,016
General Supplies	300,401	(97,999)	202,402	197,980	4,422
Textbooks	40,000		60,555	100,555	
Other Objects	80,863	(40,581)	40,282	38,666	1,616
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>3,903,269</u>	<u>(113,273)</u>	<u>3,789,996</u>	<u>3,737,298</u>	<u>52,698</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	359,066	11,603	370,669	370,669	
Other Salaries for Instruction	117,518	82,352	199,870	190,370	9,500
General Supplies	11,105	(1,719)	9,386	8,595	791
Textbooks	3,000	(3,000)			
Other Objects	1,000	(1,000)			
Total Learning and/or Language Disabilities	<u>491,689</u>	<u>88,236</u>	<u>579,925</u>	<u>569,634</u>	<u>10,291</u>
Resource Room/Resource Center:					
Salaries of Teachers	545,816	110,105	655,921	655,921	
General Supplies	3,002	(1,939)	1,063	1,063	
Textbooks	1,000	(418)	582	582	
Other Objects	1,000	(916)	84	84	
Total Resource Room/Resource Center	<u>550,818</u>	<u>106,832</u>	<u>657,650</u>	<u>657,650</u>	
Autism:					
Salaries of Teachers	52,843	(1,748)	51,095	51,095	
Other Salaries for Instruction	34,500	(25,082)	9,418	9,418	
General Supplies	2,000	(1,926)	74	74	
Total Autism	<u>89,343</u>	<u>(28,756)</u>	<u>60,587</u>	<u>60,587</u>	
Preschool Disabilities- Full-Time:					
Salaries of Teachers	249,334	(28,034)	221,300	221,300	
Other Salaries for Instruction	44,678	5,930	50,608	50,608	

FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
General Supplies	3,000	(1,313)	1,687	1,687	
Other Objects	1,500	(1,500)			
Total Preschool Disabilities - Full-Time	298,512	(24,917)	273,595	273,595	
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,430,362	141,395	1,571,757	1,561,466	10,291
Basic Skills/Remedial - Instruction					
Salaries of Teachers	337,062	35,143	372,205	372,205	
General Supplies	2,000		2,000		2,000
Textbooks	500		500		500
Other Objects	500		500		500
Total Basic Skills/Remedial - Instruction	340,062	35,143	375,205	372,205	3,000
Bilingual Education - Instruction					
Salaries of Teachers	497,452	(13,411)	484,041	484,041	
Other Salaries for Instruction	21,356		21,356	21,116	240
General Supplies	1,000	(1,000)			
Textbooks	1,000	1,200	2,200	2,200	
Other Objects	500	(200)	300		300
Total Bilingual Education - Instruction	521,308	(13,411)	507,897	507,357	540
School-Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	22,532	(2,156)	20,376	19,184	1,192
Supplies and Materials	3,000	(2,505)	495	495	
Total School-Sponsored Cocurricular Activities - Instruction	25,532	(4,661)	20,871	19,679	1,192
School-Sponsored Athletics - Instruction					
Salaries	15,725	4,158	19,883	19,883	
Supplies and Materials	3,000	(2,416)	584	584	
Other Objects		385	385	385	
Total School-Sponsored Athletics - Instruction	18,725	2,127	20,852	20,852	
TOTAL INSTRUCTION	6,239,258	47,320	6,286,578	6,218,857	67,721
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	6,172,798	410,081	6,582,879	6,350,575	232,304
Tuition to Other LEAs Within the State - Special	1,378,286	(190,558)	1,187,728	1,130,962	56,766
Tuition to County Voc. School Dist. - Regular	115,830	(8,130)	107,700	106,920	780
Tuition to County Voc. School Dist. - Special	54,300	12,123	66,423	61,980	4,443
Tuition to CSSD & Regional Day Schools	742,440	226,749	969,189	956,799	12,390
Tuition to Private Schools for the Handicapped - Within State	372,141	(111,517)	260,624	240,396	20,228
Total Undistributed Expenditures - Instruction:	8,835,795	338,748	9,174,543	8,847,632	326,911
Undistributed Expend. - Attend. & Social Work					
Salaries	176,570	(19,780)	156,790	156,790	
Total Undistributed Expend. - Attend. & Social Work	176,570	(19,780)	156,790	156,790	
Undist. Expend. - Health Services					
Salaries	186,684	(24,834)	161,850	161,850	
Purchased Professional and Technical Services	40,000	(6,087)	33,913	32,232	1,681
Supplies and Materials	10,590	(4,193)	6,397	4,841	1,556
Total Undistributed Expenditures - Health Services	237,274	(35,114)	202,160	198,923	3,237
Undist. Expend. - Speech, OT, PT & Related Svcs.					
Salaries	281,855	(10,911)	270,944	270,944	
Purchased Prof. Services-Educational Services	160,000	80,955	240,955	236,067	4,888
Supplies and Materials	500	(500)			
Total Undist. Expend. - Speech, OT, PT, & Related Svcs	442,355	69,544	511,899	507,011	4,888
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	53,000	840	53,840	53,840	
Total Undist. Expend. - Guidance	53,000	840	53,840	53,840	
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	361,798	(58,819)	302,979	302,979	
Salaries of Secretarial and Clerical Assistants	99,239	(3,531)	95,708	95,708	
Total Undist. Expend. - Child Study Teams	461,037	(62,350)	398,687	398,687	
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	53,191	(996)	52,195	52,195	
Supplies and Materials	2,000	(2,000)			
Other Objects	800	(579)	221		221
Total Undist. Expend. - Educational Media Serv./Sch. Library	55,991	(3,575)	52,416	52,195	221

**FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	222,523	7,313	229,836	229,836	
Legal Services	45,000	3,528	48,528	48,528	
Audit Fees	81,000	(105)	80,895	37,895	43,000
Architectural/Engineering Services	20,000	(3,527)	16,473	13,531	2,942
Purchased Technical Services	21,500	2,303	23,803	24,218	(415)
Communications/Telephone	13,500	4,480	17,980	17,247	733
Other Purch Services (400-500 Series)	23,954	(6,626)	17,328	16,302	1,026
General Supplies	14,000	15,221	29,221	28,026	1,195
Misc. Expenditures	15,000	(8,962)	6,038	5,813	225
BOE Membership Dues and Fees	9,800	(612)	9,188	9,188	
Total Undist. Expend. - Supp. Serv. - General Administration	466,277	13,013	479,290	430,584	48,706
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	468,605	13,600	482,205	482,188	17
Salaries of Secretarial and Clerical Assistants	192,102	(12,817)	179,285	176,395	2,890
Total Undist. Expend. - Support Serv. - School Administration	660,707	783	661,490	658,583	2,907
Undist. Expend. - Support Serv. - Central Services					
Salaries	455,299	(61,890)	393,409	387,549	5,860
Unused Vacation Payment to Terminated/Retired Staff	24,444		24,444	17,327	7,117
Supplies and Materials	19,000	(320)	18,680	15,250	3,430
Misc. Expenditures	20,000	6,031	26,031	26,031	
Total Undist. Expend. - Support Serv. - Central Services	518,743	(56,179)	462,564	446,157	16,407
Undist. Expend. - Admin Info. Technology					
Information Technology					
Other Purch Services (400-500 Series)	10,000	(4,077)	5,923		5,923
Total Undist. Expend. - Support Serv. - Administrative Information Technology	10,000	(4,077)	5,923		5,923
Undist. Expend. - Required Maint. for School Facilities (261)					
Salaries	50,886		50,886	50,886	
Cleaning, Repair and Maintenance Services	52,000	9,980	61,980	44,404	17,576
General Supplies	15,000	(2,751)	12,249	9,797	2,452
Undist. Expend. - Required Maint. for School Facilities	117,886	7,229	125,115	105,087	20,028
Undist. Expend. - Oth. Oper. & Maint. of Plant (262)					
Salaries	549,555	(10,545)	539,010	536,905	2,105
Purchased Prof. And Tech. Services	2,500		2,500	2,488	12
Cleaning, Repair and Maintenance Services	130,036	16,479	146,515	142,933	3,582
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt.	157,000	52,909	209,909	208,949	960
Other Purchased Property Services	14,000		14,000	11,881	2,119
Insurance	129,150	(13,000)	116,150	114,174	1,976
Miscellaneous Purchased Services	60,600	36,859	97,459	95,976	1,483
General Supplies	57,600	(18,000)	39,600	32,277	7,323
Energy (Gas)	21,266		21,266	15,501	5,765
Energy (Electricity)	162,000	(6,014)	155,986	152,007	3,979
Energy (Natural Gas)	75,000		75,000	57,428	17,572
Total Undist. Expend. - Other Oper. & Maint. Of Plant	1,358,707	58,688	1,417,395	1,370,519	46,876
Undist. Expend. - Security					
Salaries	133,354	3,000	136,354	86,071	50,283
Other Objects	800		800		800
Total Undist. Expend. - Security	134,154	3,000	137,154	86,071	51,083
Undist. Expend. - Student Transportation Services (270)					
Salaries for Pupil Trans (Bet. Home & Sch.) - Regular	82,614	(69,578)	13,036	13,036	
Salaries for Pupil Trans (Bet. Home & Sch.) - Sp Ed	110,782	55,599	166,381	166,295	86
Salaries for Pupil Trans (Other than Bet. Home & Sch.)	8,000	(7,590)	410		410
Cleaning, Repair and Maintenance Services	17,000	100	17,100	13,278	3,822
Contract Services (Between Home & School)-Vendors	172,800	76,150	248,950	244,915	4,035
Contract Services (Sp. Ed. Students)-Vendors	10,000	35,170	45,170	45,079	91
Miscellaneous Purchased Services - Transportation		579	579	579	
General Supplies	7,500	545	8,045	8,045	
Other Objects		470	470	400	70
Total Undist. Expend. - Student Transportation Services	408,696	91,445	500,141	491,627	8,514
ALLOCATED BENEFITS					
Support Services - Central Services					
Unused Sick Payment to Terminated/Retired Staff	164,236	(164,236)			
TOTAL ALLOCATED BENEFITS	164,236	(164,236)			

**FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	163,000		163,000	148,080	14,920
T.P.A.F. Contributions - ERIP	81,757	(81,757)			
Other Retirement Contributions-Regular	210,000		210,000	208,501	1,499
Unemployment Compensation	35,000	2,763	37,763	37,763	
Workmen's Compensation	148,000	(30,999)	117,001	97,001	20,000
Health Benefits	2,337,415	(282,869)	2,054,546	2,054,546	
Other Employee Benefits	142,526		142,526	136,703	5,823
Unused Sick Payment to Terminated/Retired Staff		101,054	101,054	101,054	
TOTAL UNALLOCATED BENEFITS	<u>3,117,698</u>	<u>(291,808)</u>	<u>2,825,890</u>	<u>2,783,648</u>	<u>42,242</u>
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				657,482	(657,482)
On-behalf TPAF Pension (non-budgeted)				761,488	(761,488)
On-behalf TPAF NCGI Premium (non-budgeted)				27,590	(27,590)
On-behalf TPAF LTDI				2,256	(2,256)
Reimbursed TPAF Social Security Contributions (non-budgeted)				512,165	(512,165)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>1,960,981</u>	<u>(1,960,981)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>3,281,934</u>	<u>(456,044)</u>	<u>2,825,890</u>	<u>4,744,629</u>	<u>(1,918,739)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>17,219,126</u>	<u>(53,829)</u>	<u>17,165,297</u>	<u>18,548,335</u>	<u>(1,383,038)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>23,458,384</u>	<u>(6,509)</u>	<u>23,451,875</u>	<u>24,767,192</u>	<u>(1,315,317)</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	22,000		22,000	22,000	
Total Summer School - Instruction	<u>22,000</u>		<u>22,000</u>	<u>22,000</u>	
Total Post Secondary Programs	<u>22,000</u>		<u>22,000</u>	<u>22,000</u>	
TOTAL SPECIAL SCHOOLS	<u>22,000</u>		<u>22,000</u>	<u>22,000</u>	
Transfer of Funds to Charter Schools		6,509	6,509	6,509	
TOTAL EXPENDITURES	<u>23,480,384</u>		<u>23,480,384</u>	<u>24,795,701</u>	<u>(1,315,317)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(1,065,644)		(1,065,644)	(73,304)	992,340
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Transfers to Cover Deficit (Enterprise Fund)	(5,000)		(5,000)	(2,500)	(2,500)
Total Other Financing Sources/(Uses):	<u>(5,000)</u>		<u>(5,000)</u>	<u>(2,500)</u>	<u>(2,500)</u>
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	(1,070,644)		(1,070,644)	(75,804)	994,840
Fund Balance, July 1	1,391,557		2,169,464	2,169,464	
Fund Balance, June 30	<u>320,913</u>		<u>1,098,820</u>	<u>2,093,660</u>	<u>994,840</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(147,340)		(147,340)	(147,340)	
Withdrawal from Tuition Reserve - for Tuition Adj.	(400,000)		(400,000)	(400,000)	
Budgeted Fund Balance	<u>(523,304)</u>		<u>(523,304)</u>	<u>471,536</u>	<u>994,840</u>
	<u>(1,070,644)</u>		<u>(1,070,644)</u>	<u>(75,804)</u>	<u>994,840</u>

Exhibit C-1

**FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				286,074	
Tuition Reserve - Designated for Subsequent Year's Budget				200,000	
Capital Reserve				42,300	
Assigned Fund Balance:					
Year-end Encumbrances				812,646	
Designated for Subsequent Year's Expenditures				103,785	
Unassigned Fund Balance				<u>648,855</u>	
Total Fund Balance per Governmental Funds (Budgetary)				2,093,660	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>689,163</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u><u>1,404,497</u></u>	

FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		14,072	14,072	7,991	6,081
State Sources	339,296	44,475	383,771	354,158	29,613
Federal Sources	1,373,847	49,006	1,422,853	1,192,712	230,141
Total Revenues	1,713,143	107,553	1,820,696	1,554,861	265,835
EXPENDITURES:					
Instruction:					
Salaries of Teachers	742,908	(284,013)	458,895	414,764	44,131
Other Salaries for Instruction	9,000	-	9,000	9,000	-
Purchased Professional and Technical Services	183,560	33,921	217,481	189,944	27,537
Other Purchased Services (400-500 series)	312,473	(8,758)	303,715	303,715	-
General Supplies	15,566	131,109	146,675	130,427	16,248
Textbooks	17,934	280	18,214	18,202	12
Total instruction	1,281,441	(127,461)	1,153,980	1,066,052	87,928
Support services:					
Salaries of Supervisors of Instruction	6,000	-	6,000	6,000	-
Salaries of Program Directors	20,000	-	20,000	20,000	-
Salaries of Other Professional Staff	24,616	24,459	49,075	24,459	24,616
Salaries of Secretarial and Clerical Assistants	5,402	-	5,402	5,402	-
Other Salaries	17,477	17,634	35,111	17,634	17,477
Personal Services - Employee Benefits	187,136	(87,855)	99,281	39,634	59,647
Purchased Professional - Educational Services	54,119	(6,543)	47,576	231	47,345
Other Purchased Professional Services	87,787	3,776	91,563	109,565	(18,002)
Other Purchased Services (400-500 series)	7,284	44,562	51,846	31,107	20,739
Supplies & Materials	12,249	220,025	232,274	207,316	24,958
Total support services	422,070	216,058	638,128	461,348	176,780
Facilities acquisition and const. serv.:					
Instructional Equipment	9,632	18,956	28,588	27,461	1,127
Total facilities acquisition and const. serv.	9,632	18,956	28,588	27,461	1,127
Total Expenditures	1,713,143	107,553	1,820,696	1,554,861	265,835
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

**FAIRVIEW BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
Fiscal Year Ended June 30, 2017**

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	24,722,397	1,554,861
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. Prior Year			12,355
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		656,141	
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).		(689,163)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	24,689,375	1,567,216
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	24,795,701	1,554,861
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. Prior Year			12,355
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	24,795,701	1,567,216

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

FAIRVIEW BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0209452961%	\$ 3,921,532	\$ 1,500,065	261.42%	52.08%
2016	0.0203038900%	\$ 4,557,816	\$ 1,512,860	301.27%	94.63%
2017	0.0222477688%	\$ 6,589,151	\$ 1,478,346	445.71%	100.77%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

FAIRVIEW BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relations to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll	Contributions as a Percentage of PERS Covered-Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions	Contractually Required Contributions	Contractually Required Contributions			
2015	172,670	(172,670)	-	1,500,065	11.51%		
2016	174,559	(174,559)	-	1,512,860	11.54%		
2017	197,646	(197,646)	-	1,478,346	13.37%		

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

FAIRVIEW BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's	District's	State's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Net Position as a Percentage of the Total Pension Liability
2015	0.0615708528%	\$ -	32,907,617	7,238,331	33.64%
2016	0.0645746143%	\$ -	40,813,914	7,295,907	28.71%
2017	0.0658413192%	\$ -	51,794,974	7,159,082	22.33%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

FAIRVIEW BOARD OF EDUCATION
Note to Required Schedules of Supplementary Information - Part III
Fiscal Year Ended June 30, 2017

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.13% to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

SPECIAL REVENUE FUND

FAIRVIEW BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

Fiscal Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1a)	NJSBSafety Grant	Visions Credit Union	Ready Set Read Grant	IDEA Part - B	Totals 2017
REVENUES						
Local Sources	-			4,000		7,991
State Sources	354,158	3,599	392		386,905	354,158
Federal Sources	805,807					1,192,712
Total Revenues	1,159,965	3,599	392	4,000	386,905	1,554,861
EXPENDITURES:						
Instruction:						
Salaries of Teachers	414,764					414,764
Other Salaries for Instruction	9,000					9,000
Purchased Professional and Technical Services	185,944			4,000		189,944
Other Purchased Services (400-500 series)	8,998				294,717	303,715
General Supplies	130,035		392			130,427
Textbooks	18,202					18,202
Total instruction	766,943	-	392	4,000	294,717	1,066,052
Support services:						
Salaries of Supervisors of Instruction	6,000					6,000
Salaries of Program Directors	20,000					20,000
Salaries of Other Professional Staff	-				24,459	24,459
Salaries of Secretarial and Clerical Assistants	5,402					5,402
Other Salaries	-				17,634	17,634
Personal Services - Employee Benefits	36,414				3,220	39,634
Purchased Professional - Educational Services	231					231
Other Purchased Professional Services	62,690				46,875	109,565
Other Purchased Services (400-500 series)	31,107					31,107
Supplies & Materials	207,316					207,316
Total support services	369,160	-	-	-	92,188	461,348
Facilities acquisition and const. serv.:						
Instructional Equipment	23,862	3,599				27,461
Total facilities acquisition and const. serv.	23,862	3,599	-	-	-	27,461
Total Expenditures	1,159,965	3,599	392	4,000	386,905	1,554,861
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

FAIRVIEW BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1b)	IDEA Part - B Preschool	NCLB Title I	Title II, Part A Training & Recruiting	NCLB Title III	Total Carried Forward
REVENUES						
Local Sources	-					-
State Sources	354,158					354,158
Federal Sources	4,261	8,998	727,794	45,860	18,894	805,807
Total Revenues	358,419	8,998	727,794	45,860	18,894	1,159,965
EXPENDITURES:						
Instruction:						
Salaries of Teachers	47,015		359,492		8,257	414,764
Other Salaries for Instruction	9,000					9,000
Purchased Professional and Technical Services	185,944					185,944
Other Purchased Services (400-500 series)	-	8,998				8,998
General Supplies	7,814		114,113		8,108	130,035
Textbooks	18,202					18,202
Total instruction	267,975	8,998	473,605	-	16,365	766,943
Support services:						
Salaries of Supervisors of Instruction	6,000					6,000
Salaries of Program Directors	20,000					20,000
Salaries of Other Professional Staff	-					-
Salaries of Secretarial and Clerical Assistants	5,402					5,402
Other Salaries	-					-
Personal Services - Employee Benefits	8,288		27,501		625	36,414
Purchased Professional - Educational Services	231					231
Other Purchased Professional Services	26,661		19,994	16,035		62,690
Other Purchased Services (400-500 series)	-		377	29,825	905	31,107
Supplies & Materials	-		206,317		999	207,316
Total support services	66,582	-	254,189	45,860	2,529	369,160
Facilities acquisition and const. serv.:						
Instructional Equipment	23,862					23,862
Total facilities acquisition and const. serv.	23,862	-	-	-	-	23,862
Total Expenditures	358,419	8,998	727,794	45,860	18,894	1,159,965
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

FAIRVIEW BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1c)	NCLB Title III Immigrant	Nonpublic Nursing	Nonpublic Technology	Chapter 194 Nonpublic Textbook	Nonpublic Security	Total Carried Forward
REVENUES							
Local Sources	-						-
State Sources	285,433		26,661	8,197	18,202	15,665	354,158
Federal Sources	-	4,261					4,261
Total Revenues	285,433	4,261	26,661	8,197	18,202	15,665	358,419
EXPENDITURES:							
Instruction:							
Salaries of Teachers	44,000	3,015					47,015
Other Salaries for Instruction	9,000						9,000
Purchased Professional and Technical Services	185,944						185,944
Other Purchased Services (400-500 series)	-						-
General Supplies	6,799	1,015					7,814
Textbooks	-				18,202		18,202
Total instruction	245,743	4,030			18,202		267,975
Support services:							
Salaries of Supervisors of Instruction	6,000						6,000
Salaries of Program Directors	20,000						20,000
Salaries of Other Professional Staff	-						-
Salaries of Secretarial and Clerical Assistants	5,402						5,402
Other Salaries	-						-
Personal Services - Employee Benefits	8,288						8,288
Purchased Professional - Educational Services	-	231					231
Other Purchased Professional Services	-		26,661				26,661
Other Purchased Services (400-500 series)	-						-
Supplies & Materials	-						-
Total support services	39,690	231	26,661				66,582
Facilities acquisition and const. serv.:							
Instructional Equipment	-			8,197		15,665	23,862
Total facilities acquisition and const. serv.	-	-	-	8,197		15,665	23,862
Total Expenditures	285,433	4,261	26,661	8,197	18,202	15,665	358,419
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

FAIRVIEW BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2017

	Chapter 192 Compensatory Education	Chapter 192 ESL	Chapter 193 Supplemental Instruction	Chapter 193 Exam & Classification	Chapter 193 Corrective Speech	Preschool Education Aid	Total Carried Forward
REVENUES							
Local Sources	127,562	14,159	9,181	17,284	17,758	99,489	285,433
State Sources							
Federal Sources							
Total Revenues	127,562	14,159	9,181	17,284	17,758	99,489	285,433
EXPENDITURES:							
Instruction:							
Salaries of Teachers						44,000	44,000
Other Salaries for Instruction						9,000	9,000
Purchased Professional and Technical Services	127,562	14,159	9,181	17,284	17,758		185,944
Other Purchased Services (400-500 series)							
General Supplies						6,799	6,799
Textbooks							
Total instruction	127,562	14,159	9,181	17,284	17,758	59,799	245,743
Support services:							
Salaries of Supervisors of Instruction						6,000	6,000
Salaries of Program Directors						20,000	20,000
Salaries of Other Professional Staff							
Salaries of Secretarial and Clerical Assistants						5,402	5,402
Other Salaries						8,288	8,288
Personal Services - Employee Benefits							
Purchased Professional - Educational Services							
Other Purchased Professional Services							
Other Purchased Services (400-500 series)							
Supplies & Materials							
Total support services	-	-	-	-	-	39,690	39,690
Facilities acquisition and const. serv.:							
Instructional Equipment							
Total facilities acquisition and const. serv.	-	-	-	-	-	-	-
Total Expenditures	127,562	14,159	9,181	17,284	17,758	99,489	285,433
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

**FAIRVIEW BOARD OF EDUCATION
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
Fiscal Year Ended June 30, 2017**

	District Wide Total		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of teachers	44,000	44,000	
Other salaries for instruction	9,000	9,000	
General supplies	6,930	6,799	131
Total instruction	59,930	59,799	131
Support services:			
Salaries of Supervisors of Instruction	6,000	6,000	
Salaries of Program Directors	20,000	20,000	
Salaries of Secr. and Clerical Assistants	5,402	5,402	
Personal Services - Employee Benefits	8,288	8,288	
Total support services	39,690	39,690	
Total expenditures	99,620	99,489	131

Summary of Location Totals

Total revised 2016-17 Preschool Education Aid	99,620
Add: Actual Carryover (June 30, 2016)	132
Add: Budgeted Transfer from the General Fund 2016-17	
Total Preschool Education Aid Funds Available for 2016-17 Budget	99,752
Less: 2016-17 Budgeted Preschool Education Aid (prior year budgeted carryover)	99,620
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2017	132
Add: June 30, 2016 Unexpended Preschool Education Aid	131
2016-17 Carryover - Preschool Education Aid/Preschool	263
2016-17 Preschool Education Aid Carryover Budgeted for Preschool Programs 2017-18	

CAPITAL PROJECTS FUND

**FAIRVIEW BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes
in Fund Balance-Budgetary Basis
Fiscal Year Ended June 30, 2017**

Revenues and Other Financing Sources

State Sources - SCC Grant	-
Bond proceeds and transfers	-
Transfers from Capital Reserve	-
Transfers from Capital Outlay	-
	-

Expenditures and Other Financing Uses

Purchased professional and technical services	-
Land and improvements	-
Construction services	-
Equipment purchases	-
	-

Total expenditures	-
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Excess (deficiency) of revenues over (under) expenditures	-
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Net change in fund balance	-
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Fund balance - beginning	241,279
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Fund balance - ending	241,279
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FAIRVIEW BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Lincoln School Bathroom Renovations
Fiscal Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant			-	
Bond proceeds and transfers			-	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay	399,000		399,000	399,000
	<u>399,000</u>	<u>-</u>	<u>399,000</u>	<u>399,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	395,550		395,550	399,000
Equipment purchases			-	
	<u>395,550</u>	<u>-</u>	<u>395,550</u>	<u>399,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,450</u>	<u>-</u>	<u>3,450</u>	<u>-</u>
Additional project information:				
Project number	1470-060-15-1000			
Grant Date	4/28/2015			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	571,908			
Additional authorized cost	(172,908)			
Revised authorized cost	399,000			
Percentage increase over original authorized cost	(0.30)			
Percentage completion	99%			
Original target completion date	8/31/2015			
Revised target completion date				

FAIRVIEW BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Lincoln School Window Replacement
Fiscal Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	213,958		213,958	213,958
Bond proceeds and transfers			-	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay	544,400		544,400	544,400
	<u>758,358</u>	<u>-</u>	<u>758,358</u>	<u>758,358</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	544,400		544,400	758,358
Equipment purchases			-	
	<u>544,400</u>	<u>-</u>	<u>544,400</u>	<u>758,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>213,958</u>	<u>-</u>	<u>213,958</u>	<u>-</u>
Additional project information:				
Project number	1470-060-14-1001			
Grant Date	1/6/2014			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	367,439			
Additional authorized cost	390,919			
Revised authorized cost	758,358			
Percentage increase over original authorized cost	1.06			
Percentage completion	72%			
Original target completion date	8/31/2015			
Revised target completion date				

FAIRVIEW BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Lincoln School Roof Replacement
Fiscal Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant			-	
Bond proceeds and transfers			-	
Transfers from Capital Reserve	291,300		291,300	291,300
Transfers from Capital Outlay			-	
	<u>291,300</u>	<u>-</u>	<u>291,300</u>	<u>291,300</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	267,429		267,429	291,300
Equipment purchases			-	
	<u>267,429</u>	<u>-</u>	<u>267,429</u>	<u>291,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,871</u>	<u>-</u>	<u>23,871</u>	<u>-</u>
Additional project information:				
Project number	N/A			
Grant Date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	291,300			
Additional authorized cost				
Revised authorized cost	291,300			
Percentage increase over original authorized cost	-			
Percentage completion	92%			
Original target completion date	8/31/2015			
Revised target completion date				

FAIRVIEW BOARD OF EDUCATION
Capital Projects Fund
Summary Statement of Project Expenditures
Fiscal Year Ended June 30, 2017

Project Title/Issue	Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2017
			Prior Years	Current Year	
Lincoln School Bathroom Renovations	2014-2015	399,000	395,550	-	3,450
Lincoln School Window Replacement	2014-2015	758,358	544,400	-	213,958
Lincoln School Roof Replacement	2014-2015	291,300	267,429	-	23,871
		<u>1,448,658</u>	<u>1,207,379</u>	<u>-</u>	<u>241,279</u>

PROPRIETARY FUNDS

FAIRVIEW BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2017

	<u>Food Service Program</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and cash equivalents	53,997	53,997
Interfund receivable	62,770	
Accounts receivable:		
State	370	370
Federal	23,788	23,788
Total current assets	140,925	78,155
Noncurrent assets:		
Capital assets:		
Equipment	63,070	63,070
Less accumulated depreciation	(56,778)	(56,778)
Total capital assets (net of accumulated depreciation)	6,292	6,292
Total assets	147,217	84,447
LIABILITIES		
Current Liabilities:		
Accounts Payable	24,331	24,331
Total Liabilities	24,331	24,331
NET POSITION		
Net Investment in Capital Assets	6,292	6,292
Unrestricted	116,594	116,594
Total net position	122,886	122,886

FAIRVIEW BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2017

	Food Service Program	Totals
Operating revenues:		
Charges for services:		
Daily sales-reimbursable programs	14,336	14,336
Total operating revenues	14,336	14,336
 Operating expenses:		
Cost of sales-reimbursable programs	288,422	288,422
Supplies and materials	2,407	2,407
Depreciation	3,029	3,029
Repairs and other expenses	2,195	2,195
Total Operating Expenses	296,053	296,053
Operating income (loss)	(281,717)	(281,717)
 Nonoperating revenues (expenses):		
State sources:		
School lunch program	4,727	4,727
Federal sources:		
School lunch program	267,228	267,228
School breakfast program	32,824	32,824
Interest Income	53	53
Total nonoperating revenues (expenses)	304,832	304,832
Income (loss) before contributions & transfers	23,115	23,115
 Other financing sources/(uses):		
Transfer In	2,500	2,500
Change in net position	25,615	25,615
 Total net position—beginning	97,271	97,271
Total net position—ending	122,886	122,886

FAIRVIEW BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2017

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	14,336	14,336
Payments to suppliers	(268,693)	(268,693)
Net cash provided by (used for) operating activities	(254,357)	(254,357)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	4,336	4,336
Federal Sources	273,068	273,068
Transfer In	2,500	2,500
Net cash provided by (used for) non-capital financing activities	279,904	279,904
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	53	53
Net cash provided by (used for) investing activities	53	53
Net increase (decrease) in cash and cash equivalents	25,600	25,600
Balances—beginning of year	28,397	28,397
Balances—end of year	53,997	53,997
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(281,717)	(281,717)
Adjustments to reconcile operating income (loss) to net cash provided by		
Depreciation and net amortization	3,029	3,029
Increase (decrease) in accounts payable	24,331	24,331
Total adjustments	27,360	27,360
Net cash provided by (used for) operating activities	(254,357)	(254,357)

FIDUCIARY FUND

FAIRVIEW BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	310,643
Total assets	<u>310,643</u>
LIABILITIES	
Payable to student groups	18,965
Payroll deductions and withholdings	<u>291,678</u>
Total liabilities	<u><u>310,643</u></u>

**FAIRVIEW BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
Elementary Schools:				
Lincoln School	<u>16,671</u>	<u>84,388</u>	<u>82,094</u>	<u>18,965</u>
Total Elementary Schools	<u>16,671</u>	<u>84,388</u>	<u>82,094</u>	<u>18,965</u>
Total All Schools	<u><u>16,671</u></u>	<u><u>84,388</u></u>	<u><u>82,094</u></u>	<u><u>18,965</u></u>

**FAIRVIEW BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
Net Payroll	184,490	9,771,509	9,777,984	178,015
Payroll Deductions and Withholdings	92,813	5,190,734	5,169,884	113,663
	<u>277,303</u>	<u>14,962,243</u>	<u>14,947,868</u>	<u>291,678</u>

**FAIRVIEW BOARD OF EDUCATION
Region VI Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Disbursed</u>
Region VI Fund	<u>8</u>	<u>8</u>
Total Region VI Fund	<u><u>8</u></u>	<u><u>8</u></u>

LONG-TERM DEBT

FAIRVIEW BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
Fiscal Year Ended June 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Pension Refunding Bonds	Oct. 1, 2003	800,000	10/1/2017	80,000	5.75%	155,000	75,000	80,000
						<u>155,000</u>	<u>75,000</u>	<u>80,000</u>
						\$		
						<u>155,000</u>	<u>75,000</u>	<u>80,000</u>

FAIRVIEW BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Capital Leases Payable
 Fiscal Year Ended June 30, 2017

Issue	Date of Lease	Amount of Lease	Principal Payment		Interest Rate	Balance, June 30, 2016	Issued	Retired	Balance, June 30, 2017
			Date	Amount					
100 Apple iPads & Accessories	9/10/2014	53,305	7/15/2017	1,690	11.4%	25,939		19,082	6,857
			8/15/2017	1,706	11.4%				
			9/15/2017	1,722	11.4%				
			10/15/2017	1,739	11.4%				
40 Apple iPads & Accessories	11/24/2014	22,783	7/15/2017	696	10.42%	12,903		7,901	5,002
			8/15/2017	702	10.42%				
			9/15/2017	708	10.42%				
			10/15/2017	714	10.42%				
			11/15/2017	721	10.42%				
			12/15/2017	727	10.42%				
			1/15/2018	733	10.42%				
iPad Accessories	12/19/2014	37,008	7/15/2017	1,114	9.64%	21,866		12,698	9,168
			8/15/2017	1,123	9.64%				
			9/15/2017	1,132	9.64%				
			10/15/2017	1,141	9.64%				
			11/15/2017	1,150	9.64%				
			12/15/2017	1,160	9.64%				
iPad Accessories	1/23/2015	11,262	1/15/2018	1,169	9.64%				
			2/15/2018	1,178	9.64%				
			7/1/2017	340	11.24%	7,024		3,844	3,180
			8/1/2017	343	11.24%				
			9/1/2017	347	11.24%				
			10/1/2017	350	11.24%				
			11/1/2017	353	11.24%				
			12/1/2017	356	11.24%				
			1/1/2018	360	11.24%				
			2/1/2018	363	11.24%				
			3/1/2018	366	11.24%				

FAIRVIEW BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Capital Leases Payable
 Fiscal Year Ended June 30, 2017

Issue	Date of Lease	Amount of Lease	Principal Payment		Interest Rate	Balance, June 30, 2016	Issued	Retired	Balance, June 30, 2017
			Date	Amount					
iPad Accessories	1/15/2016	34,221	7/15/2017	951	9.64%	29,179		10,839	18,340
			8/15/2017	959	9.64%				
			9/15/2017	966	9.64%				
			10/15/2017	974	9.64%				
			11/15/2017	982	9.64%				
			12/15/2017	990	9.64%				
			1/15/2018	998	9.64%				
			2/15/2018	1,006	9.64%				
			3/15/2018	1,014	9.64%				
			4/15/2018	1,022	9.64%				
			5/15/2018	1,030	9.64%				
			6/15/2018	1,039	9.64%				
			7/15/2018	1,047	9.64%				
		8/15/2018	1,055	9.64%					
		9/15/2018	1,064	9.64%					
		10/15/2018	1,072	9.64%					
		11/15/2018	1,081	9.64%					
		12/15/2018	1,090	9.64%					
						\$ 96,911	\$ 54,364	\$ 42,547	

FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	81,757		81,757	81,757	
Total Local Sources	81,757	-	81,757	81,757	-
Total Revenues	81,757	-	81,757	81,757	-
EXPENDITURES:					
Regular Debt Service:					
Interest - Pension Refunding Bonds	6,757		6,757	6,756	(1)
Redemption of Principal - Pension Refunding Bonds	75,000		75,000	75,000	-
Total Regular Debt Service	81,757	-	81,757	81,756	(1)
Total expenditures	81,757	-	81,757	81,756	(1)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	1	1
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	-	-	-	1	1
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance				1	1
Total	-	-	-	1	1

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

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STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

Fairview Board of Education
Net Assets/Position* by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
					Restated					
Governmental activities										
Net investment in capital assets	\$ 3,942,345	\$ 3,968,393	\$ 3,910,325	\$ 3,979,449	\$ 4,162,814	\$ 3,629,574	\$ 3,727,754	\$ 4,278,874	\$ 4,107,255	\$ 3,996,197
Restricted	670,002	420,001	520,001	520,003	1,072,003	1,547,555	2,567,177	2,430,542	1,840,297	1,686,085
Unrestricted	(1,058,814)	(1,531,910)	(1,741,474)	(1,333,196)	(740,638)	(416,505)	(685,892)	(4,226,336)	(4,367,207)	(4,908,486)
Total governmental activities net assets/position	\$ 3,553,533	\$ 2,856,484	\$ 2,688,852	\$ 3,166,256	\$ 4,494,179	\$ 4,760,624	\$ 5,609,039	\$ 2,483,080	\$ 1,580,345	\$ 773,796
Business-type activities										
Net investment in capital assets	\$ 2,205	\$ 1,764	\$ 5,699	\$ 4,869	\$ 4,039	\$ 21,719	\$ 17,514	\$ 13,382	\$ 9,321	\$ 6,292
Restricted	38,860	13,974	4,828	11,809	25,851	32,370	47,235	58,879	87,950	116,594
Unrestricted	(41,065)	(15,738)	(10,527)	(16,678)	(29,890)	(54,089)	(64,749)	(72,261)	(97,271)	(122,886)
Total business-type activities net assets/position										
District-wide										
Net investment in capital assets	\$ 3,944,550	\$ 3,970,157	\$ 3,916,024	\$ 3,984,318	\$ 4,166,853	\$ 3,651,293	\$ 3,745,268	\$ 4,292,256	\$ 4,116,576	\$ 4,002,489
Restricted	670,002	420,001	520,001	520,003	1,072,003	1,547,555	2,567,177	2,430,542	1,840,297	1,686,085
Unrestricted	(1,019,954)	(1,517,936)	(1,736,646)	(1,321,387)	(714,787)	(384,135)	(638,657)	(4,167,457)	(4,279,257)	(4,791,892)
Total district net assets/position	\$ 3,594,598	\$ 2,872,222	\$ 2,699,379	\$ 3,182,934	\$ 4,524,069	\$ 4,814,713	\$ 5,673,788	\$ 2,555,341	\$ 1,677,616	\$ 896,682

Source: CAFR Schedule A-1

* - GASB Statement No. 63 became effective for the fiscal year ended June 30, 2014 which changed Net Assets to Net Position.

Fairview Board of Education
 Changes in Net Assets/Position*, Last Ten Fiscal Years
 (accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 9,626,439	\$ 10,738,221	\$ 10,743,019	\$ 10,761,698	\$ 3,782,768	\$ 4,420,441	\$ 4,624,714	\$ 5,851,323	\$ 5,434,612	\$ 6,927,377
Special education	3,746,516	3,542,767	4,011,801	4,016,907	2,236,828	2,304,755	2,975,019	3,177,747	3,392,487	2,571,285
Other special education	842,326	1,090,300	916,763	961,057	814,909	823,416	1,000,664	903,934	1,079,531	1,451,388
Other instruction	49,326	50,781	49,329	47,425	41,813	41,975	40,468	55,423	55,925	65,993
Support Services:										
Tuition					7,731,156	8,369,482	7,212,821	7,632,695	8,291,898	8,847,632
Student & instruction related services	1,664,902	1,654,223	1,956,145	1,899,435	1,800,445	1,873,252	2,031,343	2,220,215	2,503,010	2,542,014
School administrative services	650,565	827,734	725,122	511,182	710,932	720,155	711,639	892,615	936,880	1,087,819
General administrative services	353,492	639,492	698,908	692,238	558,411	619,650	650,907	738,929	631,519	580,381
Central Administration	444,852	560,421	597,415	554,815	520,651	545,108	608,662	740,156	799,532	698,744
Plant operations and maintenance	1,987,125	2,003,792	1,908,765	1,563,608	1,241,884	1,545,544	1,492,204	1,557,489	1,771,983	2,000,870
Pupil transportation	348,583	262,222	233,296	234,660	186,349	218,119	365,833	394,459	515,194	608,507
Unallocated Benefits					1,061,662	1,008,799	1,267,932	1,488,287	1,831,028	2,548,761
Special Schools					21,000	21,000	21,000	21,000	18,118	22,000
Charter Schools					11,981	12,164				6,509
Interest on long-term debt	100,419	88,595	73,251	61,444	46,099	27,540	21,128	15,561	9,883	5,642
Unallocated depreciation					366,131	412,071	322,405	245,381	249,241	238,089
Amortization & Capital Lease Obligations					2,000	2,333	2,333	2,333	2,333	2,333
Capital Outlay - nondepreciable						12,109	5,480		565,265	39,647
Total governmental activities expenses	19,814,545	21,458,548	21,913,814	21,304,469	21,135,019	22,977,913	23,354,552	25,937,547	28,088,439	30,244,991
Business-type activities:										
Food service	265,350	304,344	348,674	353,781	365,909	368,995	389,471	329,670	296,625	296,053
Total business-type activities expense	265,350	304,344	348,674	353,781	365,909	368,995	389,471	329,670	296,625	296,053
Total district expenses	\$ 20,079,895	\$ 21,762,892	\$ 22,262,488	\$ 21,658,250	\$ 21,500,928	\$ 23,346,908	\$ 23,744,023	\$ 26,267,217	\$ 28,385,064	\$ 30,541,044
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	4,257,549	3,567,200	24,300	11,120	1,584,694	1,555,356	1,733,921	1,571,386	1,802,348	1,507,392
Total governmental activities program revenues	4,257,549	3,567,200	5,317,320	4,042,814	1,584,694	1,555,356	1,733,921	1,571,386	1,802,348	1,507,392

Fairview Board of Education
Changes in Net Assets/Position*, Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services										
Food service	30,020	30,389	29,370	41,095	42,373	32,968	31,041	10,005	20,278	14,336
Operating grants and contributions	231,878	245,642	302,184	311,107	334,173	333,015	362,183	317,090	297,822	304,779
Total business-type activities program revenues	261,898	276,031	331,554	356,869	376,546	365,983	393,224	327,095	318,100	319,115
Total district program revenues	\$ 4,519,447	\$ 3,843,231	\$ 5,648,874	\$ 4,399,683	\$ 1,961,240	\$ 1,921,339	\$ 2,127,145	\$ 1,898,481	\$ 2,120,448	\$ 1,826,507
Net (Expense)/Revenue										
Governmental activities	\$ (15,556,996)	\$ (17,891,348)	\$ (16,596,494)	\$ (17,261,655)	\$ (19,550,325)	\$ (21,422,557)	\$ (21,620,631)	\$ (24,366,161)	\$ (26,286,091)	\$ (28,737,599)
Business-type activities	(3,452)	(28,313)	(17,120,000)	3,088,000	10,637,000	(3,012,000)	3,753	(2,575)	21,475	23,062
Total district-wide net expense	\$ (15,560,448)	\$ (17,919,661)	\$ (16,613,614)	\$ (17,258,567)	\$ (19,539,688)	\$ (21,425,569)	\$ (21,616,878)	\$ (24,368,736)	\$ (26,264,616)	\$ (28,714,537)
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 11,256,133	\$ 11,529,956	\$ 11,426,385	\$ 12,012,159	\$ 12,333,147	\$ 12,579,810	\$ 13,184,444	\$ 13,448,133	\$ 13,814,362	\$ 14,839,499
Taxes levied for debt service	272,836	273,661	269,118	277,887	273,016	273,133	272,945	84,948	80,924	81,757
Unrestricted grants and contributions	3,655,372	5,234,805	4,637,819	5,376,912	7,966,089	8,744,802	8,861,509	10,658,316	11,429,835	12,933,997
Tuition from Summer School							13,050	10,530	11,040	7,400
Investment earnings	65,157	15,696	9,434	6,719	6,161	5,602	3,457	2,955	3,250	3,654
Miscellaneous income	1,109	86,028	36,770	25,469	15,215	32,087	86,618	354,499	32,403	27,596
State Aid- Restricted for Debt Service	57,643	57,139	56,578	47,643	47,191	46,770	46,342			
Site Aid - Capital Outlay Facilities Grant								213,958		
Transfers	(1,642)	(2,986)	(7,242)	(7,730)	(2,575)	(5,311)	(4,799)	(10,044)	(3,476)	(2,500)
Federal and State Aid - Capital outlay					28,556	12,109	5,480	8,954	15,018	39,647
Total governmental activities	15,306,608	17,194,299	16,428,862	17,739,059	20,638,244	21,689,002	22,469,046	24,772,249	25,383,356	27,931,050
Business-type activities:										
Investment earnings						15	49	43	59	53
Miscellaneous Income	1,642	2,986	7,242	7,730	2,575	5,311	2,059	10,044	3,476	2,500
Transfers	1,642	2,986	7,242	7,730	2,575	5,326	6,907	10,087	3,535	2,553
Total business-type activities	\$ 15,308,250	\$ 17,197,285	\$ 16,436,104	\$ 17,746,789	\$ 20,640,819	\$ 21,694,328	\$ 22,475,953	\$ 24,782,336	\$ 25,386,891	\$ 27,933,603
Total district-wide										
Change in Net Assets/Position										
Governmental activities	\$ (250,388)	\$ (697,049)	\$ (167,632)	\$ 477,404	\$ 1,087,919	\$ 266,445	\$ 848,415	\$ 406,088	\$ (902,735)	\$ (806,549)
Business-type activities	(1,810)	(25,327)	(9,878)	10,818	13,212	2,314	10,660	7,512	25,010	25,615
Total district	\$ (252,198)	\$ (722,376)	\$ (177,510)	\$ 488,222	\$ 1,101,131	\$ 268,759	\$ 859,075	\$ 413,600	\$ (877,725)	\$ (780,934)

Source: CAFR Schedule A-2

* - GASB Statement No. 63 became effective for the fiscal year ended June 30, 2014 which changed Net Assets to Net Position.

**Fairview Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 989,867	\$ 688,754	\$ 576,800							
Unreserved	192,460	(309,537)	(290,936)							
Restricted				520,000	1,072,000	1,361,306	1,960,447	972,239	1,074,007	528,374
Committed				102,552	189,374					
Assigned				278,258	574,229	362,875	606,727	700,997	525,011	916,431
Unassigned				(356,340)	(207,159)	(67,833)	(149,277)	(93,221)	(85,695)	(40,308)
Total general fund	\$ 1,182,327	\$ 379,217	\$ 285,864	\$ 544,470	\$ 1,628,444	\$ 1,656,348	\$ 2,417,897	\$ 1,580,015	\$ 1,513,323	\$ 1,404,497
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	(41,166)	(9,489)	(10,087)							
Assigned, reported in:										
Capital projects fund								757,305	241,279	241,279
Debt service fund								1		1
Total all other governmental funds	\$ (41,166)	\$ (9,489)	\$ (10,087)	\$ -	\$ -	\$ 5	\$ 3	\$ 757,306	\$ 241,279	\$ 241,280

Source: CAFR Schedule B-1

Fairview Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 11,528,969	\$ 11,803,617	\$ 11,695,503	\$ 12,290,046	\$ 12,606,163	\$ 12,852,943	\$ 13,457,389	\$ 13,533,081	\$ 13,895,286	\$ 14,921,256
Tuition from Summer School							13,050	10,530	11,040	7,400
Interest earnings	65,157	15,696	9,434	6,719	6,161	5,602	3,457	2,955	3,250	3,654
Miscellaneous	1,109	86,028	67,162	36,589	33,528	32,087	86,618	359,499	32,403	27,596
State sources	7,109,565	7,552,543	7,231,564	7,528,188	8,029,646	9,020,976	9,089,121	9,753,053	9,739,476	10,124,972
Federal sources	860,999	1,306,601	2,749,761	1,928,061	1,578,571	1,338,061	1,558,131	1,274,579	1,542,819	1,253,470
Total revenue	19,565,799	20,764,485	21,753,424	21,789,603	22,254,069	23,249,669	24,207,766	24,933,697	25,224,274	26,338,348
Expenditures										
Instruction										
Regular Instruction	9,604,049	10,732,988	10,713,900	10,805,710	3,094,277	3,670,685	3,855,384	4,310,407	3,797,417	4,803,519
Special education instruction	3,739,742	3,542,211	4,003,314	4,021,590	1,978,014	2,035,331	2,656,458	2,596,871	2,676,623	1,561,466
Other special instruction	837,992	1,089,761	910,491	973,109	651,286	658,033	801,680	630,001	715,998	879,562
Other instruction	49,090	50,759	49,003	47,425	33,687	34,064	33,203	41,045	37,565	40,531
Support Services:										
Instruction	1,659,846	1,653,736	1,948,400	1,912,209	7,731,156	8,369,482	7,212,821	7,632,695	8,291,898	8,847,632
Attendance and social work services					130,881	142,313	201,270	192,213	169,520	156,790
Health Services					223,789	218,213	216,225	231,111	225,850	198,923
Student & instruction related services					1,251,592	1,298,104	1,347,301	1,326,671	1,526,865	1,473,081
General administrative services	646,473	825,419	695,092	697,113	629,989	636,641	641,438	734,970	528,710	430,584
School Administrative services	339,821	628,070	710,798	509,861	446,274	494,878	520,984	514,540	616,220	658,583
Central administrative services	442,361	560,144	593,357	561,680	421,074	441,037	492,169	530,862	545,883	446,157
Plant operations and maintenance	1,698,325	1,714,479	1,595,386	1,289,053	1,135,263	1,402,051	1,390,071	1,297,236	1,414,231	1,561,677
Pupil transportation	314,940	223,467	204,559	209,905	186,070	217,134	364,070	303,807	418,965	491,627
Unallocated employee benefits					1,712,794	1,863,931	2,108,818	2,429,458	2,526,096	2,783,648
TPAF Pension / Social Security					1,072,598	1,344,444	1,253,759	1,424,445	1,681,589	1,960,981
Summer School Instruction					21,000	21,000	21,000	21,000	18,118	22,000
Charter Schools	54,214	150,316	65,825	145,216	11,981	12,164	5,480	824,665	565,265	39,647
Capital outlay					104,881	12,109				
Debt service:										
Principal	285,760	315,500	272,731	285,091	290,893	296,478	295,300	70,000	70,000	75,000
Interest and other charges	102,176	91,820	77,276	65,303	52,061	38,273	23,989	14,950	10,925	6,756
Total expenditures	19,774,789	21,578,670	21,840,132	21,523,265	21,179,560	23,206,365	23,441,420	25,126,947	25,837,738	26,444,673
Excess (Deficiency) of revenues over (under) expenditures	(208,990)	(814,185)	(86,708)	266,338	1,074,509	43,304	766,346	(193,250)	(613,464)	(106,325)

**Fairview Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing sources (uses)										
Capital leases (non-budgeted)	45,558	45,738			12,040			124,358	34,221	
Transfers in								1,234,700		
Transfers out	(1,642)	(2,986)	(7,242)	(7,730)	(2,575)	(5,311)	(4,799)	(1,244,744)	(3,476)	(2,500)
Total other financing sources (uses)	43,916	42,752	(7,242)	(7,730)	9,465	(5,311)	(4,799)	114,314	30,745	(2,500)
Net change in fund balances	\$ (165,074)	\$ (771,433)	\$ (93,950)	\$ 258,608	\$ 1,083,974	\$ 37,993	\$ 761,547	\$ (78,936)	\$ (582,719)	\$ (108,825)
Debt service as a percentage of noncapital expenditures	2.0%	1.9%	1.6%	1.6%	1.6%	1.4%	1.4%	0.3%	0.3%	0.3%

NOTE: Capital Projects Fund is not included as these expenditures vary substantially from year to year. The financial data presented would not be as meaningful for comparative purposes if these were included.
Source: CAFR Schedule B-2 and C-2

Exhibit J-5

**Fairview Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Interest on Investments	Reimb./ Refunds	E-Rate	Transportation		Cancellations	Misc.	Total
				Fees				
2008	65,157					318	791	66,266
2009	15,696		20,529			7,227	58,272	101,724
2010	9,434	16,334	19,856	24,300			6,942	76,866
2011	6,719	5,516	19,450	11,120			503	43,308
2012	6,161	15,215						21,376
2013	5,602	1,346	19,756				3,732	30,436
2014	3,457	60,706	18,890				7,022	90,075
2015	2,955	262,332				65,576	37,121	367,984
2016	3,250	31,572					11,871	46,693
2017	3,654	6,998					7,821	18,473

Source: District Records

Fairview Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Year Ended Dec. 31,	Total Assessed Value						Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial						
2007	\$ 6,899,600	\$ 388,905,900			\$ 111,008,700	\$ 45,829,800	\$ 66,930,500	\$ 348,389	\$ 619,922,889	1.840	\$ 1,266,224,921	48.96%
2008	\$ 6,654,300	\$ 393,768,000			\$ 109,705,800	\$ 45,055,600	\$ 66,781,400	\$ 349,378	\$ 622,314,478	1.875	\$ 1,318,965,021	47.18%
2009	\$ 5,940,900	\$ 396,883,300			\$ 106,924,200	\$ 44,976,400	\$ 67,409,000	\$ 283,211	\$ 622,417,011	1.891	\$ 1,379,989,302	39.39%
2010	\$ 6,373,400	\$ 398,459,400			\$ 105,728,800	\$ 45,218,600	\$ 67,028,400	\$ 304,346	\$ 623,112,946	1.925	\$ 1,317,581,419	47.29%
2011	\$ 11,002,500	\$ 634,853,000			\$ 200,425,300	\$ 82,911,900	\$ 126,722,100	\$ 1,296,913	\$ 1,057,211,713	1.177	\$ 1,198,088,239	88.24%
2012	\$ 11,002,500	\$ 634,545,200			\$ 195,548,000	\$ 80,515,400	\$ 124,204,300	\$ 1,197,875	\$ 1,047,013,275	1.216	\$ 1,155,691,027	90.60%
2013	\$ 9,007,600	\$ 638,695,300			\$ 192,651,000	\$ 76,279,100	\$ 127,430,000	\$ 1,251,760	\$ 1,045,294,760	1.264	\$ 1,089,563,815	95.94%
2014	\$ 9,007,600	\$ 638,695,300			\$ 192,651,000	\$ 76,279,100	\$ 127,430,000	\$ 1,297,940	\$ 1,045,340,940	1.295	\$ 1,111,156,875	94.08%
2015	\$ 9,191,100	\$ 639,567,055			\$ 187,281,800	\$ 73,800,400	\$ 126,246,100	\$ 1,138,218	\$ 1,037,224,673	1.315	\$ 1,236,575,555	83.88%
2016	\$ 9,191,100	\$ 639,567,055			\$ 187,281,800	\$ 73,800,400	\$ 126,246,100	\$ 1,138,218	\$ 1,037,224,673	1.315	\$ 1,202,317,512	86.27%
2017	\$ 10,245,100	\$ 646,130,366			\$ 186,461,550	\$ 69,512,100	\$ 122,280,000	\$ 1,667,801	\$ 1,036,296,917	1.504	\$ 1,316,302,543	78.73%

Source: 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

Exhibit J-7

Fairview Board of Education
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended Dec. 31,	Fairview Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General		Borough of Fairview	Bergen County	
		Obligation	Debt Service ^b			
2007	1.843			1.843	1.600	3.803
2008	1.875			1.875	1.689	3.956
2009	1.891			1.891	1.773	4.150
2010	1.925			1.925	1.857	4.240
2011	1.150	0.263		1.413	1.158	2.803
2012	1.100	0.026		1.126	1.229	2.594
2013	1.238	0.026		1.264	1.265	2.781
2014	1.269	0.026		1.295	1.329	2.869
2015	1.307	0.008		1.315	1.352	2.919
2016	1.382	0.008		1.390	1.411	3.081

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, which ever is greater, plus any pending growth adjustments.

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

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

**Fairview Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Fairview Associated 94, L.P	\$ 16,500,000	1	1.59%	\$ 7,500,000	2	1.21%
Ronald Realty, Co, LLC, NJ	\$ 12,713,500	2	1.23%	\$ 5,500,000	4	0.89%
HLF Passaic, C/O Ryan LLC	\$ 11,829,700	3	1.14%			
Fairview Industrial PK. Controller	\$ 11,381,100	4	1.10%	\$ 8,461,300	1	1.36%
Fairview Bergen Property, LLC	\$ 6,800,000	5	0.66%			
Bonanno, Real Estate Group II, L.P	\$ 4,846,200	6	0.47%	\$ 2,731,500	9	0.44%
United Water NJ C/O Altus Group, Inc.	\$ 4,424,000	7	0.43%			
Bonanno Real Estate Group I, L.P	\$ 4,300,000	8	0.41%	\$ 2,989,400	7	0.48%
175 Bergen LLC	\$ 4,300,000	9	0.41%			
Babaci, LLC	\$ 3,965,900	10	0.38%			
HLF Passaic 2005 LLC				\$ 7,022,500	3	1.13%
Koustas Realty Corp				\$ 3,582,000	5	0.58%
Waste Management of NJ				\$ 3,255,600	6	0.53%
New Age Ventures, Inc.				\$ 2,846,200	8	0.46%
Waste Management of NJ				\$ 2,640,700	10	0.43%
Total	\$ 81,060,400		7.82%	\$ 46,529,200		7.51%

Net Assessed Valuation: \$ 1,037,224,673 \$ 619,922,889

Source: Municipal Tax Assessor.

Exhibit J-9

**Fairview Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$11,528,969	\$11,528,969	100.00%	\$ -
2009	\$11,803,617	\$11,803,617	100.00%	\$ -
2010	\$11,695,503	\$11,695,503	100.00%	\$ -
2011	\$12,290,046	\$11,765,876	95.74%	\$ 524,170
2012	\$12,606,163	\$11,555,649	91.67%	\$ 1,050,514
2013	\$12,852,943	\$11,781,864	91.67%	\$ 1,071,079
2014	\$13,457,389	\$12,335,940	91.67%	\$ 1,121,449
2015	\$13,533,081	\$12,405,324	91.67%	\$ 1,127,757
2016	\$13,895,286	\$13,895,286	100.00%	\$ -
2017	\$14,921,256	\$14,921,256	100.00%	\$ -

Source: Municipal Tax Collector

Exhibit J-11

Fairview Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds/Loans	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 1,899,124	630,000	1,269,124	0.20%	\$ 19
2009	\$ 1,654,902	580,000	1,074,902	0.17%	\$ 17
2010	\$ 1,404,361	530,000	874,361	0.08%	\$ 13
2011	\$ 1,142,014	475,000	667,014	0.06%	\$ 10
2012	\$ 872,509	420,000	452,509	0.04%	\$ 6
2013	\$ 590,300	360,000	230,300	0.02%	\$ 3
2014	\$ 295,000		295,000	0.03%	\$ 4
2015	\$ 225,000		225,000	0.02%	\$ 3
2016	\$ 155,000		155,000	0.01%	Not Available
2017	\$ 80,000		80,000	0.01%	Not Available

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.

**Fairview Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2017**

<u>Governmental Unit</u>	Estimated Percentage Applicable ^a	Debt Outstanding	Estimated Share of Overlapping Debt
Direct Debt of School District as of June 30, 2017			\$ 122,547
Net overlapping debt of School District:			
Borough of Fairview	100.000%	\$ 23,169,924	
County of Bergen - City's Share	0.672%	\$ 4,773,894	
Bergen County Utility Authority-City's Share	2.273%	\$ 4,067,938	
Subtotal, overlapping debt			<u>\$ 32,011,756</u>
Total direct and overlapping debt			<u>\$ 32,134,303</u>

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

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

Fairview Board of Education
 Legal Debt Margin Information
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 36,358,791	41,165,658	43,099,683	43,267,112	39,116,824	23,560,268	23,537,793	22,452,548	22,007,207	23,477,324
Total net debt applicable to limit	1,269,124	1,074,902	874,361	667,014	452,509	230,300	295,000	225,000	155,000	80,000
Legal debt margin	\$ 35,089,667	\$ 40,090,756	\$ 42,225,322	\$ 42,600,098	\$ 38,664,315	\$ 23,329,968	\$ 23,242,793	\$ 22,227,548	\$ 21,852,207	\$ 23,397,324
Total net debt applicable to the limit as a percentage of debt limit	3.49%	2.61%	2.03%	1.54%	1.16%	0.98%	1.25%	1.00%	0.70%	0.34%

Equalized valuation basis	
2016	\$ 1,202,317,512
2015	\$ 1,236,575,555
2014	\$ 1,111,156,875
[A]	\$ 2,347,732,430
[A/3]	\$ 782,577,477

Average equalized valuation of taxable property	
[B]	23,477,324 a
[C]	80,000
[B+C]	\$ 23,397,324

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

**Fairview Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita		Unemployment Rate ^d
			Personal Income ^c		
2008	13,483	\$ 924,232,684	68,548		8.30%
2009	13,590	\$ 877,519,890	64,571		14.50%
2010	13,871	\$ 905,429,525	65,275		14.80%
2011	14,021	\$ 956,849,124	68,244		14.60%
2012	14,084	\$ 1,005,315,920	71,380		5.00%
2013	14,229	\$ 1,003,116,042	70,498		5.00%
2014	14,398	\$ 1,058,771,328	73,536		5.40%
2015	14,451	\$ 1,096,093,899	75,849		4.70%
2016	14,421	Not Available	Not Available		4.00%
2017	Not Available	Not Available	Not Available		Not Available

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income - Bergen County - provided by NJ Dept of Labor and Workforce Development
- ^c Per Capita Personal Income - Bergen County - provided by NJ Dept of Labor and Workforce Development
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Fairview Board of Education
Principal Employers
Current Year and Ten Years Ago **

2016		2007	
Employer	Employees	Rank (Optional)	Percentage of Total Employment

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS

Source: Borough of Fairview

** Data was only provided for years noted

Fairview Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	64	64	61	60	60	60	61	69	69	69
Special education	20	22	22	21	21	23	24	27	27	30
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	13	13	13	13	13	13	13	13	14	14
General administrative services	4	5	5	5	5	5	5	5	5	5
School administrative services	6	6	6	6	6	6	6	6	7	8
Business administrative services	5	5	5	4	4	5	5	5	5	5
Plant operations and maintenance	10	9	9	6	6	8	6	7	7	7
Pupil transportation	-	-	-	-	-	-	3	5	5	5
Total	122	124	121	115	115	120	123	137	139	143

Source: District Personnel Records

Fairview Board of Education
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2008	1,051	19,332,639	18,395	-3.03%	88	1:12		1,051	986	4.58%	93.82%
2009	1,043	21,021,034	20,154	9.57%	86	1:12		1,043	981	-0.76%	94.06%
2010	1,115	21,424,300	19,215	-4.66%	83	1:13		1,115	1,062	6.90%	95.25%
2011	1,148	21,027,655	18,317	-4.67%	81	1:14		1,139	1,083	2.15%	95.08%
2012	1,196	20,731,725	17,334	-5.36%	81	1:15		1,183	1,125	3.86%	95.10%
2013	1,205	22,859,505	18,971	9.44%	83	1:15		1,205	1,143	1.86%	94.85%
2014	1,270	23,116,651	18,202	-4.05%	83	1:15		1,271	1,205	5.48%	94.81%
2015	1,311	24,217,332	18,472	1.49%	98	1:13		1,304	1,238	2.60%	94.94%
2016	1,377	25,191,548	18,295	-0.96%	104	1:13		1,337	1,273	2.53%	95.21%
2017	1,438	26,323,270	18,305	0.06%	100	1:13		1,416	1,342	5.91%	94.77%

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count for all students attending school facilities

- a Operating expenditures equal total general fund and special revenue fund 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).

Fairview Board of Education
 School Building Information
 Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Buildings</u>										
<u>Elementary</u>										
Lincoln School										
Square Feet	53,472	53,472	53,472	53,472	53,472	53,472	53,472	53,472	53,472	53,472
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	504	518	562	577	573	573	602	592	616	670
Lincoln School Annex										
Square Feet	14,810	14,810	14,810	14,810	14,810	14,810	14,810	14,810	14,810	14,810
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	195	186	206	227	209	206	213	220	196	216
Number 3 School										
Square Feet	23,372	23,372	23,372	23,372	23,372	23,372	23,372	23,372	23,372	23,372
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	340	339	356	344	435	426	455	484	489	506

Number of Schools at June 30, 2017
 Elementary = 2
 Middle School = 1

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included

Fairview Board of Education
 General Fund
 Schedule of Required Maintenance for School Facilities
 Last Ten Fiscal Years
 Unaudited

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

School Facilities	Project # (s)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Lincoln School	N/A	72,609	107,769	103,766	108,189	105,337	103,126	106,005	82,143	100,306	147,154
Annex	N/A	22,623	4,579	14,135	9,461	6,593	19,487	12,655	17,117	26,098	9,123
School No. 3	N/A	9,855	19,524	7,826	9,500	18,102	18,139	17,991	19,548	21,396	34,601
Total School Facilities		105,087	131,872	125,727	127,150	130,032	140,752	136,651	118,808	147,800	190,878
Other Facilities											
Grand Total		\$ 105,087	\$ 131,872	\$ 125,727	\$ 127,150	\$ 130,032	\$ 140,752	\$ 136,651	\$ 118,808	\$ 147,800	\$ 190,878

**Fairview Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2017
Unaudited**

Company	Type of Coverage	Coverage	Deductible
	School package policy -		
	Property - Blanket Building and Contents	\$ 24,513,539	\$ 5,000
	Comprehensive General Liability	16,000,000	
	Comprehensive Automobile Liability	16,000,000	1,000
	Comprehensive Crime Coverage	25,000	500
	Computers and schedule equipment -		
	Data Processing Equipment	175,000	1,000
	Boiler and machinery -		
	Umbrella policy	100,000,000	5,000
	School Board legal liability -		
	Directors and officers policy	16,000,000	5,000
	Public Employees' Faithful Performance Blanket		
	Position Bond - Board Secretary	300,000	1,000
	Pollution - Environmental Package	1,000,000	10,000

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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

Honorable President and
Members of the Board of Education
Fairview Board of Education
Fairview, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Fairview Board of Education, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

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

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



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fairview Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Fairview Board of Education in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated October 12, 2017.

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.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 12, 2017



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

Honorable President and
Members of the Board of Education
Fairview Board of Education
Fairview, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Fairview Board of Education, in the County of Bergen, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Fairview Board of Education's major federal and state programs for the year ended June 30, 2017. The Fairview 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 its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Fairview Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to



obtain reasonable assurance about whether 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 Fairview 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. However, our audit does not provide a legal determination of the Fairview Board of Education's compliance.

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal and state program is not modified with respects to these matters.

The Fairview Board of Education's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Fairview Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Fairview Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Fairview Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fairview Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

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

Steven D. Wielkocz

Steven D. Wielkocz, C.P.A.
Licensed Public School Accountant
No. 816

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 12, 2017

FAIRVIEW
BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017	
												(Accounts Receivable)	Deferred Revenue/ Interfund Payable
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	\$ 267,228			246,240	267,228			(20,988)	
National School Lunch Program	10.555	161NJ304N1099	N/A	7/1/15-6/30/16	260,076	(22,363)		22,363					
National Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	32,824			30,024	32,824			(2,800)	
National Breakfast Program	10.553	161NJ304N1099	N/A	7/1/15-6/30/16	32,949	(2,476)		2,476					
Total U.S. Department of Agriculture					(24,839)			301,103	300,052			(23,788)	
U.S. Department of Education													
General Fund:													
ARRA - Medical Assistance Program (SEMI)	93.778	170SNJ5MAP	N/A	7/1/16-6/30/17	15,482			15,482	15,482				
Medical Assistance Program (SEMI)	93.778	170SNJ5MAP	N/A	7/1/16-6/30/17	1,156			1,156	1,156				
Medical Assistance Program (SEMI)	93.778	160SNJ5MAP	N/A	7/1/16-6/30/17	43,951			43,951	43,951				
Medical Assistance Program (SEMI)	93.778	160SNJ5MAP	N/A	7/1/15-6/30/16	39,717	(23,799)		23,799					
Total General Fund					(23,799)			84,388	60,589				
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
Title I Part A, Improving Basic Programs	84.010	S010A160030	NCLB-xxxx-17	7/1/16-6/30/17	839,576	(196,465)	(196,465)	920,768	727,794	43		(3,448)	
Title I Part A, Improving Basic Programs	84.010	S010A150030	NCLB-xxxx-16	7/1/15-6/30/16	856,618	(196,465)		920,768	727,794	43		(3,448)	
I.D.E.A. Part B	84.027	H027A160100	IDEA-xxxx-17	7/1/16-6/30/17	387,607	(7,580)	(7,580)	306,045	386,905	(3)		(88,443)	
I.D.E.A. Part B	84.027	H027A150100	IDEA-xxxx-16	7/1/15-6/30/16	411,905	(7,580)		7,580					
I.D.E.A. Part B Preschool	84.173	H173A160114	IDEA-xxxx-17	7/1/16-6/30/17	8,998	(7,580)		8,998	8,998			(88,443)	
Title II Part A	84.367A	S367A160029	NCLB-xxxx-17	7/1/16-6/30/17	46,896	(36,059)	(36,059)	78,428	45,860			(3,491)	
Title II Part A	84.367A	S367A150029	NCLB-xxxx-16	7/1/15-6/30/16	55,143	(36,059)		78,428	45,860			(3,491)	
Title III	84.365A	S365A160030	NCLB-xxxx-17	7/1/16-6/30/17	53,179	(12,604)	(12,604)	31,423	18,894			(75)	
Title III	84.365A	S365A150030	NCLB-xxxx-16	7/1/15-6/30/16	50,181	(12,604)		12,604					
Title III, Immigrant	84.365A	S365A160030	NCLB-xxxx-17	7/1/16-6/30/17	9,038	(1,581)	(1,581)	5,744	4,261			(98)	
Title III, Immigrant	84.365A	S365A150030	NCLB-xxxx-16	7/1/15-6/30/16	11,268	(1,581)		1,581					
Title III, Immigrant	84.365A	S365A130030	NCLB-xxxx-14	7/1/13-6/30/14	14,985	1,643		37,167	23,155		1,643	(173)	
						(12,542)					1,643		
Total Special Revenue Fund					(252,646)			1,351,406	1,192,712	40	1,643	(95,555)	
Total Federal Financial Assistance					\$ (301,284)			1,736,897	1,553,353	40	1,643	(119,343)	

See accompanying notes to schedules of expenditures of federal and state awards.

**FAIRVIEW
BOARD OF EDUCATION**
Schedule of Expenditures of State Awards and Other Local Awards

Year ended June 30, 2017

State/Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016				Balance at June 30, 2017				MEMO				
				Deferred Revenue (Assets/Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures Passed through Funds	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances		(Accounts Receivable)	Deferred Revenue/Intangible Payable	Due to Grantor	Budgetary Receivable
Special Revenue Fund:																
LOWES Grant	N/A	7/1/16-6/30/17	5,000				5,000									
Ready Set Read Grant	N/A	7/1/16-6/30/17	4,000				4,000	4,000								4,000
Visions Credit Union	N/A	7/1/16-6/30/17	500				500	392								392
NISBSafety Grant	N/A	7/1/16-6/30/17	4,572				4,572	3,599								3,599
Total Local Sources							14,072	7,991								7,991
Total State and Local Financial Assistance							9,595,286	10,170,712								10,892,080
							(495,220)									
							24,685									
							(407,347)									
							6,081									
							6,344									
							29,482									
							(699,125)									

See accompanying notes to schedules of expenditures of federal and state awards.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Fairview Board of Education. 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 and state awards 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 Federal Awards and State 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 Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in 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 the special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(33,022) for the general fund and \$12,355 for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$60,589	\$9,770,814	\$	\$9,831,403
Special Revenue Fund	1,192,881	354,158	20,177	1,567,216
Food Service Fund	<u>300,052</u>	<u>4,727</u>	<u> </u>	<u>304,779</u>
Total Awards and Financial Assistance	<u>\$1,553,522</u>	<u>\$10,129,699</u>	<u>\$20,177</u>	<u>\$11,703,398</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. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of \$1,448,816 of on-behalf payments is excluded from major program determination.

NOTE 7. INDIRECT COST RATE

The Fairview Board of Education has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

1. Material weakness(es) identified? yes X no
2. Significant deficiencies identified 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 2 CFR 200 section .516(a) of the Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u> (B)	<u>H027A160100</u>	I.D.E.A. Cluster: <u>I.D.E.A. Part B - Basic Regular</u>
<u>84.173</u> (B)	<u>H173A160114</u>	<u>I.D.E.A. Part B - Preschool</u>

Note: (B) Tested as Major Type B Program

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

Auditee qualified as low-risk auditee? X yes no

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

NONE

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

STATE AWARDS

Finding 17-001

Information on the state program:

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(014/078/083/084/089/096/097/098/101) Grant Period 7/1/16-6/30/17.

Criteria or specific requirement:

N.J.A.C. 6A:23A-16.10 requires a school district board of education shall not incur any obligation or approve any payment in excess of the amount appropriated by the district board of education in the applicable line item account or program category account.

Condition:

The district over-committed the Tuition to Other LEAs within State Regular line item by \$416,268.

Questioned Costs:

None

Context:

The district received an unanticipated tuition adjustment invoice in the amount of \$416,268. There were insufficient funds available to allow for line-time transfers within the budget. A certification for the appropriation of surplus in accordance with N.J.A.C. 6A:23A-13.3 was not submitted to the county superintendent within the allowable time frame.

Effect:

The over-commitment of a line-item appropriation amount results in non-compliance with N.J.A.C. 6A:23A-16.10.

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs (Cont.)

Cause:

The recording of the unanticipated tuition adjustment invoice resulted in an over-commitment of the line-item appropriation amount.

Recommendation:

More care be taken to ensure no line-item appropriation amounts are over-committed. If necessary and available, the district should petition the Commissioner for approval of an “emergent circumstance” that cannot be addressed and completed with current appropriations within the applicable time periods in accordance with N.J.A.C. 6A:23A-13.3.

Management’s response:

The amount of the tuition adjustment could not have been anticipated when the budget was created and sufficient funds were not available for transfer. More care will be taken in the future to prevent over-commitment of line-item appropriations.

**FAIRVIEW BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Status of Prior Year Findings

NONE