

SCHOOL DISTRICT
OF
FAIRFIELD TOWNSHIP

Fairfield Township School District
Board of Education
Fairfield Township, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

Comprehensive Annual Financial Report

of the

Fairfield Township School District
Board of Education

Fairfield Township, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

Fairfield Township School District
Board of Education

FAIRFIELD BOARD OF EDUCATION
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INTRODUCTORY SECTION

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

Office of the Board of Education

15 Knoll Road, Fairfield, New Jersey 07004

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Phone: 973-227-1340

Facsimile: 973-227-4303

January 18, 2019

The Honorable President and Members of
the Board of Education
Fairfield Board of Education
County of Essex, New Jersey

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Fairfield Board of Education (the "District") for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Fairfield Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes The Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Fairfield Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Fairfield Board of Education's elementary school constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, as well as special education, for handicapped youngsters. The District completed the 2017-2018 fiscal year with an average daily enrollment of 689 students, which is 26 students more than the prior year's enrollment.

2. ECONOMIC CONDITION AND OUTLOOK: The economic condition of the District is strong as it has the maximum \$250,000 in allowable unassigned funds in the General Fund still set aside for unanticipated emergencies. The Township's ratables continue to dwindle; however, due to veteran staff retirements and favorable energy and health benefit costs, the District is still able to operate successfully within the 2% local tax levy cap without asking voters to exceed that amount.

The School District attributes much of its past educational success to the community's demand for, and support of, both a traditional and quality school system. Our School System will remain accountable to the residents and taxpayers who make the School District their school system of choice.

3. MAJOR INITIATIVES: The Fairfield School District continued to focus on Language Arts Literacy, Reading and Writing, during the 2017-2018 school year. Common practices were established, so that as students move into each grade level, they are familiar with routines and writing prompts.

Carolina Science, a new K-5 Science Program was utilized as the building blocks for science. The Kindergarten-3rd grade students are utilizing Ready-Gen for reading. The Kindergarten through 6th grade curriculum was revised in the summer of 2016. The Kindergarten – 6th grade students are utilizing Empowering Writers. The District continues to reinforce the Everyday Math (K-5) and Connected Math (Gr. 6) programs and offers ongoing professional development for all teachers. These programs offer our students a spiraling curriculum in higher order mathematical and thinking skills. Ongoing professional development and support materials are critical components of all academic areas. Both our reading series and our mathematics programs address the New Jersey Student Learning Standards and will have a positive impact on student achievement.

The mission of the Fairfield School District is to provide an environment which cultivates lifetime learners and their individual abilities, respects differences, and nurtures responsibility and cooperation. The Fairfield staff and administration strive to create an atmosphere of communication and partnership. The District is partnering with the United Way in a 3 year process to analyze and improve areas in culture and climate. Our goals are determined by our commitment to providing a well-rounded education to our students and to actively engage parents, staff and community members in an atmosphere that nurtures, motivates, encourages, and educates our children to achieve their potential; to provide students at all grade levels with a challenging curriculum, aligned to the New Jersey Student Learning Standards that balances technology and creativity, and foster critical thinking; to develop self-esteem, Social Emotional Learning and a respect for others and a lifetime love of learning through a positive learning environment, for our students.

There is ongoing communication and articulation among the West Essex Regional consortium districts (Fairfield, along with Roseland, North Caldwell, and Essex Fells). Sending districts meet regularly with West Essex staff to ensure that the students of the Fairfield School District have rigorous educational program that addresses all skills needed for future schooling. Coordination of curriculum and shared services are also emphasized at these meetings.

The Fairfield School District places student performance as our highest priority. The District offers courses for general education, gifted and talented, as well as special education. We have replaced programs such as Reading Plus, Raz-Kids, ST Math, IXL, AimsWeb, Membeam, Learning A-Z, and NewsELA/Power Words to increase student achievement.

3. MAJOR INITIATIVES: (Cont'd)

In March 2015 the New Jersey Department of Education released its Taxpayers' Guide to Education Spending (Formerly known as the Comparative Spending Guide) for all school districts in the State for the 2017-2018 school year. The guide compares districts with those similar to them. The Fairfield School District was compared with K-6 grade districts within the state. The information on expenditures was taken from certified budgets on file with the State Department of Education. The report showed that the District budgeted \$16,131 per pupil.

Major educational program initiatives for the 2017-2018 school year included: implementation of the New Jersey Tiered System of Supports/RTI Model, One Book, One School Program, and STEAM curriculum enrichment in Grades 3-6. For the instructional staff, professional development opportunities and funding was significantly expanded in the area of science. Additionally, the District continued to support technology initiatives by expanding our 1 to 1 Chromebook initiative to include Grade 3, purchasing additional laptop computers and 3D printers.

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws, regulations, contracts, and grants.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2018.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
8. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Fairfield Township School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

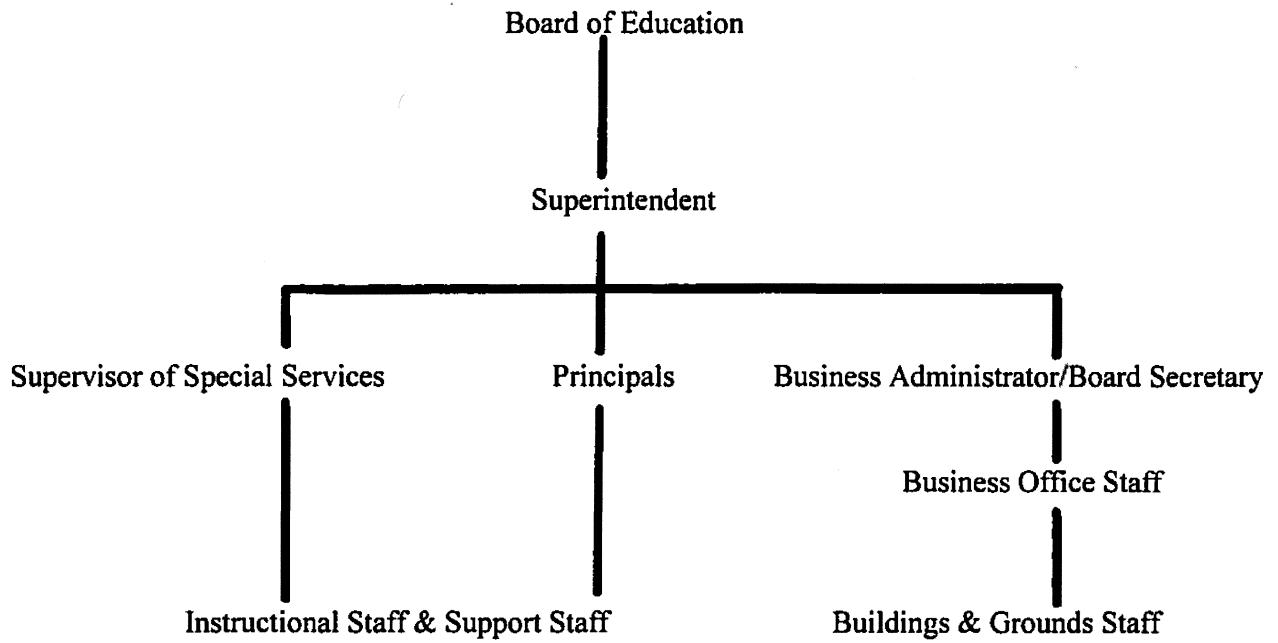


Ms. Susan Ciccotelli
Superintendent of Schools



Ms. Lyanna Rios
School Business Administrator/Board Secretary

Fairfield Board of Education
Organizational Chart
(Unit Control)



FAIRFIELD BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Brian Egan, President	2020
Mr. Robert V. Lombardy Jr., Vice President	2018
Mr. Jeffrey Didyk	2019
Mr. Pasquale Freda	2018
Mrs. Andrea Jandoli	2020

<u>Other Officials</u>	<u>Title</u>
Ms. Susan Ciccotelli	Superintendent of Schools
Ms. Yvonne Hellwig	Business Administrator/Board Secretary

FAIRFIELD BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
YEAR ENDED JUNE 30, 2018

Audit Firm

Nisivoccia LLP, CPAs
200 Valley Road Suite 300
Mount Arlington, New Jersey 07856

Attorney

Machado Law Group, LLC
Clark Parkway Plaza
136 Central Avenue, Second Floor
Clark, New Jersey 07066

Official Depository

Columbia Bank
271 Passaic Avenue
Fairfield, New Jersey 07004

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Fairfield Board of Education
County of Essex, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fairfield Township School District (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2018, 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and postemployment benefit schedules in exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state 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 New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

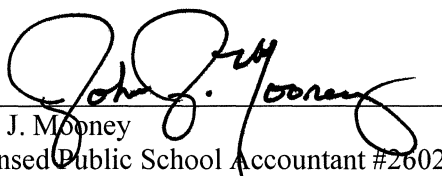
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

This section of Fairfield Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Fairfield Township School District's Financial Report**

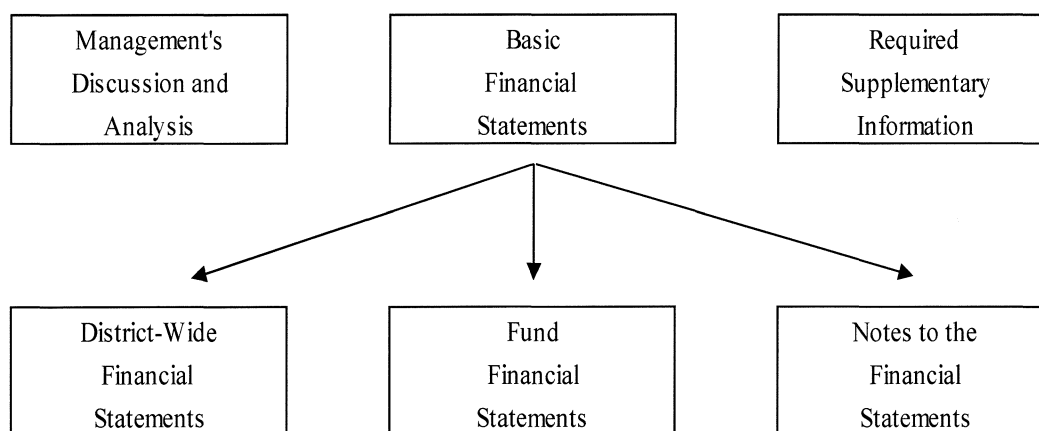


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

Fund Financial Statements

	District-Wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances where the district administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term	Generally assets expected to be used and liabilities that come due during the year or soon thereafter no capital assets or long-term liabilities included	All assets and liabilities, both short-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is received or paid	Revenue for which cash is received during or soon after year-end, expenditures when goods or services have been received and the related liabilities are due and payable	All Additions and Deductions during the year, regardless of when cash is received or paid

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities fell into one category:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's net position, shown in Figure A-3, increased \$281,343 or 15.00%. Net investment in capital assets decreased \$209,355, restricted net position increased \$620,489 and unrestricted net position decreased \$129,791.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Total School District		Total Percentage Change 2017/2018
	2017/2018	2016/2017	2017/2018	2016/2017	
Current and Other Assets	\$ 1,462,697	\$ 805,421	\$ 1,462,697	\$ 805,421	
Capital Assets, Net	4,701,673	4,991,028	4,701,673	4,991,028	
Total Assets	<u>6,164,370</u>	<u>5,796,449</u>	<u>6,164,370</u>	<u>5,796,449</u>	6.35%
Deferred Outflows of Resources	<u>1,121,236</u>	<u>1,294,185</u>	<u>1,121,236</u>	<u>1,294,185</u>	-13.36%
Other Liabilities	213,199	144,151	213,199	144,151	
Long-Term Liabilities	<u>4,104,659</u>	<u>4,894,029</u>	<u>4,104,659</u>	<u>4,894,029</u>	
Total Liabilities	<u>4,317,858</u>	<u>5,038,180</u>	<u>4,317,858</u>	<u>5,038,180</u>	-14.30%
Deferred Inflows of Resources	<u>811,101</u>	<u>177,150</u>	<u>811,101</u>	<u>177,150</u>	357.86%
Net Position:					
Net Investment in Capital					
Assets	4,381,673	4,591,028	4,381,673	4,591,028	
Restricted	973,374	352,885	973,374	352,885	
Unrestricted / (Deficit)	<u>(3,198,400)</u>	<u>(3,068,609)</u>	<u>(3,198,400)</u>	<u>(3,068,609)</u>	
Total Net Position	<u>\$ 2,156,647</u>	<u>\$ 1,875,304</u>	<u>\$ 2,156,647</u>	<u>\$ 1,875,304</u>	15.00%

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Changes in net position. The District's net position was \$2,156,647 on June 30, 2018, \$281,343 or 15.00% more than it was the year before. (See Figure A-3). The decrease in the net pension liability and the reduction of District long-term liabilities associated with capital assets net of the unspent budget appropriations were the primary reasons for the increase in the year end governmental activities net position.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Total School District		Total Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018
Revenue:					
Program Revenue:					
Charges for Services	\$ 165,408	\$ 97,107	\$ 165,408	\$ 97,107	
Operating Grants and Contributions	4,609,867	4,165,300	4,609,867	4,165,300	
Capital Grants and Contributions	(3,206)		(3,206)		
General Revenue:					
Property Taxes	11,248,357	10,849,931	11,248,357	10,849,931	
Unrestricted Federal and State Aid	1,651	274	1,651	274	
Other	47,860	56,916	47,860	56,916	
Total Revenue	<u>16,069,937</u>	<u>15,169,528</u>	<u>16,069,937</u>	<u>15,169,528</u>	5.94%
Expenses:					
Instruction	10,844,164	10,566,161	10,844,164	10,566,161	
Pupil & Instruction Services	1,600,983	1,547,019	1,600,983	1,547,019	
Administrative and Business	1,467,660	1,440,305	1,467,660	1,440,305	
Maintenance & Operations	1,262,544	1,284,650	1,262,544	1,284,650	
Transportation	584,773	593,135	584,773	593,135	
Other	28,469	38,786	28,469	38,786	
Total Expenses	<u>15,788,594</u>	<u>15,470,056</u>	<u>15,788,594</u>	<u>15,470,056</u>	2.06%
Change in Net Position	<u>\$ 281,343</u>	<u>\$ (300,528)</u>	<u>\$ 281,343</u>	<u>\$ (300,528)</u>	193.62%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, maintaining current levels of regular and special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenses generated from declining revenues is essential for the District's financial stability.

Financial resources are at their tightest level in a decade, while demands for new educational activities and programs continue. It has never been more challenging to balance the needs of the District with the financial resources available to the District. Thus, it is critical that the District remains steadfast to thoroughly examine its budget choices carefully.

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-5
Net Cost of Governmental Activities**

	Total		Net	
	Cost of Services		Cost of Services	
	2017/2018	2016/2017	2017/2018	2016/2017
Instruction	\$ 10,844,164	\$ 10,566,161	\$ 6,442,933	\$ 6,411,265
Pupil & Instruction Services	1,600,983	1,547,019	1,481,457	1,547,019
Administrative and Business	1,467,660	1,440,305	1,306,015	1,366,839
Maintenance & Operations	1,262,544	1,284,650	1,198,100	1,272,232
Transportation	584,773	593,135	559,551	571,508
Other	28,469	38,786	28,469	38,786
Total	\$ 15,788,594	\$ 15,470,056	\$ 11,016,525	\$ 11,207,649

Financial Analysis of the District's Funds

The District's financial position is sound despite the significant reduction in State aid which has had a direct impact upon the District's revenues and has directly increased pressure on the local tax burden. The District had the luxury in past years of using excess fund balance to reduce the taxes for the ensuing school year. Accordingly, the Fairfield Township School District has taken measures to reduce expenses and not be dependent on excess fund balance going forward which has been a challenge during 2017/2018 and will continue to be a larger challenge going forward.

To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times due to the following:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and maintenance activities.

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Capital Assets

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Total School District		Total Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018
Land	\$ 1,029,555	\$ 1,029,555	\$ 1,029,555	\$ 1,029,555	0.00%
Site Improvements	13,035	14,244	13,035	14,244	-8.49%
Buildings & Building Improvements	3,174,742	3,351,359	3,174,742	3,351,359	-5.27%
Machinery and Equipment	484,341	595,870	484,341	595,870	-18.72%
Total Capital Assets, Net	\$ 4,701,673	\$ 4,991,028	\$ 4,701,673	\$ 4,991,028	-5.80%

Depreciation expense for Governmental Activities totaled \$289,355 in 2017/2018.

Long-Term Liabilities

At year-end, the District had \$320,000 in general obligation bonds, \$3,370,418 of net pension liability and \$414,241 in other long-term liabilities outstanding – a decrease of \$789,370 from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the basic financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change
	2017/2018	2016/2017	2017/2018
General Obligation Bonds and Notes (Financed with Property Taxes)	\$ 320,000	\$ 400,000	
Net Pension Liability	3,370,418	4,073,661	
Other Long Term Liabilities	414,241	420,368	
Total	\$4,104,659	\$4,894,029	-16.13%

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Factors Bearing on the District's Economic Future

The Board and the administration have had discussions on how existing circumstances could affect the future financial health of the school district. The following examples may have an impact and affect the financial operation in the future:

- The slow economic recovery in our state has generated concern in the educational community for public school funding.
- A major concern is the continued reduction of State Aid and the increased reliance on local property taxes. The District is committed to striking a fair balance between the local taxpayer and the educational necessities of its pupils.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Administrator/Board Secretary at Fairfield Township School District Board of Education, 15 Knoll Road, Fairfield, New Jersey 07004.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Total
ASSETS:		
Cash and Cash Equivalents	\$ 891,205	\$ 891,205
Receivables:		
Other Governments	267,088	267,088
Interfund Receivable	4,794	4,794
Restricted Cash and Cash Equivalents:		
Capital Reserve Account	299,610	299,610
Capital Assets:		
Sites (Land)	1,029,555	1,029,555
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	3,672,118	3,672,118
Total Assets	6,164,370	6,164,370
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows Related to Pensions	1,121,236	1,121,236
Total Deferred Outflows of Resources	1,121,236	1,121,236
LIABILITIES:		
Accounts Payable	164,553	164,553
Payable to Federal Government	35,698	35,698
Unearned Revenue	11,691	11,691
Accrued Interest Payable	1,257	1,257
Noncurrent Liabilities:		
Due Within One Year	80,000	80,000
Due Beyond One Year	4,024,659	4,024,659
Total Liabilities	4,317,858	4,317,858
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows Related to Pensions	811,101	811,101
Total Deferred Inflows of Resources	811,101	811,101
NET POSITION:		
Net Investment in Capital Assets	4,381,673	4,381,673
Restricted for:		
Capital Projects	299,610	299,610
Excess Surplus	624,883	624,883
Debt Service	48,881	48,881
Unrestricted/(Deficit)	(3,198,400)	(3,198,400)
Total Net Position	\$ 2,156,647	\$ 2,156,647

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 7,412,201	\$ 165,408	\$ 3,177,937		\$ (4,068,856)	\$ (4,068,856)
Special Education	2,281,485		812,576		(1,468,909)	(1,468,909)
Other Special Instruction	944,978		155,274		(789,704)	(789,704)
Other Instruction	205,500		90,036		(115,464)	(115,464)
Support Services:						
Student & Instruction Related Services	1,600,983		119,526		(1,481,457)	(1,481,457)
General Administrative Services	553,570		30,969		(522,601)	(522,601)
School Administrative Services	551,977		105,713		(446,264)	(446,264)
Central Services	359,888		24,963		(334,925)	(334,925)
Administrative Technology Services	2,225				(2,225)	(2,225)
Plant Operations and Maintenance	1,262,544		67,650	\$ (3,206)	(1,198,100)	(1,198,100)
Pupil Transportation	584,773		25,222		(559,551)	(559,551)
Interest on Long-Term Debt	28,469				(28,469)	(28,469)
Total Governmental Activities	15,788,594	165,408	4,609,867	(3,206)	(11,016,525)	(11,016,525)

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Total</u>
Total Primary Government	<u>\$ 15,788,594</u>	<u>\$ 165,408</u>	<u>\$ 4,609,867</u>	<u>(3,206)</u>
Total Primary Government		<u>\$ (11,016,525)</u>		<u>\$ (11,016,525)</u>
 General Revenue:				
Taxes:				
Property Taxes, Levied for General Purposes, Net		11,102,556		11,102,556
Taxes Levied for Debt Service		145,801		145,801
Federal and State Aid not Restricted		1,651		1,651
Miscellaneous Income		47,860		47,860
Total General Revenue		<u>11,297,868</u>		<u>11,297,868</u>
Change in Net Position		281,343		281,343
Net Position - Beginning		<u>1,875,304</u>		<u>1,875,304</u>
Net Position - Ending		<u>\$ 2,156,647</u>		<u>\$ 2,156,647</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

FAIRFIELD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 783,885		\$ 58,439	\$ 48,881	\$ 891,205
Receivables From State Government	127,691		73,545		201,236
Receivables From Federal Governments		\$ 65,852			65,852
Interfund Receivable	23,257				23,257
Restricted Cash and Cash Equivalents	299,610				299,610
Total Assets	\$ 1,234,443	\$ 65,852	\$ 131,984	\$ 48,881	\$ 1,481,160
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 27,294				\$ 27,294
Interfunds Payable		\$ 18,463			18,463
Payable to Federal Government		35,698			35,698
Unearned Revenue		11,691			11,691
Total Liabilities	27,294	65,852			93,146
Fund Balances:					
Restricted:					
Capital Reserve Account	299,610				299,610
Excess Surplus	624,883				624,883
Debt Service Fund				\$ 48,881	48,881
Committed			\$ 131,984		131,984
Assigned:					
Other Purposes	51,987				51,987
Unassigned	230,669				230,669
Total Fund Balances	1,207,149		131,984	48,881	1,388,014
Total Liabilities and Fund Balances	\$ 1,234,443	\$ 65,852	\$ 131,984	\$ 48,881	

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.	4,701,673
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.	(1,257)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows	983,977
Deferred Inflows	(811,101)
Long-term liabilities, including bonds payable, net pension liability and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(4,104,659)
Net Position of Governmental Activities	<u>\$ 2,156,647</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 11,102,556			\$ 145,801	\$ 11,248,357
Tuition	165,408				165,408
Rents and Royalties	32,493				32,493
Miscellaneous	15,367	\$ 3,038			18,405
Total - Local Sources	11,315,824	3,038		145,801	11,464,663
State Sources	2,079,897		\$ (3,206)		2,076,691
Federal Sources	1,651	184,919			186,570
Total Revenues	13,397,372	187,957	(3,206)	145,801	13,727,924
EXPENDITURES:					
Current:					
Regular Instruction	3,640,561	168,872			3,809,433
Special Education Instruction	1,206,592	14,968			1,221,560
Other Special Instruction	570,375				570,375
Support Services and Undistributed Costs:					
Student & Instruction Related Services	1,092,419				1,092,419
General Administrative Services	421,061				421,061
School Administrative Services	322,415				322,415
Central Services	251,118				251,118
Administrative Information Technology	2,156				2,156
Plant Operations and Maintenance	1,001,486				1,001,486
Pupil Transportation	552,354				552,354
Unallocated Benefits	3,760,737				3,760,737
Capital Outlay	22,224	4,117			26,341

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Debt Service:					
Principal				\$ 80,000	\$ 80,000
Interest and Other Charges				16,920	16,920
Undistributed Expenditures	\$ 9,212				9,212
Total Expenditures	12,852,710	\$ 187,957		96,920	13,137,587
Excess/(Deficiency) of Revenue over / (under) Expenditures	544,662		\$ (3,206)	48,881	590,337
OTHER FINANCING SOURCES/(USES):					
Transfers	(588)		588		
Total Other Financing Sources/(Uses)	(588)		588		
Net Change in Fund Balances	544,074		(2,618)	48,881	590,337
Fund Balance - July 1	663,075		134,602		797,677
Fund Balance - June 30	\$ 1,207,149	\$ - 0 -	\$ 131,984	\$ 48,881	\$ 1,388,014

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FAIRFIELD BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 590,337
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from the capital asset additions for the current year.	
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	306
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 (+).	
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	703,243
Change in Deferred Outflows	(175,364)
Change in Deferred Inflows	(633,951)
Repayment of serial bonds are an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	80,000
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ 281,343

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

NOT APPLICABLE

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2018

	Agency Funds	Total
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 51,519	\$ 51,519
Total Assets	51,519	51,519
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	18,518	18,518
Interfund Payable	4,794	4,794
Due to Student Groups	28,207	28,207
Total Liabilities	\$ 51,519	\$ 51,519

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
 AN INTEGRAL PART OF THIS STATEMENT

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Fairfield Board of Education (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported 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 NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund and Payroll Agency Fund.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by unassigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 13,404,482	\$ 187,957
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	25,162	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(32,272)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 13,397,372	\$ 187,957

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,852,710	\$ 187,957
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 12,852,710	\$ 187,957

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type 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. Additionally, the District 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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed, and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 Years
Site Improvements	20 Years
Machinery and Equipment	10 to 15 Years
Vehicles	8 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide statement of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,207,149 General Fund fund balance at June 30, 2018, \$299,610 is restricted in the capital reserve account; \$624,883 is excess surplus and has been restricted for and included as anticipated revenue for the year ending June 30, 2020; \$51,987 is assigned for year-end encumbrances; and \$230,669 is unassigned which is \$32,272 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2019.

Capital Projects Fund: The District has \$131,984 of committed fund balance in the Capital Projects Fund at June 30, 2018.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2018 of \$48,881 is restricted for subsequent year's expenditures.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as described above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$32,272 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Deficit Net Position:

The District has a \$3,198,400 deficit in its governmental activities unrestricted net position at June 30, 2018 primarily as a result of the net pension liability and compensated absences payable. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2018.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's, highest level of decision making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, excess surplus and the debt service fund.

The Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had \$131,984 committed resources in its Capital Projects Fund at June 30, 2018.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources of \$51,987 for year-end encumbrances in the General Fund at June 30, 2018.

T. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from 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 fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

V. Pensions

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

GASB required disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following pages.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk but ensures that funds are only deposited in financial institutions permitted by NJ statute.

Deposits:

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

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

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

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Capital Reserve</u>	<u>Total</u>
Checking and Savings Accounts	\$ 942,724	\$ 299,610	\$ 1,242,334
	<u>\$ 942,724</u>	<u>\$ 299,610</u>	<u>\$ 1,242,334</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$1,242,334 and the bank balance was \$1,514,401. The District did not hold any investments during the fiscal year ended June 30, 2018.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established 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.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, 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 amount 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. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Balance at June 30, 2017	\$ 300,198
Decreased by:	
Transfer to Capital Projects Fund	<u>(588)</u>
Balance at June 30, 2018	<u><u>\$ 299,610</u></u>

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2018. The withdrawal from the capital reserve account was for use in a DOE approved facilities project, consistent with the District's LRFP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District had no net transfers to Capital Outlay line items.

NOTE 6. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 116,264
Special Education	38,533
Other Instruction	18,215
Student and Instruction Related Services	34,887
General Administrative Services	13,447
School Administrative Services	10,297
Central Services	8,020
Administrative Information Technology	69
Plant Operations and Maintenance	31,983
Pupil Transportation	<u>17,640</u>
Total Depreciation Expense	<u><u>\$ 289,355</u></u>

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,029,555			\$ 1,029,555
Total Capital Assets not Being Depreciated	1,029,555	\$ -0-	\$ -0-	1,029,555
Capital Assets Being Depreciated				
Site Improvements	192,780			192,780
Buildings and Building Improvements	8,034,972			8,034,972
Machinery and Equipment	2,671,067			2,671,067
Total Capital Assets Being Depreciated	10,898,819	-0-	-0-	10,898,819
Governmental Activities Capital Assets	11,928,374	-0-	-0-	11,928,374
Less Accumulated Depreciation for:				
Site Improvements	(178,536)	(1,209)		(179,745)
Buildings and Building Improvements	(4,683,613)	(176,617)		(4,860,230)
Machinery and Equipment	(2,075,197)	(111,529)		(2,186,726)
Total Accumulated Depreciation	(6,937,346)	(289,355)	-0-	(7,226,701)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,991,028</u>	<u>\$ (289,355)</u>	<u>\$ -0-</u>	<u>\$ 4,701,673</u>

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2017	Issued/ Accrued	Retired	Balance 6/30/2018	Amounts Due in a Year
Compensated Absences Payable	\$ 420,368	\$ 69,867	\$ 75,994	\$ 414,241	
Serial Bonds Payable	400,000		80,000	320,000	\$ 80,000
Net Pension Liability	4,073,661		703,243	3,370,418	
	<u>\$ 4,894,029</u>	<u>\$ 69,867</u>	<u>\$ 859,237</u>	<u>\$ 4,104,659</u>	<u>\$ 80,000</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The Debt Service Fund will be used to liquidate the serial bonds.

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

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2019	\$ 80,000	\$ 13,220	\$ 93,220
2020	80,000	9,480	89,480
2021	80,000	5,700	85,700
2022	80,000	1,900	81,900
	<u>\$ 320,000</u>	<u>\$ 30,300</u>	<u>\$ 350,300</u>

The District had serial bonds outstanding as of June 30, 2018 as follows:

Purpose	Issue Dates	Interest Rates	Final Date of Maturity	Balance June 30, 2018
2002 School Bonds	5/1/2002	4.65-4.75%	12/1/2021	\$ 320,000
				<u>\$ 320,000</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District had no capital leases payable at June 30, 2018.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. There is no current portion of the compensated absences balance of the governmental funds in the current year. The long-term liability balance of compensated absences is \$414,241. The General Fund will be used to liquidate compensated absences payable.

E. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long term portion is \$3,370,418. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$166,013 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the District reported a liability of \$3,370,418 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The 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 members, actuarially determined. At June 30, 2017, the District's proportion was 0.01448%, which was an increase of 0.0008% from its proportion measured as of June 30, 2016. For the fiscal year ended June 30, 2018, the District recognized pension expense of \$257,357. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 38,234	
	2015	5.72	161,051	
	2016	5.57	479,738	
	2017	5.48	<u>679,023</u>	<u>\$ (676,534)</u>
Difference between Expected and Actual Experience	2015	5.72	44,683	
	2016	5.57	14,559	
	2017	5.48	<u>20,120</u>	
			<u>79,362</u>	
Changes in Proportion	2014	6.44	62,183	
	2015	5.72		(55,837)
	2016	5.57		(78,730)
	2017	5.48	<u>140,459</u>	
			<u>202,642</u>	<u>(134,567)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(40,387)	
	2015	5.00	34,453	
	2016	5.00	144,456	
	2017	5.00	<u>(115,571)</u>	
			<u>22,951</u>	
District Contribution Subsequent to the Measurement Date	2017	1.00	<u>137,259</u>	
			<u>\$ 1,121,237</u>	<u>\$ (811,101)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2018	\$ 79,344
2019	119,730
2020	72,550
2021	(96,492)
2022	(70,330)
	<u>\$ 104,802</u>

Actuarial Assumptions

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

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 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 one year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation 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 upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 4,181,232	\$ 3,370,418	\$ 2,694,909

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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 with 25 or more years of service credit before age 62 and to Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$731,291 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,184,910.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$31,539,696. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2017. 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 members, actuarially determined. At June 30, 2017, the District's proportion was 0.047%, which was a decrease of 0.001% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>31,539,696</u>
Total	<u><u>\$ 31,539,696</u></u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$2,184,910 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
				<u>13,378,255,364</u>
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
				<u>441,116,389</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
				<u>341,507,504</u>
			<u><u>\$ 14,160,879,257</u></u>	<u><u>\$ 11,800,239,661</u></u>

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returned, net of pension plan investment expense and inflation) are developed

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

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, 2017 is summarized in the following table:

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation 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 upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

The following presents the net pension liability of the State as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 37,470,148	\$ 31,539,696	\$ 26,654,163

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

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 TPAF, 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 Chapter 103, 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.

For DCRP, the District recognized pension expense of \$31,709 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$23,419 for the fiscal year ended June 30, 2018.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. 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, permit 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 plans offered by the District are as follows:

AXA Equitable
VALIC

NOTE 10. 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. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

Property and Liability

The Fairfield Township School District is currently a member of the New Jersey Schools Insurance Group (the "Group"). The Group provides its members with Workers' Compensation, Property Building and Contents, General Liability, Automotive Liability, and Employer Liability Insurance. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the Group is elected. As a member of the Group, the Board of Education could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities.

The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected financial information for the Group as of June 30, 2017 is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 328,772,862
Net Position	\$ 78,662,630
Total Revenue	\$ 131,811,793
Total Expenses	\$ 121,371,527
Change in Net Position	\$ 10,440,266
Members Dividends	\$ -0-

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

Financial statements for the Group are available at the respective Group's Executive Director's Office:
New Jersey Schools Insurance Group

6000 Midlantic Drive
Mount Laurel, NJ 08054
(609) 386-6060
www.njsig.org

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit the New Jersey Unemployment Trust Fund employee withholdings and employer share of contributions for future benefits to be paid to its former employees charged to its account with the State.

NOTE 11. ECONOMIC DEPENDENCY

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

NOTE 12. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the municipality and are remitted to the local school district on predetermined, agreed-upon schedules.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 13. INTERFUND RECEIVABLES, PAYABLES

The District had the following interfunds payables or receivables on their various balance sheets as of June 30, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 23,257	
Special Revenue Fund		\$ 18,463
Payroll Agency Fund		4,794
	\$ 23,257	\$ 23,257

The general fund receivable is to cover cash deficit for grants receivable in the special revenue fund and for amounts advanced in excess of required payroll amounts in the payroll agency account.

NOTE 14. ACCOUNTS PAYABLE

At year end June 30, 2018, the Board has the following accounts payable in the governmental funds:

	Governmental Funds	District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities
	General Fund		
Vendors	\$ 27,294		\$ 27,294
State of New Jersey		\$ 137,259	137,259
	\$ 27,294	\$ 137,259	\$ 164,553

NOTE 15. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

As of June 30, 2018, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Funds
<u>\$ 51,987</u>	<u>\$ 51,987</u>

Litigation

The Board is periodically involved in pending lawsuits. The Board estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the Board.

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

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

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Employees Covered by Benefit Terms

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	223,747
Total	366,078

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Health Care Trend Assumptions

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

Discount Rate

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

Changes in the State's Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2016	\$57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$53,639,841,858

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate (Cont'd)

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 28,345,216	\$ 23,878,259	\$ 20,335,026

	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 31,059,912	\$ 25,926,011	\$ 21,884,973

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

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

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 19,637,560	\$ 23,878,259	\$ 29,509,858

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 21,273,014	\$ 25,926,011	\$ 32,146,625

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$1,372,182 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

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

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

FAIRFIELD TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0149100000%	0.0143091135%	0.0136906749%
District's proportionate share of the net pension liability	\$ 2,793,266	\$ 3,212,109	\$ 4,054,785
District's covered employee payroll	\$ 996,819	\$ 984,013	\$ 952,400
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	280.22%	326.43%	425.74%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%
			2018
			0.0144787332%
			\$ 3,370,418
			\$ 1,103,660
			305.39%
			48.10%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 122,991	\$ 135,635	\$ 136,391	\$ 166,013
Contributions in relation to the contractually required contribution	<u>(122,991)</u>	<u>(135,635)</u>	<u>(136,391)</u>	<u>(166,013)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 959,246	\$ 996,819	\$ 984,013	\$ 952,400
Contributions as a percentage of covered employee payroll	12.82%	13.61%	13.86%	17.43%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0466109431%	0.0496958788%	0.0479022721%
State's proportionate share of the net pension liability attributable to the District	\$ 24,912,032	\$ 31,409,905	\$ 37,682,977
District's covered employee payroll	\$ 4,776,026	\$ 4,676,920	\$ 5,134,357
State's proportionate share of the net pension liability attributed to the District as a percentage of its covered employee payroll	521.61%	671.59%	733.94%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%
			2018
			0.0467784172%
			\$ 31,539,696
			\$ 5,358,831
			588.56%
			25.41%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

FAIRFIELD TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 1,340,501	\$ 1,917,857	\$ 2,831,351	\$ 2,184,910
Contributions in relation to the contractually required contribution	<u>(250,642)</u>	<u>(383,524)</u>	<u>(507,768)</u>	<u>(731,291)</u>
Contribution deficiency/(excess)	<u>\$ 1,089,859</u>	<u>\$ 1,534,333</u>	<u>\$ 2,323,583</u>	<u>\$ 1,453,619</u>
District's covered employee payroll	\$ 4,776,026	\$ 4,676,920	\$ 5,134,357	\$ 5,358,831
Contributions as a percentage of covered employee payroll	28.07%	41.01%	55.15%	40.77%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

FAIRFIELD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

FAIRFIELD BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

BUDGETARY COMPARISON SCHEDULES

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,102,556		\$ 11,102,556	\$ 11,102,556	
Tuition - From other LEAs within the State				48,108	\$ 48,108
Tuition - From Individuals	50,000		50,000	117,300	67,300
Rents and Royalties	9,350		9,350	32,493	23,143
Miscellaneous				15,367	15,367
Total - Local Sources	11,161,906		11,161,906	11,315,824	153,918
State Sources:					
Special Education Aid	291,435		291,435	291,435	
Transportation Aid	21,731		21,731	21,731	
Security Aid	12,368		12,368	12,368	
Additional Adjustment Aid	1		1	1	
PARCC Readiness Aid	6,260		6,260	6,260	
Per Pupil Growth Aid	6,260		6,260	6,260	
Professional Learning Community Aid	6,020		6,020	6,020	
Extraordinary Aid	114,750		114,750	127,691	12,941
On-Behalf TPAF Pension Contributions (Non-Budgeted)				731,291	731,291
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				17,747	17,747
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				483,788	483,788
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,083	1,083
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				381,332	381,332
Total State Sources	458,825		458,825	2,087,007	1,628,182
Federal Sources:					
Federal Emergency Management Agency - Snow Storm Relief				1,651	1,651
Medicaid Assistance Program	2,196		2,196		(2,196)
Total Federal Sources	2,196		2,196	1,651	(545)
TOTAL REVENUES	11,622,927		11,622,927	13,404,482	1,781,555

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 365,731	\$ (31,295)	\$ 334,436	\$ 334,362	\$ 74
Grades 1-5	2,217,307	312,455	2,529,762	2,477,600	52,162
Grades 6-8	434,681	(21,913)	412,768	412,768	
Regular Programs - Home Instruction:					
Salaries of Teachers	30,000	(27,650)	2,350	2,350	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	120,646	(19,160)	101,486	101,486	
Other Purchased Services (400-500 series)	88,609	24,867	113,476	113,194	282
General Supplies	160,354	(18,486)	141,868	141,768	100
Textbooks	67,000	(9,967)	57,033	57,033	
Total Regular Programs	3,484,328	208,851	3,693,179	3,640,561	52,618
Special Education:					
Learning and/or Language Disabilities:					
Other Purchased Services (400-500 series)	306	(306)		147	213
General Supplies	360		360	360	
Total Learning and/or Language Disabilities	666	(306)	360	147	213
Multiple Disabilities:					
Salaries of Teachers	50,900	(2,119)	48,781	48,781	
Other Salaries for Instruction	49,276	38,317	87,593	87,593	
General Supplies	100	(100)			
Total Multiple Disabilities	100,276	36,098	136,374	136,374	
Resource Room/Resource Center:					
Salaries of Teachers	705,134	(185,131)	520,003	520,003	
Other Salaries for Instruction	306,164	14,001	320,165	299,513	20,652
General Supplies	2,500	(1,296)	1,204	1,204	
Total Resource Room/Resource Center	1,013,798	(172,426)	841,372	820,720	20,652

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 141,057	\$ 80,324	\$ 221,381	\$ 221,098	\$ 283
Other Salaries for Instruction	44,101	(15,848)	28,253	28,253	
Total Preschool Disabilities - Full-Time	185,158	64,476	249,634	249,351	283
Total Special Education	1,299,898	(72,158)	1,227,740	1,206,592	21,148
Basic Skills/Remedial:					
Salaries of Teachers	288,205	(43,293)	244,912	244,912	
General Supplies	500		500	326	174
Total Basic Skills/Remedial	288,705	(43,293)	245,412	245,238	174
Bilingual Education:					
Salaries of Teachers	106,148	(14,788)	91,360	91,360	
Purchase Professional-Educational Services	3,300	(3,224)	76	76	
General Supplies	500	(500)			
Textbooks	400		400		400
Total Bilingual Education	110,348	(18,512)	91,836	91,436	400
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	29,024	(3,275)	25,749	25,195	554
Supplies and Materials	350		350		350
Other Objects	1,200		1,200	1,082	118
Total School Sponsored Cocurricular Activities - Instruction	30,574	(3,275)	27,299	26,277	1,022
Summer School - Instruction:					
Salaries of Teachers	57,955	(28,949)	29,006	28,992	14
Purchased Professional & Technical Services	825		825		825
General Supplies	200		200		200
Total Summer School - Instruction	58,980	(28,949)	30,031	28,992	1,039

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	\$ 137,585	\$ 59,920	\$ 197,505	\$ 140,802	\$ 56,703
General Supplies	58,691	(1,923)	56,768	34,234	22,534
Textbooks		60	60	60	
Other Objects	20,000	(16,664)	3,336	3,336	
Total Other Supplemental/At-Risk Programs - Instruction	216,276	41,393	257,669	178,432	79,237
Total Instruction	5,489,109	84,057	5,573,166	5,417,528	155,638
Undistributed Expenditures:					
Instruction:					
Tuition to Private Schools for the Disabled - Within State	207,178	(102,963)	104,215		104,215
Total Instruction	207,178	(102,963)	104,215		104,215
Health Services:					
Salaries	154,882	5,174	160,056	159,007	1,049
Other Purchased Services (400-500 series)	11,368	(7,043)	4,325	4,325	
Supplies and Materials	4,900	(1,358)	3,542	3,542	
Total Health Services	171,150	(3,227)	167,923	166,874	1,049
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	144,541	3,539	148,080	148,080	
Purchased Professional - Educational Services	29,843	(13,977)	15,866	15,863	3
Supplies and Materials	3,000	(15)	2,985	2,985	
Total Other Support Services - Speech, OT, PT and Related Services	177,384	(10,453)	166,931	166,928	3

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Other Support Services Student - Extraordinary Services:					
Salaries	\$ 92,381	\$ 2,403	\$ 94,784	\$ 94,552	\$ 232
Purchased Professional - Educational Services	60,500	(510)	59,990	59,358	632
Supplies and Materials	1,700	79	1,779	1,779	
Total Other Support Services Student - Extraordinary Services	154,581	1,972	156,553	155,689	864
Other Support Services - Guidance:					
Salaries	109,799		109,799	109,021	778
Other Purchased Professional and Technical Services	500		500	376	124
Supplies and Materials	700	(301)	399	169	230
Other Objects	500	(500)			
Total Other Support Services - Guidance	111,499	(801)	110,698	109,566	1,132
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	279,149	(7,598)	271,551	269,139	2,412
Salaries of Secretarial and Other Clerical Assistants	44,370	1,360	45,730	45,730	
Purchased Professional - Educational Services	2,200	(1,635)	565		565
Other Purchased Professional and Technical Services	10,350	(5,100)	5,250	5,250	
Supplies and Materials	4,100	(69)	4,031	4,031	
Other Objects	4,910	(3,800)	1,110	95	1,015
Total Other Support Services - Child Study Team	345,079	(16,842)	328,237	324,245	3,992

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Educational Media Services/School Library:					
Salaries	\$ 65,000		\$ 65,000	\$ 24,873	\$ 40,127
Salaries of Technology Coordinators	130,497	(1,162)	129,335	129,335	
Other Purchased Services (400-500 series)	8,834	339	9,173	9,113	60
Supplies and Materials	2,000	(1,498)	502	502	
Total Educational Media Services/School Library	206,331	(2,321)	204,010	163,823	40,187
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	11,625	(1,338)	10,287	2,735	7,552
Other Objects	3,500		3,500	2,559	941
Total Instructional Staff Training Services	15,125	(1,338)	13,787	5,294	8,493
Support Services - General Administration:					
Salaries	266,528	(12,678)	253,850	253,850	
Legal Services	38,533	(2,476)	36,057	32,363	3,694
Audit Fees	25,000	26,735	51,735	25,735	26,000
Other Purchased Professional Services	10,400	9,245	19,645	15,195	4,450
Purchased Technical Services	4,254	(754)	3,500	3,309	191
Communications/Telephone	35,298	(118)	35,180	34,609	571
BOE Other Purchased Services	10,675	(6,162)	4,513	3,600	913
Miscellaneous Purchased Services (400-500 series)		5,751	5,751	5,751	
General Supplies	2,847		2,847	1,795	1,052
Judgements Against the School District	100,044	(24,000)	76,044	39,000	37,044
Miscellaneous Expenditures	1,500	(477)	1,023	300	723
BOE Membership Dues and Fees	5,555	260	5,815	5,554	261
Total Support Services - General Administration	500,634	(4,674)	495,960	421,061	74,899

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 205,454	\$ 490	\$ 205,944	\$ 205,944	
Salaries of Secretarial and Clerical Assistants	87,037		87,037	87,037	
Purchased Professional and Technical Services	15,950	1,699	17,649	17,649	
Other Purchased Services (400-500 series)	7,669	(91)	7,578	7,077	\$ 501
Supplies and Materials	4,000	75	4,075	3,808	267
Other Objects	900		900	900	
Total Support Services - School Administration	321,010	2,173	323,183	322,415	768
Central Services:					
Salaries	172,336	33,000	205,336	204,614	722
Purchased Professional Services	61,700	(25,566)	36,134	36,134	
Miscellaneous Purchased Services (400-500 series)	6,138	2,079	8,217	2,967	5,250
Supplies and Materials	4,100	(326)	3,774	3,774	
Miscellaneous Expenditures	6,335	(363)	5,972	3,629	2,343
Total Central Services	250,609	8,824	259,433	251,118	8,315
Administrative Technology Services:					
Supplies and Materials	584	(1)	583	583	
Other Objects		1,573	1,573	1,573	
Total Administrative Technology Services	584	1,572	2,156	2,156	
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	122,948	38,162	161,110	153,935	7,175
General Supplies	7,950	(82)	7,868	5,450	2,418
Total Required Maintenance for School Facilities	130,898	38,080	168,978	159,385	9,593

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 409,206	\$ (12,909)	\$ 396,297	\$ 396,270	\$ 27
Other Purchased Property Services	63,169	21,255	84,424	81,981	2,443
Cleaning, Repair, and Maintenance Services	33,096	21,162	54,258	43,890	10,368
Insurance	74,560		74,560	73,570	990
General Supplies	34,265	2,450	36,715	36,706	9
Energy (Natural Gas)	71,540	32,533	104,073	64,034	40,039
Energy (Electricity)	122,400	(31,325)	91,075	76,572	14,503
Other Objects	3,550	(171)	3,379	3,379	
Total Custodial Services	811,786	32,995	844,781	776,402	68,379
Security:					
Salaries	90,000	(25,075)	64,925	58,330	6,595
Purchased Professional and Technical Services	14,702	(9,943)	4,759	2,350	2,409
General Supplies	2,950		2,950	2,950	
Other Objects		4,803	4,803	2,069	2,734
Total Security	107,652	(30,215)	77,437	65,699	11,738
Student Transportation Services:					
Salaries for Pupil Transportation - (Between Home and School) - Regular	39,311		39,311	31,175	8,136
Other Purchased Professional and Technical Services	4,000	(580)	3,420	3,420	
Contracted Services - (Between Home and School) - Vendors	342,758	22,301	365,059	365,059	
Contracted Services - (Other than Between Home and School) - Vendors	3,900	3,103	7,003	3,203	3,800
Contracted Services - (Special Education Students) - Joint Agreements	147,905	(3,988)	143,917	143,917	
Contracted Services - Aid in Lieu Payments - Non-public Schools	15,000	(841)	14,159	9,000	5,159
Total Student Transportation Services	552,874	19,995	572,869	552,354	20,515

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Unallocated Benefits:					
Unemployment Compensation	\$ 32,000		\$ 32,000	\$ 29,537	\$ 2,463
Workmen's Compensation	65,000		65,000	57,066	7,934
Health Benefits	1,724,881	\$ (78,073)	1,646,808	1,625,776	21,032
Tuition Reimbursement	21,500	6,099	27,599	21,174	6,425
Other Employee Benefits	60,500	25,072	85,572	85,572	
Social Security Contributions	125,000	32,000	157,000	156,543	457
Other Retirement Contributions - PERS	175,392	(1,932)	173,460	166,013	7,447
Other Retirement Contributions - Regular	16,500		16,500	3,815	12,685
Total Unallocated Benefits	2,220,773	(16,834)	2,203,939	2,145,496	58,443
Undistributed Expenditures - Food Service					
Transfers to Cover Deficit (Enterprise Fund)	10,000		10,000	9,212	788
Total Undistributed Expenditures - Food Service	10,000		10,000	9,212	788
On-Behalf Contributions:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				731,291	(731,291)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				17,747	(17,747)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				483,788	(483,788)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,083	(1,083)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				381,332	(381,332)
Total On-Behalf Contributions				1,615,241	(1,615,241)
Total Undistributed Expenditures	6,295,147	(84,057)	6,211,090	7,412,958	(1,201,868)
Total Expenditures - Current Expense	11,784,256		11,784,256	12,830,486	(1,046,230)

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	\$ 16,000	\$ 16,000	\$ 16,000	\$ 10,369	\$ 5,631
Security	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)
Total Equipment	16,000	(16,000)	16,000	10,369	5,631
Facilities Acquisition and Construction:					
Assessment for Debt Service - SDA Funding	11,855		11,855	11,855	
Total Facilities Acquisition and Construction	11,855		11,855	11,855	
Total Capital Outlay	27,855		27,855	22,224	5,631
Total Expenditures	11,812,111		11,812,111	12,852,710	(1,040,599)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(189,184)		(189,184)	551,772	740,956
Other Financing Uses:					
Transfer to Capital Projects from Capital Reserve		(588)	(588)	(588)	
Total Other Financing Uses		(588)	(588)	(588)	
Deficiency of Revenues Under Expenditures and Other Financing Uses	(189,184)	(588)	(189,772)	551,184	740,956
Fund Balance, July 1	688,237		688,237	688,237	
Fund Balance, June 30	\$ 499,053	\$ (588)	\$ 498,465	\$ 1,239,421	\$ 740,956

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus				\$ 624,883	
Capital Reserve				299,610	
Assigned Fund Balance:					
Year End Encumbrances				51,987	
Unassigned Fund Balance				262,941	
				<u>1,239,421</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				<u>(32,272)</u>	
				<u>\$ 1,207,149</u>	

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 135,012	\$ 73,391	\$ - 208,403	\$ 184,919	\$ (23,484)
Local Sources	3,038		3,038	3,038	
Total Revenues	138,050	73,391	211,441	187,957	(23,484)
EXPENDITURES:					
Instruction					
Other Purchased Services	101,680	22,293	123,973	103,589	20,384
General Supplies	30,101	35,182	65,283	65,283	
Total Instruction	131,781	57,475	189,256	168,872	20,384
Support Services					
Purchased Professional - Technical Services	6,269	10,916	17,185	14,968	2,217
Total Support Services	6,269	10,916	17,185	14,968	2,217
Facilities Acquisition and Construction Services:					
Instructional Equipment		5,000	5,000	4,117	883
Total Facilities Acquisition and Construction Services		5,000	5,000	4,117	883
Total Expenditures	138,050	73,391	211,441	187,957	23,484
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

FAIRFIELD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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	\$ 13,404,482	\$ 187,957
Difference - Budget to GAAP:		
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	25,162	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(32,272)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 13,397,372	\$ 187,957
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,852,710	\$ 187,957
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 12,852,710	\$ 187,957

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

FAIRFIELD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	IDEA Part B,		Elementary and Secondary Education Act		NJSIG Safety Grant	Totals June 30, 2018
	Basic	Preschool	Title I	Title II		
REVENUE:						
Federal Sources	\$ 102,589	\$ 9,503	\$ 53,742	\$ 12,166	\$ 6,919	\$ 184,919
Local Sources					\$ 3,038	3,038
Total Revenue	102,589	9,503	53,742	12,166	6,919	187,957
EXPENDITURES:						
Instruction:						
Other Purchased Services	102,589		1,000			103,589
General Supplies		9,503	52,742			65,283
Total Instruction	102,589	9,503	53,742			168,872
Support Services:						
Purchased Professional - Technical Services				12,166	2,802	14,968
Total Support Services				12,166	2,802	14,968
Facilities Acquisition:						
Instructional Equipment					4,117	4,117
Total Facilities Acquisition					4,117	4,117
Total Expenditures	\$ 102,589	\$ 9,503	\$ 53,742	\$ 12,166	\$ 6,919	\$ 187,957

CAPITAL PROJECTS FUND

FAIRFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue and Other Financing Sources:	
Transfer from General Fund - Capital Reserve	\$ 588
State Sources - SDA Grant	<u>(3,206)</u>
Total Revenues and Other Financing Sources	<u>(2,618)</u>
Deficiency of Revenues and Other Financing Sources	
Under Other Financing Uses	(2,618)
Fund Balance - Beginning Balance	<u>\$ 134,602</u>
Fund Balance - Ending Balance	<u><u>\$ 131,984</u></u>
Recapitulation:	
Fund Balance Budgetary Basis	<u>\$ 131,984</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 131,984</u></u>

FAIRFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
REPLACE ROOF IN STEVENSON SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Total	Revised Authorized Cost
Revenue and Other Financing Sources:			
Transfers from Capital Reserve	\$ 661,060	\$ 661,060	\$ 661,060
State Sources - SDA Grant	352,600	352,600	352,600
Total Revenue and Other Financing Sources	<u>1,013,660</u>	<u>1,013,660</u>	<u>1,013,660</u>
Expenditures:			
Construction Services	809,500	809,500	893,660
Other Purchased Professional Technical Services	72,176	72,176	120,000
Total Expenditures	<u>881,676</u>	<u>881,676</u>	<u>1,013,660</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 131,984</u>	<u>\$ 131,984</u>	<u>\$ - 0 -</u>
Additional Project Information:			
Project Number	1465-005-09-0ZNB		
Grant Date	6/23/2010		
Original Authorized Cost	\$ 1,825,200		
Cancelled SDA Grant and Capital Reserve	\$ (811,540)		
Revised Authorized Cost	\$ 1,013,660		
Percentage Decrease over Original Authorized Cost	0.00%		
Percentage Completion	100.00%		
Original Target Completion Date	9/1/2010		
Revised Target Completion Date	9/1/2010		

FAIRFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
STEVENSON SCHOOL TOILET ROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 112,980	\$ 588	\$ 113,568	\$ 113,568
State Sources - SDA Grant	73,574	(3,206)	70,368	70,368
	<u>186,554</u>	<u>(2,618)</u>	<u>183,936</u>	<u>183,936</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Construction Services	170,949		170,949	170,949
Other Purchased Professional Technical Services	12,987		12,987	12,987
	<u>183,936</u>		<u>183,936</u>	<u>183,936</u>
Total Expenditures				
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 2,618</u>	<u>\$ (2,618)</u>	<u>\$ -0-</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number	1465-005-10-1001			
Grant Date	2/17/2012			
Original Authorized Cost	\$ 188,300			
Cancelled SDA Grant and Capital Reserve	\$ (4,364)			
Revised Authorized Cost	\$ 183,936			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2012			
Revised Target Completion Date	6/30/2012			

PROPRIETARY FUNDS
(NOT APPLICABLE)

FIDUCIARY FUNDS

FAIRFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Agency</u>		<u>Totals</u>
	<u>Payroll</u>	<u>Student Activities</u>	
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 23,312	\$ 28,207	\$ 51,519
Total Assets	<u>23,312</u>	<u>28,207</u>	<u>51,519</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	18,518		18,518
Interfund Payable - General Fund	4,794		4,794
Due to Student Groups		28,207	28,207
Total Liabilities	<u>\$ 23,312</u>	<u>\$ 28,207</u>	<u>\$ 51,519</u>

FAIRFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

FAIRFIELD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 23,983	\$ 56,859	\$ 52,635	\$ 28,207
Total Assets	<u>\$ 23,983</u>	<u>\$ 56,859</u>	<u>\$ 52,635</u>	<u>\$ 28,207</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 23,983	\$ 56,859	\$ 52,635	\$ 28,207
Total Liabilities	<u>\$ 23,983</u>	<u>\$ 56,859</u>	<u>\$ 52,635</u>	<u>\$ 28,207</u>

FAIRFIELD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>June 30, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
SCHOOLS:				
Winston S. Churchill School	\$ 13,640	\$ 30,879	\$ 30,248	\$ 14,271
Adlai E. Stevenson School	10,343	25,980	22,387	13,936
	<u>\$ 23,983</u>	<u>\$ 56,859</u>	<u>\$ 52,635</u>	<u>\$ 28,207</u>

FAIRFIELD BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 154,303	\$ 8,609,557	\$ 8,740,548	\$ 23,312
Total Assets	<u>\$ 154,303</u>	<u>\$ 8,609,557</u>	<u>\$ 8,740,548</u>	<u>\$ 23,312</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 148,748	\$ 3,958,071	\$ 4,088,301	18,518
Net Payroll		4,651,486	4,651,486	
Interfund Payable - General Fund	<u>5,555</u>		<u>761</u>	<u>4,794</u>
Total Liabilities	<u>\$ 154,303</u>	<u>\$ 8,609,557</u>	<u>\$ 8,740,548</u>	<u>\$ 23,312</u>

LONG-TERM DEBT

FAIRFIELD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Balance June 30, 2017	Matured	Balance June 30, 2018
			Date	June 30, 2018	Amount	Interest Rate			
2002 School Bonds	5/1/2002	\$ 1,200,000	12/1/2018	\$ 80,000		4.650%			
			12/1/2019	80,000		4.700%			
			12/1/2020	80,000		4.750%			
			12/1/2021	80,000		4.750%	\$ 400,000	\$ 80,000	\$ 320,000
						\$ 400,000	\$ 80,000	\$ 320,000	

FAIRFIELD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 145,801	\$ 145,801	\$ 145,801	
Total Revenue	<u>145,801</u>	<u>145,801</u>	<u>145,801</u>	
EXPENDITURES:				
Regular Debt Service:				
Interest	20,801	20,801	16,920	\$ 3,881
Redemption of Principal	125,000	125,000	80,000	45,000
Total Regular Debt Service	<u>145,801</u>	<u>145,801</u>	<u>96,920</u>	<u>48,881</u>
Total Expenditures	<u>145,801</u>	<u>145,801</u>	<u>96,920</u>	<u>48,881</u>
Excess of Revenue Over Expenditures			<u>48,881</u>	<u>48,881</u>
Fund Balance, July 1				
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 48,881</u>	<u>\$ 48,881</u>
Recapitulation:				
Restricted	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 48,881</u>	<u>\$ 48,881</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru 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 thru 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 and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

FAIRFIELD BOARD OF EDUCATION
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,487,725	\$ 4,712,777	\$ 4,786,248	\$ 5,014,792	\$ 5,135,600	\$ 5,159,835	\$ 5,954,422	\$ 6,357,873	\$ 7,168,636	\$ 7,412,201
Special Education	1,567,998	1,825,210	1,648,812	1,551,694	1,648,215	1,708,647	1,677,704	2,185,110	2,394,523	2,281,485
Other Special Education	319,498	372,002	381,848	475,982	593,897	553,730	745,287	636,496	832,853	944,978
Other Instruction								124,675	170,149	205,500
Support Services:										
Tuition										
Student & Instruction Related Services	1,275,326	1,195,790	1,238,375	1,473,284	1,590,375	1,485,298	1,665,215	228,441	190,133	1,600,983
General & Business Administrative Services	343,283	454,077	486,661	486,480	531,004	474,601	497,986	447,705	469,307	553,570
School Administrative Services	384,178	394,120	397,491	417,125	441,325	500,631	603,042	627,866	693,929	551,977
Central Services							3,119	303,010	272,290	359,888
Plant Operations And Maintenance	910,988	969,531	892,979	1,195,945	1,168,796	1,090,468	1,104,453	1,112,433	1,284,650	1,262,544
Pupil Transportation	924,915	764,729	601,912	639,095	640,052	689,318	670,923	601,724	593,135	584,773
Business and Other Support Services	193,386	209,616	203,912	235,239	240,591	245,246	287,224			
Capital Outlay								11,855		
Interest On Long-Term Debt	64,013	60,066	59,476	55,220	46,999	42,148	37,100	30,347		
Total Governmental Activities Expenses	\$ 10,471,310	\$ 10,957,918	\$ 10,697,714	\$ 11,544,856	\$ 12,036,854	\$ 11,949,922	\$ 13,246,475	\$ 14,299,430	\$ 15,470,056	\$ 15,788,594
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 122,989	\$ 30,535	\$ 24,500	\$ 22,500	\$ 20,000	\$ 25,000	\$ 21,000	\$ 25,000	\$ 97,107	\$ 165,408
Operating Grants and Contributions	1,304,022	1,409,370	1,045,130	1,331,785	1,644,037	1,490,683	2,736,663	3,397,663	4,165,300	4,609,867
Capital Grants and Contributions		23,110	329,560	218,132		4,222				(3,206)
Total Governmental Activities Program Revenues	\$ 1,427,011	\$ 1,463,015	\$ 1,399,190	\$ 1,572,417	\$ 1,664,037	\$ 1,515,683	\$ 2,761,885	\$ 3,422,663	\$ 4,262,407	\$ 4,772,069

FAIRFIELD BOARD OF EDUCATION
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expenses)/Revenue:										
Governmental Activities	\$ (9,044,299)	\$ (9,494,903)	\$ (9,298,524)	\$ (9,972,439)	\$ (10,372,817)	\$ (10,434,239)	\$ (10,484,590)	\$ (10,876,767)	\$ (11,207,649)	\$ (11,016,525)
Total District-Wide Net Expense	\$ (9,044,299)	\$ (9,494,903)	\$ (9,298,524)	\$ (9,972,439)	\$ (10,372,817)	\$ (10,434,239)	\$ (10,484,590)	\$ (10,876,767)	\$ (11,207,649)	\$ (11,016,525)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 9,137,080	\$ 9,456,878	\$ 9,600,585	\$ 9,768,596	\$ 9,838,894	\$ 10,056,071	\$ 10,257,192	\$ 10,487,978	\$ 10,708,159	\$ 11,102,556
Taxes Levied for Debt Service	137,963	147,315	141,560	140,693	147,723	142,873	142,867	147,447	141,772	145,801
Federal and State Aid not Restricted	34,210	35,053	5,490		8,949	11,079	22,316	1,145	274	1,651
Investment Earnings	23,508	31,251	13,690	1,695						
Miscellaneous Income	54,366	108,576	8,560	11,589	44,058	39,573	49,723	44,487	56,916	47,860
Total Governmental Activities General Revenue and Other Changes in Net Position	9,387,127	9,779,073	9,769,885	9,922,573	10,059,624	10,249,596	10,472,098	10,681,057	10,907,121	11,297,868
Change in Net Position:										
Governmental Activities	\$ 342,828	\$ 284,170	\$ 471,361	\$ (49,866)	\$ (313,193)	\$ (184,643)	\$ (12,492)	\$ (195,710)	\$ (300,528)	\$ 281,343
Total District-Wide Change in Net Position	\$ 342,828	\$ 284,170	\$ 471,361	\$ (49,866)	\$ (313,193)	\$ (184,643)	\$ (12,492)	\$ (195,710)	\$ (300,528)	\$ 281,343

Source: Fairfield Township School District Financial Reports.

FAIRFIELD BOARD OF EDUCATION
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

UNAUDITED
 (Modified Accrual Basis of Accounting)

	June 30,									
	2009	2010	2011	2012	2013	2013	2015	2016	2017	2018
General Fund:										
Reserved	\$1,797,371	\$ 957,751								
Unreserved	177,721	130,779								
Restricted			\$1,027,590	\$ 771,105	\$ 605,542	\$ 407,115	\$ 440,743	\$ 478,380	\$ 352,885	\$ 924,493
Committed				7,499	19,150		48,849			
Assigned			47,217	125,071	11,931	73,612	115,407	47,521	136,497	51,987
Unassigned			116,284	62,307	82,395	79,313		221,200	173,693	230,669
Total General Fund	\$1,975,092	\$1,088,530	\$1,191,091	\$ 965,982	\$ 719,018	\$ 560,040	\$ 604,999	\$ 747,101	\$ 663,075	\$1,207,149
All Other Governmental Funds:										
Reserved		\$ 809,500								\$ 48,881
Unreserved		268,640								131,984
Restricted			\$ 583,800	\$ 254,798	\$ 254,415	\$ 254,415	\$ 254,415	\$ 134,602	\$ 134,602	\$ 134,602
Committed										
Total All Other Governmental Funds	\$ - 0 -	\$1,078,140	\$ 583,800	\$ 254,798	\$ 254,415	\$ 254,415	\$ 254,415	\$ 134,602	\$ 134,602	\$ 180,865
Total Governmental Funds:										
Reserved	\$1,797,371	\$1,767,251								\$ 973,374
Unreserved	177,721	399,419								131,984
Restricted			\$1,611,390	\$1,025,903	\$ 859,957	\$ 661,530	\$ 695,158	\$ 478,380	\$ 352,885	\$ 973,374
Committed				7,499	19,150		48,849	134,602	134,602	131,984
Assigned			47,217	125,071	11,931	73,612	115,407	47,521	136,497	51,987
Unassigned			116,284	62,307	82,395	79,313		221,200	173,693	230,669
Total Governmental Funds:	\$1,975,092	\$2,166,670	\$1,774,891	\$1,220,780	\$ 973,433	\$ 814,455	\$ 859,414	\$ 881,703	\$ 797,677	\$1,388,014

Source: Fairfield Township School District Financial Reports.

FAIRFIELD BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	For the Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 9,275,043	\$ 9,604,193	\$ 9,742,145	\$ 9,909,289	\$ 10,006,617	\$ 10,198,944	\$ 10,400,059	\$ 10,635,425	\$ 10,849,931	\$ 11,248,357
Tuition Charges	122,989	30,535	24,500	22,500	20,000	25,000	21,000	25,000	149,341	197,901
Interest Earnings - Capital Reserve	23,508	31,251	13,690	1,695						
Miscellaneous	55,396	112,675	13,906	13,730	43,200	40,857	53,945	46,987	7,559	18,405
State Sources	1,179,949	1,224,429	1,164,035	1,363,575	1,493,703	1,339,665	1,639,080	1,671,177	1,668,304	2,076,691
Federal Sources	157,283	239,005	210,799	184,201	156,795	160,813	153,815	190,798	170,810	186,570
Total Revenue	10,814,168	11,242,088	11,169,075	11,494,990	11,720,315	11,765,279	12,267,899	12,569,387	12,845,945	13,727,924
Expenditures										
Instruction										
Regular Instruction	4,370,301	4,591,814	4,685,942	4,865,311	5,114,932	5,161,779	5,301,155	3,771,546	3,615,422	3,809,433
Special Education Instruction	1,562,298	1,816,092	1,658,130	1,546,647	1,642,068	1,709,692	1,529,658	1,215,102	1,265,519	1,221,560
Other Instruction	319,040	371,727	381,417	475,724	593,897	553,299	667,988	420,788	514,279	570,375
Support Services:										
Tuition										
Student/Instruction Related Services	1,256,261	1,186,770	1,232,887	1,465,888	1,591,195	1,492,564	1,539,039	1,163,828	1,047,644	1,092,419
General Administrative Services	336,845	449,524	486,173	485,081	530,797	474,601	462,901	381,594	370,477	421,061
School Administrative Services	377,457	391,102	381,520	408,828	433,477	493,855	532,931	381,192	367,186	322,415
Other Administrative Services	188,239	200,117	208,057	234,539	240,609	245,295	262,820	246,833	190,392	251,118
Plant Operations And Maintenance	904,224	764,729	601,912	1,191,976	990,926	915,153	902,324	824,979	1,037,439	1,001,486
Pupil Transportation	924,915	963,361	893,291	639,095	640,052	689,318	668,910	590,271	560,176	552,354
Unallocated Benefits								3,188,141	3,419,658	3,760,737
Undistributed Expenditures									8,612	9,212
Capital Outlay	110,980	185,645	889,965	593,689	41,986	45,828	106,604	92,679	105,578	26,341
Debt service:										
Principal	75,000	85,000	85,000	90,000	100,000	100,000	105,000	115,000	205,000	80,000
Interest And Other Charges	64,529	60,685	56,560	52,323	47,723	42,873	37,866	32,448	27,836	16,920
Total Expenditures	10,490,089	11,066,566	11,560,854	12,049,101	11,967,662	11,924,257	12,117,196	12,652,842	12,929,971	13,137,587
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	324,079	175,522	(391,779)	(554,111)	(247,347)	(158,978)	150,703	(83,455)	(84,026)	590,337

FAIRFIELD BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

UNAUDITED
(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
For the Fiscal Year Ending June 30,										
Other Financing Sources (Uses):										
Cancellation of Receivable from										
Other Governments	\$ (30)							\$ 119,813	\$ 91,064	\$ 588
Transfers In		\$ 1,095,120						(119,813)	(91,064)	(588)
Transfers Out		(1,095,120)								
Total Other Financing Sources (Uses)	(30)									
Net Change In Fund Balances	\$ 324,049	\$ 175,522	\$ (391,779)	\$ (554,111)	\$ (247,347)	\$ (158,978)	\$ 150,703	\$ (83,455)	\$ (84,026)	\$ 590,337
Debt Service As A Percentage Of										
Noncapital Expenditures	1.34%	1.34%	1.33%	1.24%	1.24%	1.20%	1.18%	1.17%	1.80%	0.74%

Source: Fairfield Township School District Financial Reports.

FAIRFIELD BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
 (Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Orders Cancelled	Rentals	Other	Total
2009	\$ 23,508	\$ 122,989	\$ 11,091		\$ 43,305	\$ 200,893
2010	31,251	30,535	7,833		100,743	170,362
2011	13,690	24,500	7,912		648	46,750
2012	1,695	22,500	8,310		3,279	35,784
2013	242	20,000	28,689		11,781	60,712
2014	8,894	25,000	30,329		350	64,573
2015	7,174	21,000	31,370		11,179	70,723
2016		25,000		\$ 40,109	4,378	69,487
2017		97,107		52,234	4,682	154,023
2018	1,963	165,408		32,493	13,404	213,268

Source: Fairfield Township School District Financial Reports.

FAIRFIELD BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land		Residential		Farm		Commercial		Industrial		Apartment		Total Assessed Value		Public Utilities ^a		Net Valuation Taxable		Total Direct School Tax Rate ^b		Estimated Actual (County Equalized Value)	
2008	\$ 23,548,300		\$ 656,158,400		\$ 241,600	\$ 46,600	\$ 397,923,400		\$ 476,087,700		\$ 11,701,000		\$ 1,565,707,000	\$ 5,617,500		\$ 1,571,324,500	\$ 0.590		\$ 3,033,568,912			
2009	* 44,949,900		1,317,292,700		492,900	47,500	777,919,000		946,905,400		16,500,000		3,104,107,400	10,901,748		3,115,009,148	0.310		3,109,397,060			
2010	50,823,000		1,317,526,000		492,900	47,500	775,320,000		938,752,800		16,500,000		3,099,462,200	10,901,748		3,110,363,948	0.310		3,125,008,280			
2011	48,359,400		1,320,103,100		492,900	55,900	781,577,300		921,611,600		16,500,000		3,088,700,200	10,130,737		3,098,830,937	0.321		3,004,475,056			
2012	* 40,010,500		1,105,701,000		424,200	33,300	692,955,600		823,057,500		15,000,000		2,677,182,100	10,025,440		2,687,207,540	0.372		2,962,755,685			
2013	38,877,100		1,108,782,600		424,200	33,300	665,905,200		817,502,000		15,000,000		2,646,524,400	7,898,040		2,654,422,440	0.384		2,783,791,725			
2014	38,420,800		1,111,492,100		424,200	33,300	653,979,100		802,744,600		15,000,000		2,622,094,100	7,402,303		2,629,496,403	0.395		2,591,005,944			
2015	35,777,700		1,119,961,500		424,200	33,300	650,582,100		791,236,800		15,000,000		2,613,015,600	7,466,353		2,620,481,953	0.406		2,648,934,593			
2016	36,133,900		1,123,687,800		452,200	27,600	627,499,880		779,629,900		15,000,000		2,582,431,280	6,669,400		2,589,100,680	0.419		3,041,679,929			
2017	34,274,500		1,130,908,200		452,200	27,600	612,516,480		775,968,500		15,000,000		2,569,147,480	7,003,818		2,576,151,298	0.437		2,915,051,007			

* Revaluation/Reassessment Year

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 of assessed valuation.

Source: Fairfield Township Tax Assessor.

FAIRFIELD BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Fairfield Board of Education Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Debt Service ^b	Total Direct	West Essex Regional School District	Fairfield Township	Essex County	
2008	\$ 0.580	\$ 0.010	\$ 0.590	\$ 0.780	\$ 0.670	\$ 0.750	\$ 2.790
2009	* 0.305	0.005	0.310	0.400	0.360	0.390	1.460
2010	0.305	0.005	0.310	0.440	0.400	0.410	1.560
2011	0.027	0.005	0.321	0.468	0.416	0.422	1.627
2012	* 0.367	0.005	0.372	0.525	0.503	0.486	1.886
2013	0.378	0.006	0.384	0.529	0.512	0.512	1.937
2014	0.389	0.006	0.395	0.538	0.526	0.497	1.956
2015	0.401	0.005	0.406	0.554	0.544	0.515	2.019
2016	0.414	0.005	0.419	0.616	0.571	0.597	2.203
2017	0.431	0.006	0.437	0.609	0.564	0.581	2.191

* Revaluation/Reassessment Year

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

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

Source: Fairfield Township Tax Collector and School Business Administrator.

FAIRFIELD BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2018			2009		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Breit Industrial Fair Prop, LLC		\$ 43,168,300	1.68%	AMB-AMS	\$ 35,481,700	1.85%
GRE Greenbrook Property, LLC		21,692,000	0.84%	Associates NF, LLC	27,200,000	1.41%
Fairfield Hotel Property Owner, LLC		20,400,000	0.79%	CRG 300, LLC	20,157,500	1.05%
Kyocera Mita America, Inc.		20,000,000	0.78%	Kyocera Mita America, Inc	18,511,800	0.96%
Marshall Field/Target Corp T-1175		18,900,000	0.73%	Karczyński, Stanley	17,571,400	0.91%
Skyline Properties LLC		18,052,500	0.70%	Fairfield BAB Group, LLC	17,250,000	0.90%
LMR USA LLC		18,000,000	0.70%	700 Route #46	16,400,000	0.85%
Calandra Development		15,827,000	0.61%	RRAMC	15,500,000	0.80%
Fairfield Executive Inn		14,900,000	0.58%	Hollywood Associates	11,850,000	0.61%
LMAN LNT LLC		14,191,200	0.55%	Skyline Properties	11,701,000	0.61%
Total		\$ 205,131,000	7.96%		\$ 191,623,400	9.95%

Note: Revaluation of real property was effective in 2012.

Source: Fairfield Township Tax Assessor.

FAIRFIELD BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 9,275,043	\$ 9,275,043	100.00%	\$ -0-
2010	9,604,193	9,604,193	100.00%	-0-
2011	9,742,145	9,742,145	100.00%	-0-
2012	9,909,289	9,909,289	100.00%	-0-
2013	10,006,617	10,006,617	100.00%	-0-
2014	10,198,944	10,198,944	100.00%	-0-
2015	10,400,059	10,400,059	100.00%	-0-
2016	10,635,425	10,635,425	100.00%	-0-
2017	10,849,931	10,849,931	100.00%	-0-
2018	11,248,357	11,248,357	100.00%	-0-

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

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

FAIRFIELD BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities General Obligation Bonds	Total District	Percentage of Personal Income ^a	Per Capita ^a
2009	\$ 1,285,000	\$ 1,285,000	0.34%	\$ 173
2010	1,200,000	1,200,000	0.31%	161
2011	1,115,000	1,115,000	0.27%	149
2012	1,025,000	1,025,000	0.33%	179
2013	925,000	925,000	0.22%	123
2014	825,000	825,000	0.19%	109
2015	720,000	720,000	0.16%	95
2016	605,000	605,000	0.13%	79
2017	400,000	400,000	0.09%	53
2018	320,000	320,000	0.07%	42

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

- a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: Fairfield Township School District Financial Reports.

FAIRFIELD BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2009	\$ 1,285,000	\$ 1,285,000	0.08%	\$ 173
2010	1,200,000	1,200,000	0.04%	161
2011	1,115,000	1,115,000	0.04%	149
2012	1,025,000	1,025,000	0.03% *	136
2013	925,000	925,000	0.03%	123
2014	825,000	825,000	0.03%	109
2015	720,000	720,000	0.03%	95
2016	605,000	605,000	0.02%	79
2017	400,000	400,000	0.02%	53
2018	320,000	320,000	0.01%	42

* - Revaluation year

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

- a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.
- b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Fairfield Township School District Financial Reports.

FAIRFIELD BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
West Essex Regional High School	\$ 11,735,000	25.00%	\$ 2,933,750
Township of Fairfield	14,258,869	100.00%	14,258,869
			<u>17,192,619</u>
Overlapping Debt Appropriated to the Municipality			
Essex County	410,788,661	3.29%	13,509,397
			<u>13,509,397</u>
Subtotal, Overlapping Debt			<u>30,702,016</u>
Township of Fairfield School District			<u>320,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 31,022,016</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Essex County Board of Taxation; debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Fairfield. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

FAIRFIELD BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt Limit	\$ 74,880,193	\$ 76,725,807	\$ 76,409,385	\$ 74,879,899	\$ 72,329,443
Total Net Debt Applicable to Limit	1,285,000	1,200,000	1,115,000	1,025,000	925,000
Legal Debt Margin	<u>\$ 73,595,193</u>	<u>\$ 75,525,807</u>	<u>\$ 75,294,385</u>	<u>\$ 73,854,899</u>	<u>\$ 71,404,443</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	1.72%	1.56%	1.46%	1.37%	1.28%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 68,971,880	\$ 66,531,417	\$ 68,152,750	\$ 71,389,946	\$ 73,288,525
Total Net Debt Applicable to Limit	825,000	720,000	605,000	400,000	320,000
Legal Debt Margin	<u>\$ 68,146,880</u>	<u>\$ 65,811,417</u>	<u>\$ 67,547,750</u>	<u>\$ 70,989,946</u>	<u>\$ 72,968,525</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	1.20%	1.08%	0.89%	0.56%	0.44%

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis	
2017	\$ 2,853,073,919
2016	2,896,076,349
2015	<u>3,045,472,727</u>
	<u>\$ 8,794,622,995</u>
Average Equalized Valuation of Taxable Property	\$ 2,931,540,998
Debt Limit (2.5% of average equalization value) ^a	73,288,525
Net Bonded School Debt	320,000
Legal Debt Margin	<u>\$ 72,968,525</u>

^a Limit set by NJSIA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

FAIRFIELD BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Population ^a</u>	<u>Essex County Per Capita Personal Income ^c</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Unemployment Rate ^d</u>
2009	7,447	\$ 51,448	\$ 383,133,256	7.60%
2010	7,463	51,866	387,075,958	7.60%
2011	7,507	54,345	407,967,915	7.70%
2012	7,513	54,842	412,027,946	7.30%
2013	7,542	55,455	418,241,610	7.50%
2014	7,577	57,541	435,988,157	4.60%
2015	7,595	59,863	454,659,485	5.70%
2016	7,614	60,887	463,593,618	4.30%
2017	7,614	60,887 *	463,593,618 ***	4.40%
2018	7,614 **	60,887 *	463,593,618 ***	N/A

* - Latest Essex County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes.

*** - Latest per capital personal income available (2016) and latest population data available (2017) was used for calculation purposes.

Sources:

- a Population information provided by the NJ Dept of Labor and Workforce Development.
- b Personal income has been estimated based upon the municipal population and per capita personal income presented.
- c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- d Unemployment data provided by the NJ Dept of Labor and Workforce Development.

FAIRFIELD BOARD OF EDUCATION
PRINCIPAL EMPLOYERS, ESSEX COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2017			2008		
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
St. Barnabas Health Care System		24,000	N/A	Verizon Communication	17,996	N/A
Verizon		16,500	N/A	Continental Airlines	13,752	N/A
PSE&G		13,100	N/A	PSE&G	10,500	N/A
New Jersey Transit		10,978	N/A	Prudential Financial	8,143	N/A
Prudential Ins. Co. of America		9,180	N/A	Horizon Blue Cross Blue Shield	5,000	N/A
Newark Board of Education		4,845	N/A	JP Morgan Chase	4,764	N/A
Rutgers University - Newark Campus		4,400	N/A	Automatic Data Processing	4,739	N/A
City of Newark		4,200	N/A	Roche	3,266	N/A
Horizon Blue Cross Blue Shield		3,000	N/A	KPMG	2,197	N/A
Automatic Data Processing		1,650	N/A	Ricoh American Corp	1,375	N/A
		<u>91,853</u>	<u>N/A</u>		<u>71,732</u>	<u>N/A</u>

Note - Principal employers are that of Essex County.

N/A - Information not available

Source: Essex County Economic Development Corporation.

FAIRFIELD BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction:										
Regular	52.0	51.0	50.0	51.0	50.1	52.0	52.0	52.0	53.0	51.0
Special Education	32.0	32.0	32.0	33.0	29.0	31.0	31.0	31.0	27.0	32.0
Other Special Education	4.0	4.0	4.0	4.0	3.0	4.0	4.0	5.0	5.0	6.0
Support Services:										
Student & Instruction Related Services	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
General Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Central Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	7.5	7.5	7.5	7.5	7.5	6.5	6.5	6.5	6.5	6.5
Total	<u>109.5</u>	<u>108.5</u>	<u>107.5</u>	<u>109.5</u>	<u>103.6</u>	<u>108.5</u>	<u>108.5</u>	<u>109.5</u>	<u>106.5</u>	<u>110.5</u>

Source: Fairfield Township School District personnel records.

FAIRFIELD BOARD OF EDUCATION
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	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	Elementary				
2009	731	\$ 10,239,580	\$ 14,008	0.54%	58	12.7	12.7	735.9	710.4	0.48%	96.53%
2010	717	10,735,236	14,972	6.89%	57	12.9	12.9	736.7	718.0	0.11%	97.46%
2011	690	10,529,329	15,260	1.92%	56	12.4	12.4	694.2	666.1	-5.77%	95.95%
2012	699	11,313,089	16,185	6.06%	56	12.3	12.3	690.5	665.7	-0.53%	96.41%
2013	692	11,777,953	17,020	5.16%	56	12.3	12.3	691.1	662.9	0.09%	95.92%
2014	644	11,735,556	18,223	7.07%	58	11.1	11.1	645.0	616.4	-6.67%	95.57%
2015	625	11,867,726	18,988	4.20%	59	10.6	10.6	627.2	599.1	-2.76%	95.52%
2016	621	12,412,715	19,988	5.27%	60	10.8	10.8	648.4	615.5	3.37%	94.93%
2017	659	12,591,557	19,107	-4.41%	72	9.2	9.2	663.0	629.5	2.25%	94.95%
2018	681	13,014,326	19,111	0.02%	67	10.3	10.3	688.8	655.3	3.89%	95.14%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- 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).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil Calculations.

Source: Fairfield Township School District records.

FAIRFIELD BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Stevenson										
Square Feet	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
Capacity (Students)	450	450	450	450	450	450	450	450	450	450
Enrollment	427	416	389	394	382	350	335	339	374	424
Chruchill										
Square Feet	38,350	38,350	38,350	38,350	38,350	38,350	38,350	38,350	38,350	38,350
Capacity (Students)	400	400	400	400	400	400	400	400	400	400
Enrollment	311	292	301	305	310	294	290	282	285	257

Number of Schools at June 30, 2018:

Elementary = 2

Note: Enrollment is based on the annual October District count.

Source: Fairfield Township School District Facilities Office.

FAIRFIELD BOARD OF EDUCATION
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 *	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Stevenson Elementary School	\$ 48,157	\$ 82,481	\$ 44,260	\$ 328,613	\$ 33,606	\$ 26,491	\$ 15,093	\$ 32,233	\$ 82,060	\$ 57,569
Churchill Elementary School	72,625	63,766	72,065	40,614	44,059	42,864	11,859	33,128	81,924	101,816
	<u>\$ 120,782</u>	<u>\$ 146,247</u>	<u>\$ 116,325</u>	<u>\$ 369,227</u>	<u>\$ 77,665</u>	<u>\$ 69,355</u>	<u>\$ 26,952</u>	<u>\$ 65,361</u>	<u>\$ 163,984</u>	<u>\$ 159,385</u>

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Fairfield Township School District records.

FAIRFIELD BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package - NJSIG		
Property - Real and Personal Property (fund limit)	\$ 500,000	\$ 5,000
General Liability	31,000,000	N/A
Electronic Data Processing	625,000	1,000
Equipment Breakdown	100,000,000	5,000
Commercial Crime - Employee Dishonesty	250,000	1,000
Auto Liability	31,000,000	N/A
Auto Physical Damage	Actual Cash Value	1,000
School Board Legal Liability - NJSIG		
Errors and Omissions	31,000,000	5,000
Worker's Compensation - NJSIG		
Bodily Injury by Accident (each accident)	2,000,000	
Bodily Injury by Disease (policy limit)	2,000,000	
Bodily Injury by Disease (each employee)	2,000,000	
Public Official Bonds		
Business Administrator / Board Secretary - NJSIG	2,000,000	1,000
Student Accident Insurance - Bollinger		
Base Limit	1,000,000	N/A
Catastrophic Limit	1,000,000	N/A
Voluntary Limit	500,000	N/A
Pollution Liability - Zurich through NJSIG		
Each Pollution Event Limit	1,000,000	25,000
Aggregate Limit	11,000,000	N/A

Source: Fairfield Township School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555

Report on Internal Control Over Financial Reporting and
 on Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members of
 the Board of Education
 Fairfield Board of Education
 County of Essex, New Jersey

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fairfield Township School District, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 the 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

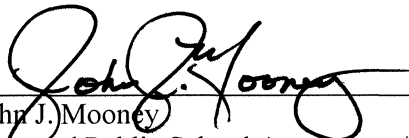
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant



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Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members of
 the Board of Education
 Fairfield Board of Education
 County of Essex, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Fairfield Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2018. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major state program 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

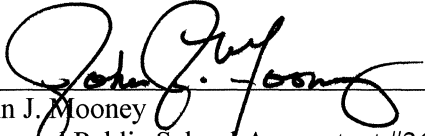
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

January 18, 2019
Mount Arlington, New Jersey

NISIVOCIA LLP
NISIVOCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 6/30/2017	Cash Received	Budgetary Expenditures	Cancelled	Balance 6/30/2018 Accounts Receivable	Unearned Revenue 6/30/2018	Due to Grantor 6/30/2018	Amount Provided to Subrecipient
U.S. Department of Homeland Security:												
Passed-through State Department of Law and Public Safety:												
General Fund:												
Disaster Grants - Public Assistance (FEMA):	97.036	N/A	7/1/15-6/30/18	\$ 2,796	\$ (1,145)	\$ 2,796	\$ (1,651)					
Snow Storm January 2016					(1,145)	2,796	(1,651)					
Total General Fund												
U.S. Department of Education												
Passed-through State Department of Education:												
Elementary and Secondary Education Act:												
Title I	84.010	NCLB-1465-16	7/1/15-6/30/16	40,308	(40,244)	40,308					\$ 64	
Title I	84.010	NCLB-1465-17	7/1/16-6/30/17	38,814	(31,839)	38,814	(6,975)		\$ (46,767)			
Title I	84.010	ESEA-1465-18	7/1/17-6/30/18	46,904			(46,767)					
Title II	84.278	NCLB-1465-16	7/1/15-6/30/16	8,677	(8,677)	8,677						
Title II	84.278	NCLB-1465-17	7/1/16-6/30/17	7,852	(7,375)	7,852	(12,166)		(12,166)		477	
Title II	84.278	ESEA-1465-18	7/1/17-6/30/18	12,185			(6,919)		(6,919)			
Title IV	84.278	ESEA-1465-18	7/1/17-6/30/18	10,000	(88,135)	95,651	(72,827)		(65,852)		541	
Total Elementary and Secondary Education Act:												
Special Education Cluster:												
I.D.E.A. Part B, Preschool	84.173	IDEA-1465-17	7/1/16-6/30/17	9,477	(9,477)	9,477		\$ 1,479			1,479	
I.D.E.A. Part B, Preschool	84.173	IDEA-1465-18	7/1/17-6/30/18	9,503		9,503	(9,503)					
I.D.E.A. Part B, Basic	84.027	IDEA-1465-17	7/1/16-6/30/17	127,154	(121,845)	127,154	10,221			\$ 4,537	15,530	
I.D.E.A. Part B, Basic	84.027	IDEA-1465-18	7/1/17-6/30/18	129,811	(131,322)	125,274	(102,589)			4,537	18,148	
Total Special Education Cluster												
Total Special Revenue/U.S. Department of Education												
Total Federal Financial Awards												
N/A Not Available												

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 6/30/2017	Cash Received	Budgetary Expenditures	Cancellation	MEMO	
								Balance (Accounts Receivable) 6/30/2018	Cumulative Total Expenditures
NJ Department of Education:									
Special Education Aid	18-495-034-5120-089	7/1/17 - 6/30/18	\$291,435		\$ 264,100	\$ (291,435)		\$ (27,335)	\$ 291,435
Adjustment Aid	18-495-034-5120-085	7/1/17 - 6/30/18	1		1	(1)			1
Transportation Aid	18-495-034-5120-014	7/1/17 - 6/30/18	21,731		19,693	(21,731)		(2,038)	21,731
Security Aid	18-495-034-5120-084	7/1/17 - 6/30/18	12,368		11,208	(12,368)		(1,160)	12,368
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 - 6/30/18	6,260		5,673	(6,260)		(587)	6,260
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 - 6/30/18	6,260		5,673	(6,260)		(587)	6,260
Professional Learning Communication Aid	18-495-034-5120-101	7/1/17 - 6/30/18	6,020		5,455	(6,020)		(565)	6,020
Extraordinary Aid	18-495-034-5210-044	7/1/17 - 6/30/18	127,691		381,332	(127,691)		(127,691)	127,691
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17 - 6/30/18	381,332		381,332	(381,332)			381,332
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16 - 6/30/17	381,989	\$ (27,104)	27,104				381,989
Special Education Aid	17-495-034-5120-089	7/1/16 - 6/30/17	264,242	(20,982)	20,982				264,242
Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	21,731	(1,726)	1,726				21,731
Security Aid	17-495-034-5120-084	7/1/16 - 6/30/17	12,368	(982)	982				12,368
Adjustment Aid	17-495-034-5120-085	7/1/16 - 6/30/17	1						1
PARCC Readiness Aid	17-495-034-5120-098	7/1/16 - 6/30/17	6,260	(497)	497				6,260
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16 - 6/30/17	6,260	(497)	497				6,260
Professional Learning Communication Aid	17-495-034-5120-101	7/1/16 - 6/30/17	6,020	(478)	478				6,020
On-Behalf TPAF Pension Contributions	18-495-034-5094-001	7/1/17 - 6/30/18	731,291		731,291	(731,291)			731,291
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-002	7/1/17 - 6/30/18	17,747		17,747	(17,747)			17,747
On-Behalf TPAF Post Retirement Medical Benefits	18-495-034-5094-004	7/1/17 - 6/30/18	483,788		483,788	(483,788)			483,788
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17 - 6/30/18	1,083		1,083	(1,083)			1,083
Total General Fund State Aid				(52,266)	1,979,310	(2,087,007)		(127,691)	2,785,878
NJ Schools Development Authority:									
Capital Projects Fund:									
Educational Facilities Construction and Financing									
Stevenson School Toilet Renovations	1465-005-10-1001	7/1/11-6/30/12	70,368	(73,574)	70,368		\$ 3,206		(70,368)
Churchill School Toilet Renovations	1465-005-10-1004	7/1/11-6/30/12	70,700	(70,700)	70,700				(70,700)
Churchill School Window Replacement	1465-005-10-1005	7/1/11-6/30/12	73,545	(73,545)				(73,545)	(73,545)
Total Capital Projects and N.J. School Development Authority Grants				(217,819)	141,068		3,206	(73,545)	(214,613)
Total State Awards Subject to Single Audit Determination				\$ (270,085)	\$2,120,378	(2,087,007)	\$ 3,206	\$ (201,236)	\$ 2,571,265
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Pension Contributions	18-495-034-5094-001	7/1/17 - 6/30/18				731,291			
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-002	7/1/17 - 6/30/18				17,747			
On-Behalf TPAF Post Retirement Medical Benefits	18-495-034-5094-004	7/1/17 - 6/30/18				483,788			
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17 - 6/30/18				1,083			
Total State Awards Subject to Single Audit Major Program Determination						1,233,909			
						\$ (853,098)			

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FAIRFIELD BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Fairfield Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

The District has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,110) for the general fund and (\$3,206) for the capital projects fund. See exhibit C-3 for a reconciliation of the Budgetary Basis to the modified accrual basis of accounting for the general and special revenue funds.

FAIRFIELD BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 4: Relationship to Basic Financial Statements (Cont'd)

Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 1,651	\$ 2,079,897	\$ 2,081,548
Special Revenue Fund	184,919		184,919
Capital Projects		<u>(3,206)</u>	<u>(3,206)</u>
Total Financial Awards	<u>\$ 186,570</u>	<u>\$ 2,076,691</u>	<u>\$ 2,263,261</u>

Note 5: 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 6: Other

T.P.A.F. Social Security Contributions represent the amount reimbursed by the State for the employer's share of social security contributions for T.P.A.F. members for the fiscal year ended June 30, 2018.

Note 7: NJ Schools Development Authority (SDA) Grant

The District has an active grant awarded in the amount of \$73,545 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2018, \$73,545 has been expended and submitted for reimbursement. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for the reimbursement.

FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2018 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Circular.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 05-18 or 2 CFR 200.156(a) of the Uniform Guidance.
- The District's program tested as a major state program for the current fiscal year consisted of the following award:

<u>State Program:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
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State Awards:

Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17 - 6/30/18	\$ 381,332	\$ 381,332
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- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District qualified as a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.

FAIRFIELD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings/Recommendations:

The District had no prior year audit findings.