

**SCHOOL DISTRICT  
OF  
TOWNSHIP OF FAIRFIELD**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Township of Fairfield Board of Education**

**Fairfield, New Jersey**

**For the Fiscal Year Ended June 30, 2019**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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Fairfield, New Jersey**

**For the Fiscal Year Ended June 30, 2019**

**Prepared by**

**Fairfield Township Board of Education**

**Finance Department**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
TABLE OF CONTENTS**

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Letter of Transmittal	1-5g
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
<b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditor's Report</b>	9-11
<b>Required Supplementary Information - Part I Management's Discussion and Analysis (Unaudited)</b>	12-20
<b>Basic Financial Statements</b>	
A. District-wide Financial Statements:	
A-1 Statement of Net Assets	21
A-2 Statement of Activities	22
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
B-4 Statement of Net Assets	26
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	27
B-6 Statement of Cash Flows	28
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	29
B-8 Statement of Changes in Fiduciary Net Assets	N/A
<b>Notes to the Financial Statements</b>	30-60

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
TABLE OF CONTENTS  
(Page 2)**

<b>FINANCIAL SECTION (continued)</b>	<u>Page</u>
<b>Required Supplementary Information - Part II</b>	
C. Budgetary Comparison Schedules: (Unaudited)	
C-1 Budgetary Comparison Schedule - General Fund	61-68
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	69
<b>Notes to the Required Supplementary Information – Part II</b>	
C-3 Budget-to-GAAP Reconciliation	70
<b>Required Supplementary Information - Part III (Unaudited)</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	71
L-2 Schedule of District Contributions – PERS	72
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	73
<b>Other Supplementary Information</b>	
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of the District’s Proportionate Share of the Net OPEB Liability – PERS	74
D. School Based Budget Schedules	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
NOT USED	75-76

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
TABLE OF CONTENTS  
(Page 3)**

<b>FINANCIAL SECTION (continued)</b>	<u>Page</u>
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	77-78
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	79
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	80
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	81
F-2a-b Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	82-83
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	84
G-2 Combining Schedule of Revenues, Expenses, and/ Changes in Fund Net Assets	85
G-3 Combining Schedule of Cash Flow	86
Internal Service Fund:	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses, and/ Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Assets	87
H-2 Combining Statement of Changes in Fiduciary Net Assets	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	88
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	89

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
TABLE OF CONTENTS  
(Page 4)**

<b>FINANCIAL SECTION (continued)</b>	<u>Page</u>
<b>I. Long-Term Debt</b>	
I-1 Schedule of Serial Bonds	90
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	91
 <b><u>STATISTICAL SECTION (Unaudited)</u></b>	
<b>Introduction to the Statistical Section</b>	
 <b>Financial Trends</b>	
J-1 Net Assets by Component	92
J-2 Changes in Net Assets	93
J-3 Fund Balances - Governmental Funds	94
J-4 Changes in Fund Balances, Governmental Funds	95
J-5 General Fund Other Local Revenue by Source	96
 <b>Revenue Capacity</b>	
J-6 Assessed Value and Actual Value of Taxable Property	97
J-7 Direct and Overlapping Property Tax Rates	98
J-8 Principal Property Tax Payers	99
J-9 Property Tax Levies and Collections	100
 <b>Debt Capacity</b>	
J-10 Ratio of Outstanding Debt by Type	101
J-11 Ratios of General Bonded Debt Outstanding	102
J-12 Direct and Overlapping Governmental Activities Debt	103
J-13 Legal Debt Margin Information	104
 <b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	105
J-15 Principal Employers	106
 <b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	107
J-17 Operating Statistics	108
J-18 School Building Information	109
J-19 Schedule of Required Maintenances Expenditures by School Facility	110
J-20 Insurance Schedule	111-112

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
TABLE OF CONTENTS  
(Page 5)**

**SINGLE AUDIT SECTION**

	<b><u>Page</u></b>
K-1 Report on Internal Control over Financial Reporting and on Compliance/ and Other Matters Based on an Audit of Financial Statements/ Performed in Accordance with <i>Government Auditing Standards</i>	113-114
K-2 Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures Required by Uniform Administrative Requirements, Cost Principles/ and Audit Requirements for Federal Awards (Uniform Guidance)/ and New Jersey OMB Circular 15-08	115-116
K-3 Schedule of Expenditures of Federal Awards, Schedule A	117
K-4 Schedule of Expenditures of Financial Assistance, Schedule B	118
K-5 Notes to the Schedules of Awards and Financial Assistance	119-120
K-6 Schedule of Findings and Questioned Costs- Summary of Auditor's Reports	121-122
K-7 Schedule of Findings and Questioned Costs - Financial Statement Federal Awards and State Financial Assistance	123-131
K-8 Summary Schedule of Prior Year Audit Findings	132

## **INTRODUCTORY SECTION**



**FAIRFIELD TOWNSHIP PUBLIC SCHOOLS**  
**375 GOULDTOWN WOODRUFF ROAD**  
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**Dr. Michael Knox**  
**Superintendent/Principal**

**William Gerson**  
**Interim Business Administrator**

December 10, 2019

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Fairfield Township Public School District for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB,, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:**

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2018-2019 fiscal year with a June enrollment of 554 students, which is a decrease of 22 students from the previous year's enrollment of 576. The following details the changes in the student enrollment of the District over the last ten years.

**June 30 Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2018-19	554.0	(3.82)%
2017-18	576.0	(8.13)%
2016-17	627.0	(5.29)%
2015-16	662.0	5.75%
2014-15	626.0	.96%
2013-14	620.0	3.00%
2011-12	613.0	(.32)%
2010-11	616.0	5.21%
2009-10	585.5	(6.42)%

**2. ECONOMIC CONDITION AND OUTLOOK:**

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

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

**3. MAJOR INITIATIVES:**

Preschool: Our preschool program continues to be recognized due to the positive relationships and rapport built with families and the community. Research has proven that Early Childhood programs have the potential to positively impact our children. The NJ state approved Creative Curriculum offers students a program that offers enrichment and hands on inquiry-based experiences in Language Arts, Mathematics, Science, Social Studies, Social emotional skills, and developmentally pertinent physical activities to promote health and wellness. According to feedback from the NJDOE officials, our school continues to meet and exceed expectations. Thus, we want to continue providing resources to ensure a quality program. The aim is to increase programming and grants in order to elevate our preschool and early childhood program.

Math: Fairfield Township School (FTS) strives to meet and exceed state and district achievement expectations. The district works closely with constituent districts and Cumberland Regional high school to ensure that the math curriculum is aligned to NJ standards and can meet the rigor of state assessment expectations. Throughout the school year, students participate in end of cycle benchmarks to track their progress and monitor student progress. Teachers meet bi-monthly to review data and plan various interventions and strategies to assist gifted and/or struggling learners.

We have implemented various professional workshops to FTS staff to ensure that staff can provide and implement best teaching strategies in their instructional practices. Students in 8th grade that qualify are able to participate in an Algebra I course before attending high school in preparation for AP or Algebra at the high school level. The district also offers a summer enrichment and intervention program to prepare students for the academic rigor via the upcoming school year at FTS, high school, or technical school.

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

Child Study Team and Special Education: A few years ago, the district formed a shared services contract with Hopewell Crest for their Child Study Team Director. Throughout the summer, the Hopewell CST director collaborated with the Fairfield team to recruit, interview, and select the CST staff as well as develop two special education classroom programs. Now, the district has hired a full-time coordinator of CST, school psychologist, social worker, and a contracted a Learning Disabled Teacher Consultant (LDT) for 16 hours a week, physical therapist, occupational therapist, and speech therapist. Over the course of this year and upcoming years, the CST will continue to review polices, IEPs, and prepare PD presentations that will orientate the district staff to in-house CST and special education programs.

Facilities: Fairfield Township School facilities accommodate students in grades PK-8. In addition, the district re-opened the athletic fields for the public enjoyment. The field offers additional physical educational program activities such as tennis, basketball, track, soccer, and other sports related activities. In addition, the field is open to the community after school hours and this has strengthened the relationship with the community. General and upgraded maintenance is a required concern.

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

### **Maintaining Our School System:**

Our goal in designing the proposed budget is to maintain and enhance student services and programs. In the previous budget cycle, we were able to reinstitute crucial support positions to offer students needed services that would also promote their attaining school educational goals. We reinstated the positions of guidance counselor, social worker, director of student services, reading interventionist, basis skill teacher including coaches in both math and reading.

We not only provided staff to assist students but also began revamping of programs. We realize that these positions and up to date educational experiences for our students are paramount in provided regular education, at risk students, special education students, and economically disadvantaged students that offer the emotional, communication and academic support to promote their success. In addition, these services are offered to support and improve school attendance as well as create a positive school climate where learning can take place. Another major goal is to promote data analysis and data driven instruction to target and remediate areas that need improvement. Professional development continues to be a facet of this process. In meeting our goals, we will be able to maintain our current staff in the proposed budget. In the areas of mathematics grades K-6 we are upgrading our instructional materials to be more current and aligned to our curriculum. This coming year we will also focus on upgrading instructional materials for grades 6-8 in the area of social studies. Always present and a part of our budgets is the goal to continuously update and grow our technology supplies. The proposed budget also has a select number of smart boards included. We continue our efforts to provide students access and use of computers. We are also maintaining the practice of using EdConnect as an assessment tool.

### **Raising Standards and Expanding Opportunities:**

The proposed budget maintains and continues our work in focusing our attention to meet the needs of all of our students. We are showing improvement in the areas of math and literacy. In continuing this growth, we are implementing data driven instruction, meeting benchmark goals, using the Charlotte Danielson Framework of Teaching Model evaluation tool, and creating a positive school climate through new discipline procedures and programs. As a result, students believe in their abilities and want to come to school. The impact of these practices and procedures will help to continue improving student attendance. The support service positions are also playing an integral part of keeping students on task and building social skills, self-esteem, and positive methods for conflict resolution. Part of this process will be to review and revise as appropriate the student discipline codes in order to reflect expectations. In upgrading our technology and instructional materials, as well as analyzing data to adjust instruction, we continue our efforts to raise standards and expand education opportunities for our students.

### **Building Professionalism:**

Our professional development goals are being met. We will continue to maintain our efforts in this area. The administrative team is developing as a team. The leadership style remains collaborative in nature. Professional development in school leadership is being provided for new administrators. In building professionalism among our administrative team, we meet daily for check in status and weekly to discuss district matters and team processes. Staff are provided with professional development planned days based on an analysis of need. Occasionally, outside professionals are invited to provide in-service training. Funds for these opportunities are provided through various grants, titles and local money. Also, staff often turnkey opportunities they have had with their grade level teams during team meetings or during professional day development opportunities. Staff are also engaged in PLC activities to enhance their professional growth. Professional development opportunities are based on the implementation of best practices throughout instruction. This is helpful in the use of curriculum and assessment in planning instruction.

### **Protecting Our Investment (Capital & Maintenance Projects/Capital Reserve):**

The district will continue to meet expectations as required in the Comprehensive Maintenance Plan. We will also be replacing some carpet in high use areas. School clocks will be upgrade/replaced as needed. The budget also reflects money set aside to replace as needed HVAC compressors.

### **Planning for the Future:**

Our school district supports the need to infuse technology throughout the students' education in almost all instructional settings. In order to accomplish this task, we will continue our efforts to continuously upgrade and support student use of Chromebooks and other computers to acclimate all students to not only familiarity but how technology is used in everyday career readiness. We continue to upgrade/replace as appropriate our smart boards to meet the needs of both students and staff and support instruction.

### **New Jersey Student Learning Standards (NJSL):**

Our school district has implemented the NJSL throughout our school district curriculum. We have updated our curriculum to include the most revised student learning standards. Fairfield Township School District is committed to ensuring a thorough and efficient education to all students. Weekly lesson plan reviews are completed by administration to safeguard the process of NJSL implementation by staff. Additionally, walkthroughs and observations are conducted to further solidify the effective implementation of these standards into teaching these standards to fidelity to our students to become college and career ready.

At FTS, we provide a creative, engaging & exciting curriculum designed to spark children's interest and create a love of learning. We use a creative and thematic approach to learning that is mapped to the NJ curriculum standards to ensure comprehensive coverage of state expectations. We provide a rich menu of exciting and motivating learning activities that make creative links between all aspects of our children's learning. We believe children learn better when they are encouraged to use their imagination and apply their learning to engaging contexts. Our curriculum provides learning challenges throughout the academic year that will require children to solve problems, apply themselves creatively and express their knowledge and understanding effectively. We use Go Math to support the Mathematics and Reading Street to support Language Arts Instruction, a teaching method based on student centered instruction, Universal Design for Learning, is used in all grades.

### **Math:**

The school has made great strides in terms of achieving math benchmark targets and providing intervention support to assist our students. The school employs a math coach to assist staff and students in meeting academic goals. Furthermore, the reading coach and reading intervention teacher meet with grade level teachers bi-monthly to participate in professional learning communities that focus on using data to drive instruction and best instructional practices in the classroom. The students are assessed quarterly using the EdConnect platform.

The school has implemented a benchmark incentive for students that pass their benchmark assessment. In addition, the coaches meet with staff as needed individually to provide staff with feedback and support to promote student achievement. The school also offers a School Improvement Grant (SIG) after school program to provide students with tutorial support and other academic assistance. The students also practice math skills using IXL.

The smart goal was for students in grades 3-8 to complete a post-test/benchmark for each math unit, with at least 40% of all students scoring a 60% or better by June 2019. The bar of expectations will continue to raise in future years. Fairfield Township School strives to increase student achievement in math via data driven instruction. According to the Annual School Planning System (ASPS), our school will use the EdConnect math benchmark assessments. The District will be renewing the license with EdConnect to support the school plan. The District will continue to use the Go Math series for grades K-6.

The new series will be digital for grades 3-6, requiring the district to maintain its current number of SmartBoards, laptops and carts through replenishment and repair. The District will continue to support a Math Coach position and a Math BSI teacher to develop Professional Learning Communities, implement universal design for learning, conduct small group instruction, and, analyze data results to target students that do not meet expectations.

### **Science:**

Fairfield Township School district fosters a school environment in which, students are actively working to master next generation standards. The administration works to provide staff with professional development and resources to promote science classrooms in which teachers support students in science and engineering practices for building and using science ideas to explain real phenomena and solve real problems.

Fairfield Township School strives to meet state expectations and district goals in order to meet the needs of students. The Science teachers meet twice a year for vertical articulation with other members of the Cumberland Curriculum Consortium.

## **ELA:**

The school has made great strides in terms achieving Language Arts benchmark targets and providing intervention support to assist our students. The school employs a reading coach and reading intervention teacher to assist staff and students in meeting academic goals. Furthermore, the reading coach and reading intervention teacher meet with grade level teachers bi-monthly to participate in professional learning communities that focus on using data to drive instruction and best instructional practices in the classroom. The students are assessed quarterly using Aims web and EdConnect platforms.

The smart goal for 75% of students, in grades 3-8 was to close the ELA baseline deficit by 20% as evidenced by ELA benchmarks by June 2019. The level of expectations will continue to increase in future years. The school has implemented a benchmark incentive for students that pass their Language Arts benchmark assessment. In addition, the coaches meet with staff as needed individually to provide staff with feedback and support to promote student achievement.

The school hosts two book fairs a year and participate in a school wide reading incentive to promote literacy. The school offers a SIG after school program to provide students with tutorial support and assistance in meeting criteria for ELA standards in preparation for the next school year and the state assessment. The students also practice reading skills using IXL.

The District will continue to support a Reading Coach position, ELA Basic Skills teacher and the Reading Interventionist to better support the needs of the ELA department. The aim is to provide layers of support for students with learning deficits. Working with the Reading Interventionist & BSI, teachers in grades 1-4 are able to provide small group instruction/guided reading and implement universal design for learning.

Teachers use PLC meetings to analyze data collectively in order to support students that are not meeting expectations according to their benchmark and running record results. The District will renew its license for AimsWeb which serves as our dyslexia screening tool and provides progress monitoring for literacy skills in grades K-6. The District will also renew its license with EdConnect- which is the District's benchmarking platform.

## **Social Studies:**

Our school is steadfast in providing 21<sup>st</sup>-century learners with the knowledge they need to become active and informed citizens. We have piloted a variety of Social Studies programs that incorporates the spirit of the social studies standards. Our school has intentionally adopted and implemented cross curricular strategies to teach social studies. As we explore the various programs, simultaneously we are ensuring the understanding of the fundamental principles of American democracy and citizenship through a structured framework. This framework allows our school to educate students through social studies to become informed and contributing members of our local and global communities. The District will use Pearson's My World Interactive Social Studies series for grade 6-8. The district will provide professional development time to receive training and time to dive into the new series in the summer months prior to implementation. As much of the series is digital, the District will create a plan to maintain and repair technology to support students and teachers in this endeavor.

## **21<sup>st</sup> Century Life & Careers:**

Our school has embraced the fact that students need to be lifelong learners who need the skills to adapt to an everchanging world. Fairfield Township School District has strategically integrated 21<sup>st</sup> Century life and career skills across the Pre-K to 8<sup>th</sup> curriculum. Through the School Improvement grant Fairfield Township has implemented the Positive Action Program. This program provides students with a foundation in effective communication, character education, and a variety of skills that address the demands of an evolving world.

Financial literacy has been encompassed throughout the math curriculum to enhance opportunities for students to make informed decisions regarding personal finance. Our district completed a school wide fundraiser-which was designed to raise funds for the school activities. The fundraiser provided many opportunities for students to learn to make informed financial decisions and how financial systems work. In order to meet QSAC requirements, the District will allocate funds to revise curriculum to include specific 21st Century skills, mainly, but not limited to, Financial Literacy. Revisions and creation of the new curriculum will be completed for BOE approval prior to the 2019-2020 school year start. The master schedule may need to be adjusted to allow for the Financial Literacy section.

### **Visual & Performing Arts:**

Our school is equipped to educate students according to the national art standards. Fairfield Township provides a variety of learning modalities in Art instruction. Our school allows students opportunities to create, present, respond, and connect through their artwork. Our art program promotes students to become innovative thinkers and encourages creative risk taking. Student work is consistently on display highlighting artistic work for presentation throughout the school. In order to meet QSAC requirements, the District will allocate funds to create a comprehensive Visually and Performance Art curriculum to include Dance prior to the 2019-2020 school year start. The master schedule will be revised to include choice specials for grades 6-8. Fairfield Township School strives to meet state expectations and district goals in order to meet the needs of students. The Visual and Performing Arts teachers meet twice a year for vertical articulation with other members of the Cumberland Curriculum Consortium

### **Comprehensive Health & Physical Education:**

Physical education is the antidote to fighting child obesity in our country. Fairfield Township provides a physical education program that incorporates the interdisciplinary connection of wellness, health, and physical education through effective instruction. Fairfield Township School has two physical education teachers that provide a variety of kinesthetic and auditory activities at high levels of student engagement. Our physical education teachers are committed to sharing knowledge, developing skills that influence life-long healthy behaviors, promoting a healthy self-image within school, family, and the global community at large.

### **World Language:**

Language and communication are the heart of the human experience. The United States must educate students who are equipped linguistically and culturally to communicate successfully in a pluralistic American society and abroad. This imperative envisions a future in which ALL students will develop and maintain proficiency in English and at least one other language, modern or classical. Children who come to school from non-English-speaking backgrounds should also have opportunities to develop further proficiencies in their first language. All students PK-8 is exposed to an enriched curriculum that promotes literacy, writing, comprehension, and public speaking skills in conjunction with knowledge of various cultures and backgrounds. The school also hosts a multi-cultural day to celebrate and acknowledge various cultural groups and their customs, languages, and practices.

### **Technology STEM:**

Fairfield Township School is planning to expand the Google education platform and supported hardware devices including Chromebooks and Google platform labs to support the integration of Google Classroom. Classroom activities, assignments and group projects are integrated across the curriculum to deepen and enhance the learning process through the integration of STEM-related activities. Fairfield Township is focusing on upgrading its WiFi resources to support additional smart devices, some classrooms are equipped with smart boards and Google Chromebooks. Our goal is to integrate additional Smartboards, Chromebooks as well as Tablets to support the integration of technology in the classroom.

### **Technology:**

To assist our students' ability to become college and/or career-ready, technology is used to enhance student learning. The District Technology Plan has a strong emphasis on using technology for innovation, integration and data-driven academic interventions. Fairfield Township School District is committed to providing an infrastructure, which can support the ever-growing use of and need for technology to increase effectiveness and efficiency. The IT Department has 2 staff members who are dedicated to providing and maintaining the technology infrastructure needed in today's 21st century classrooms. An in-house Instructional Technology Coordinator is available part-time to assist teachers in integrating technology into their instruction. This encourages high-tech classroom lessons, which increase student engagement. All students in grades 1 to 8 have a grade level set of Chromebooks, which are accessible to them during school hours. Kindergarten students have access to desk tops and a smartboard in their classrooms and in the computer lab.

### **Child Study Team (CST):**

The CST will continue to meet the needs of students with disabilities. In order to continue to make a meaningful difference in the eyes of students with exceptionalities, our school will continue to operate with a full-time coordinator of special education, psychologist, and school social worker. Within the CST structure, there will be a part-time physical therapist, learning disabled teacher consultant, occupational therapist, and a speech therapist providing related services. Over the course of the year, the CST will continue to review policies, IEP's, and prepare PD presentations to better support and orientate staff.

### **Student Support Services:**

Fairfield Township School offers a variety of support services through Specialized Instructional Support Personnel which include prevention, intervention, transition and follow-up services for students with disabilities, English Learners, struggling students, and families. In addition, struggling students are supported through student friendly Intervention and Referral Services. Fairfield's School Nurse promotes health, safety, and wellness to all students. Fairfield implements a Character Education program that address SEL (Social-Emotional Learning) through interactive, engaging lessons that support student's emotional and social development. Fairfield has also befriended State Troopers to check in often to build healthy relationships amongst student and law enforcement.

### **School Culture & Safety:**

Fairfield Township School has instituted a school-wide Positive Behavior Intervention Supports character education program that emphasizes the importance of respect and responsibility; as a result there has been a significant decline in student absenteeism and office referrals. Fairfield is committed to providing staff and students with a school environment that is free from physical and psychological harm. Our commitment includes maximizing school safety, creating a positive learning environment, and promoting high expectations for behavior. Fairfield has created school wide norms to promote a common set of values for transforming school climate. Fairfield's character education initiative empowers students with communication skills, anger management, mediation skills, and positive decision making. Fairfield has created a crisis team to encourage attitudes and behaviors that build strong relationships within the school and community. The school has also established a stronger relationship with local law-enforcement and has turnkeyed professional development to staff on a variety of topics related to school safety.



### **Clubs and Activities:**

Scholastic Academy is a program geared towards students that excel in school and/or on the state assessment test. Students are chosen based on academic achievement and teacher recommendation to be a part of this academic club. Students participate in a variety of lessons & activities that span all content areas and ranges of student interest. Science Club is based on academic achievement & interest in Science to be a part of this academic club. Students participate in a variety of lessons & activities that span a different area of science each year. STEAM activities and project-based learning activities allow students to work together in groups, in team building scenarios. Students volunteer to run activities involving the school at our STEM Night. The students also enjoy the Drama Club, which uses Reader's Theater to promote literacy and love for the Arts.

### **Before and After School Program:**

We want to continue our newly extended day program, which is an enrichment program designed to give students extra help in math and language arts. The program is for students in grades 1-5 and operates during the hours of 3:40-5:40 PM. The Extended day program is funded by the state of NJ through the school improvement grant.

### **Professional Learning:**

Staff professional learning is aligned with the school improvement plan. All staff participate in professional learning grounded in best practices in small group instruction, data analysis, reading intervention, diversity, team building, student discipline, and student safety. The administration seeks to ensure that all staff has the opportunity to collaborate in an effort to drive positive relationships and student academic growth and development. The opportunities include professional learning communities, committees, and weekly labor association meetings. Staff is allotted bi-monthly times to participate in a team building and PLCs. Staff discuss questions and concerns regarding the day to day operations of the building, progress regarding targets, and data analysis. Bi-monthly administration meets with the school's team leaders to discuss progress toward school's goals. The administration meets weekly to discuss progress toward meeting the school's goals and objectives.

### **Student, Health, & Wellness:**

Fairfield Township offers a free breakfast program through Nutriserve, five days a week. Snack programs for early learning through Nutriserve. Food for the After-School Program is provided by the Community Foodbank. Fairfield Township students participate in daily recess as part of the lunch period and have an additional physical activity period as part of the character education program, in addition to the daily scheduled health and physical education classes. Teen outreach program consists of a total of 25 one-hour weekly club meetings throughout the school year focused on key topics related to adolescent health and development and Community Service Learning.

### **Parent Organizations:**

Parent and community involvement efforts are growing. To date, they consist of Parent Action Classes, a mentor program, partnering with local churches and community organizations, offering parental resources in relation to workshops that are career driven, finances, education, health and social services. The aim is to increase the amount of resource support. Some current partnerships include Cumberland County Library, Gateway, Family Success center, SPAN, Trinity AME Church, St. John United Methodist Church, In His Image Church, Inspira Medical Center, Complete Care, Prosecutors Office, Cumberland County College, Fairfield Township and other local organizations. The focus is to expand partnerships and networking.

### **Facilities:**

The primary purpose of school facilities is to support the instructional program. The School Board encourages the use of school facilities by the public for worthwhile community, education, recreational, civic and cultural activities when such use will not interfere with the basic purposes of the educational program. All of our facilities are safe, functional and aesthetically pleasing, where students want to learn, teachers want to teach and the community wants to gather in a safe and beautiful environment. The school has a gymnasium with access to state of the art technology screens, a media center with desktop computers and smart board, a technology lab with state of the art smart board, a cafe with two state of the art television monitors and tech screen, laptop carts are available to all grade levels and smart boards are in all classrooms grades K-8. The school also houses an athletic field which includes a race track, baseball field, tennis court, and basketball court to support health and physical wellness. No major renovations or upgrades to the facility are officially planned this year. Yes, we are in compliance with Alyssa's law.

### **Early Childhood:**

Fairfield Township School offers a high quality early childhood program. All preschool and kindergarten staff are highly qualified. The preschool program implements the state approved Creative Curriculum. The kindergarten program uses the basal series, Reading Street. The math resource used is Go Math. The math curriculum and Language Arts curriculum are posted on the school website. Currently, the program serves more than 87 students. There are no more than fifteen students in a pre-school classroom with an aide. There are no more than twenty-one students in a kindergarten class and aides in kindergarten accompany the teacher and students during all academic periods. The district is a "Focus" school. The school receives funding through Title I and PEA.

### **Other Information:**

Parent Action Team Meetings consist of parents and students coming together with questions, answers, and resolutions regarding math, language arts, technology usage and building parent partnerships with the community. Parents and students have access to the parent portal to check the students' progress through our parent portal link on the school website. The purpose is to develop a learning partnerships between the parents and students to help aid one another and to aid use of resources. Early Childhood Advisory Council consists of parents with children from preschool to 3<sup>rd</sup> grade that come together in unison to develop new ideas that promote community collaborations and strengthen family involvement within the school. Special Education Advisory Group - parents meet with the advisory team to develop new ideas and connect with outside companies such as SPAN (Special Education Advisory Council) to obtain resources to enhance the academic development of the parents and students.

## **4. INTERNAL ACCOUNTING CONTROLS:**

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

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

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

## **5. BUDGETARY CONTROLS:**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2019.

## **6. ACCOUNTING SYSTEM AND REPORTS:**

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

## **7. DEBT ADMINISTRATION:**

On December 8, 2009, the voters of the school district approved a referendum to construct an addition, as well as undertake various improvements, acquire equipment and make renovations to the elementary school. The total amount approved was \$3,984,772, of which \$1,984,772 was funded by a grant from the State of New Jersey and the remaining \$2,000,000 was funded through the issuance of bonds at various interest rates. Principal payments of bonds in the amount of \$100,000 were made during the 2018-19 fiscal year, resulting in a balance in bonds payable as of June 30, 2018 of \$1,270,000.

On September 15, 2014 the District refunded \$3,150,000 in Bonds Payable from the March 15, 2004 Construction of the new Elementary/Middle School, resulting in a net savings of \$56,000. Principal payments in the amount of \$300,000 were made during the 2018-19, resulting in a balance in these bonds payable as of June 30, 2018 of \$1,695,000.

## **8. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **9. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

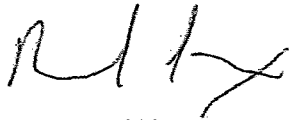
**10. OTHER INFORMATION:**

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

**11. ACKNOWLEDGMENTS:**

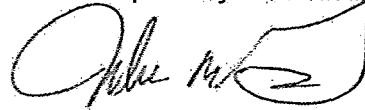
We would like to express our appreciation to the members of the Fairfield Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. We received the complete cooperation from Nightlinger, Colavita & Volpa, P.A. and appreciate the courtesies extended to us.

Respectfully Submitted,



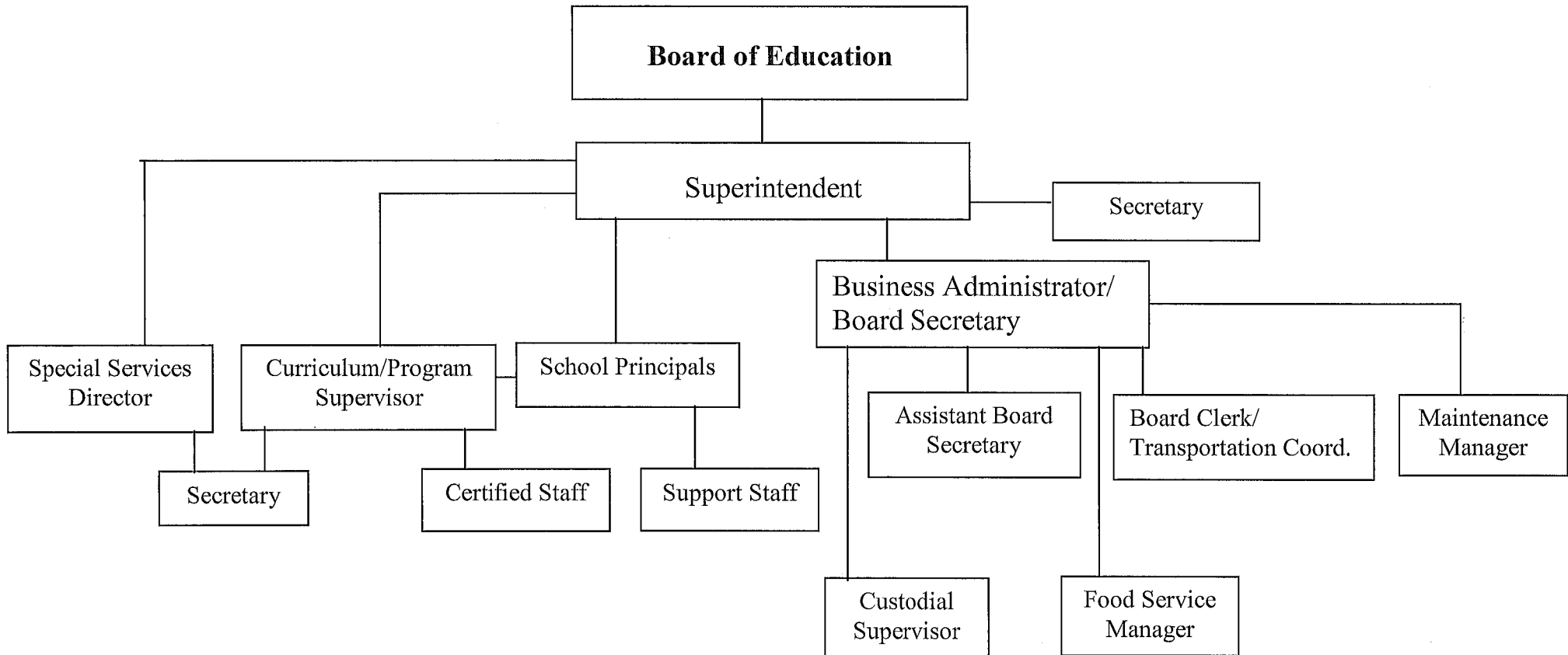
Dr. Michael Knox  
Superintendent/Principal

Respectfully Submitted,



William Gerson  
Interim Business Administrator

**ORGANIZATIONAL CHART**



Approved by the Board of Education

**FAIRFIELD TOWNSHIP BOARD OF EDUCATION**  
**BRIDGETON, NEW JERSEY**  
**ROSTER OF OFFICIALS**  
**JUNE 30, 2019**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Michelle Kennedy, President	2021
Darlington Henry, Jr., Vice President	2021
Mattie Peterson	2019
Ruth Butler	2020
Michael Keene	2020
Erica Goodwin	2020
Alta Lloyd	2021
Judith Hedgeman	2019
Isaac Dunn	2019
<hr/>	
<u>OTHER OFFICIALS</u>	<u>BOND</u>
Dr. Michael Knox, Superintendent/Principal	
Janecia Smith, Business Administrator (7/1/18 to 10/30/19)	
William Gerson, Business Administrator (11/1/19 to Present)	
Frank DiDomenico, Solicitor	
Susan A. Quinones, Treasurer	

**TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

**Raymond Colavita, CPA, RMA  
NIGHTLINGER, COLAVITA AND VOLPA, P. A.**  
Certified Public Accountants  
991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

**ATTORNEY**

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

**OFFICIAL DEPOSITORY**

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

**INSURANCE AGENCY**

**GCSSDJIF**  
PO Box 449  
Marlton, New Jersey 08053

**FINANCIAL SECTION**



# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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

(856) 629-3111  
Fax (856) 728-2245  
[www.colavita.net](http://www.colavita.net)

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Fairfield Township School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Fairfield Township School District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fairfield Township Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairfield Township School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by 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 OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2019 on our consideration of the Fairfield Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fairfield Township Board of Education's of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Fairfield Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

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



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915  
December 10, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
FAIRFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED

The discussion and analysis of Fairfield Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2019 are as follows:

- ❖ The assets and deferred outflows of the School District exceeded its liabilities and deferred inflows at the close of the fiscal year ended June 30, 2019 by \$6,380,239.
- ❖ Total net position of governmental activities totaled \$6,194,226.
- ❖ General revenues accounted for \$8,255,506 in revenue, or 63.3% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions and capital grants accounted for \$4,796,335 or 36.7% to total revenues of \$13,051,841.
- ❖ Total net position of governmental activities decreased by \$316,541, made up of changes in cash and cash equivalents, cash deposited with the state as fiscal agent, various receivables and various liabilities.
- ❖ The School District had \$12,843,362 in governmental expenses, of which \$4,271,315 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily Federal and State aid) of \$8,255,506 were inadequate to provide for governmental activity programs resulting in a negative change in net position of \$316,541.
- ❖ The General Fund had \$8,365,429 in revenues, offset by \$8,608,924 in expenditures and net transfers of (\$117,290). As a result, the General Fund balance decreased by \$360,785 over 2018. This decrease was anticipated by the Board of Education.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

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

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

**Enterprise Fund**

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

**The School District as a Whole**

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

Table 1 provides a comparative summary of the School District's net position for the years ended in 2019 and 2018.

Table 1  
Net Position

	2019	2018
<b>Assets</b>		
Current and Other Assets	\$ 1,112,601	\$ 426,958
Capital Assets, Net	11,789,351	12,184,020
<b>Total Assets</b>	<b>12,901,952</b>	<b>12,610,978</b>
<b>Deferred Outflows of Resources</b>	<b>343,304</b>	<b>570,758</b>
<b>Liabilities</b>		
Short-Term Loan Payable	718,077	
Long-term Liabilities	4,751,125	3,554,941
Other Liabilities	640,644	2,287,702
<b>Total Liabilities</b>	<b>6,109,846</b>	<b>5,842,643</b>
<b>Deferred Inflows of Resources</b>	<b>755,171</b>	<b>558,822</b>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	8,793,329	8,782,321
Restricted	406,703	544,242
Unrestricted (Deficit)	(2,819,793)	(2,546,292)
<b>Total Net Position</b>	<b>\$ 6,380,239</b>	<b>\$ 6,780,271</b>

Table 2 shows the changes in net position from fiscal year's 2019 and 2018.

Table 2  
Changes in Net Position

	2019	2018
<b>Revenues</b>		
Programs Revenues		
Charges for Services	\$ 32,956	\$ 36,624
Operating Grants and Contributions	4,763,217	5,155,983
General Revenues		
Property Taxes	1,514,183	1,463,522
Grants and Entitlements	6,796,195	6,125,612
Other	63,001	154,365
<b>Total Revenues</b>	<b>13,169,552</b>	<b>12,936,106</b>
<b>Program Expenses</b>		
Instruction	4,192,789	4,336,758
Support Services		
Tuition	241,925	43,253
Pupils and Instructional Staff	1,287,039	1,345,633
General Administration, School		
Administration, Business	562,328	606,534
Operations and Maintenance of Facilities	525,270	610,680
Pupil Transportation	578,646	543,984
Employee Benefits	4,808,797	4,113,786
Food Service	608,511	665,789
Other	387,349	384,835
Debt Service - Interest	259,219	284,408
<b>Total Expenses</b>	<b>13,451,873</b>	<b>12,935,660</b>
Transfer to Charter School	(117,711)	(193,153)
<b>Increase (Decrease) in Net Position</b>	<b>\$ (400,032)</b>	<b>\$ (192,707)</b>

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's total governmental revenues were \$12,644,532 for the fiscal year ended June 30, 2019. Property taxes made up 12.0% of governmental revenues, federal state and local grants accounted for 53.7%, operating grants and contributions was 33.8% and .5% was for other revenue.



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

Table 3

	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Instruction	\$ 4,192,789	\$ 3,018,571	\$ 4,336,758	\$ 3,046,767
Support Services				
Tuition	241,925	241,925	43,253	43,253
Pupils and Instructional Staff	1,287,039	547,429	1,345,633	621,383
General Administration, School				
Administration, Business	562,328	562,328	606,534	606,534
Operation and Maintenance of Facilities	525,270	525,270	610,680	610,680
Pupil Transportation	578,646	578,646	543,984	543,984
Employee Benefits	4,808,797	2,451,310	5,163,724	2,523,160
Interest and Fiscal Charges	259,219	259,219	284,408	284,408
Other	387,349	387,349	384,835	384,835
 Total Expenses	 \$ 12,843,362	 \$ 8,572,047	 \$ 13,319,809	 \$ 8,665,004

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

**Business-Type Activities**

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

- ❖ Food service expenses exceeded revenues by \$83,491.
- ❖ Charges for services represent \$32,956 of revenue. This represents amount paid by patrons for daily food services.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$491,902.

**The School District’s Funds**

Information about the School District’s major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$11,385,295 and expenditures of \$11,630,559. The net change in fund balance for the year was a decrease of \$362,975, which includes a transfer to charter school of \$117,711.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2019, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2018</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,577,022	13.8%	\$ 30,820	2.0%
State Sources	8,766,112	77.0%	162,290	1.9%
Federal Sources	1,042,161	9.2%	(82,067)	-7.3%
<b>Total</b>	<b>\$ 11,385,295</b>	<b>100.0%</b>	<b>\$ 111,043</b>	<b>1.0%</b>

The increase in Local Sources is attributed to increases in the tax levy of \$50,661, tuition of \$30,234 and interest earned of \$404 offset by a decrease in miscellaneous revenue of \$50,479.

The increase in State Sources is attributed to increases of \$92,631 in various State Public Aid categories and \$69,659 in Special Projects grants.

The decrease in Federal Sources is attributed to decreases in various federal grant awards of \$82,067.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund Expenditures for the fiscal year ended June 30, 2019

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2018</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 4,192,789	36.1%	\$ (143,969)	-3.3%
Undistributed Expenditures	6,747,988	58.0%	592,828	9.6%
Capital Outlay	170,257	1.5%	12,571	8.0%
Debt Service:				
Principal	400,000	3.4%	10,000	2.6%
Interest	119,525	1.0%	(12,175)	-9.2%
<b>Total</b>	<b>\$ 11,630,559</b>	<b>100%</b>	<b>\$ 459,255</b>	<b>4.1%</b>

The decrease in current – instruction is attributed to a decrease in special instruction of \$182,576, offset by increases in regular instruction of \$34,387 and other instruction of \$4,220.

The increase in current – undistributed expenditures is attributed to increases in pupil transportation of \$34,662, tuition of \$198,672, central services of \$390, and employee benefits of \$547,704, offset by decreases in student and instruction services of \$58,594, plant maintenance of \$83,833, administrative expenses of \$44,596, and security of \$1,577.

The increase in capital outlay is attributed to increases in capital project spending and equipment costs.

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

### **General Fund Budgeting Highlights**

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

During the course of the fiscal year 2019, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management in the following areas:

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

While the District’s original budget for the general fund anticipated a deficit of \$159,290 in fund balance, the actual results for the year show a decrease in fund balance of \$356,344.

- ❖ Actual revenues were \$40,200 less than expected, which excludes TPAF pension and social security of \$1,189,038.
- ❖ The actual expenditures were \$79,819 less than expected, which excludes the on-behalf state aid payments for TPAF pension and social security of \$1,189,038.

**Capital Assets**

At the end of the fiscal year 2019, the School District had \$11,789,351 invested general in land, buildings, furniture and equipment, and vehicles and food service equipment. Table 4 shows fiscal 2019 balances compared to 2018.

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

	<u>2019</u>	<u>2018</u>
Land	\$ 179,994	\$ 179,994
Sites	265,674	281,969
Building and Improvements	11,056,944	11,368,536
Machinery and Equipment	286,739	353,521
Totals	<u>\$ 11,789,351</u>	<u>\$ 12,184,020</u>

Overall capital assets decreased \$394,669 from fiscal year 2018 to fiscal year 2019. Acquisitions of capital assets were \$12,571 in general equipment, offset by depreciation expenses for the year of \$407,240.

**Debt Administration**

At June 30, 2019, the School District had \$4,751,125 as outstanding debt. Of this amount \$190,539 is for compensated absences, \$1,595,586 for net pension liability and \$2,965,000 for bonds for school construction.

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

On September 15, 2016, the District refunded \$3,150,000 in Bonds payable from the March 15, 2004 Construction of the new Elementary/Middle School, resulting in a net savings of \$56,000.

At June 30, 2019, the School District's overall legal debt margin was \$8,406,625 and the unvoted debt margin was \$5,441,625 or 65%.

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

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Amount Outstanding June 30, 2019</u>
Construction of a new elementary/middle School including necessary onsite and offsite improvements, furniture and equipment associated with such improvements (Refunded)	9/15/14	\$ 3,150,000	\$ 1,695,000
Construction of an addition as well as undertake various improvements and renovations to the Fairfield Township Elementary School and to acquire the necessary equipment and undertake any associated site work	3/1/10	\$ 2,000,000	\$ 1,270,000

## **For the Future**

Fairfield Township School District has planned and will be implementing a number of initiatives reflective of our continued development and implementation of best practice instructional strategies and instructional delivery to students during 2019-2020 that will flow through to the 2020-2021 school year. While funding is always a concern to all school districts it has an especially significant impact to districts such as Fairfield. In our rural setting with limited rate variables and a significant percentage of economically disadvantaged families our students face complicated situations that may impact negatively on their learning.

It is our hope that the State will continue to fund programs at or above the level they currently have funded. We as a district will continue our efforts in being proactive to secure necessary funding. We also will be expanding our efforts and program parameters to reach out to parents/guardians and the community to promote increased family and community involvement. Further we are committed to assist our families as needed in completing forms that can provide them with the resources they need as part of our school district family.

For the future, our goal is to continue to create an environment that is conducive to student learning. We will continue to provide professional development to empower staff in implementing best practice, experience-based instruction, and student assessment. We will continue to promote student success through targeted instruction. We will implement a professional staff evaluation instrument (Charlotte Danielson's, Framework for Teaching model) that is among those evaluation instruments sanctioned by the State of New Jersey.

Increased proficiency in the areas of ELA and mathematics continues to be a paramount goal. Further, we continue to refine, revise and implement a student behavior system that increases positive behavior recognition. We will also continue our efforts in working to create an environment where parents/guardians feel comfortable in working with the administration and staff to promote student success.

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

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

## **Contacting the School District's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

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

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

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 668,127	\$ (11,711)	\$ 656,416
Due from Other Funds	4,595		4,595
Receivables, Net	404,518	31,958	436,476
Inventory		15,114	15,114
Restricted Assets:			
Capital Assets, Net (Note 5):	11,636,806	152,545	11,789,351
Total Assets	12,714,046	187,906	12,901,952
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Pension Outflows	343,304		343,304
<b>LIABILITIES</b>			
Accounts Payable	538,155		538,155
Accrued Interest on Bonds	28,425		28,425
Unearned Revenue	72,171	1,893	74,064
Short-term Loan Payable	718,077		718,077
Non-current Liabilities (Note 6):			
Due Within One Year	415,000		415,000
Due Beyond One Year	4,336,125		4,336,125
Total Liabilities	6,107,953	1,893	6,109,846
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Pension Inflows	724,149		724,149
Defeasance of Debt	31,022		31,022
Total Deferred Inflows	755,171		755,171
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	8,640,784	152,545	8,793,329
Restricted:			
Excess Surplus	263,184		263,184
Capital Reserve	30,650		30,650
Maintenance Reserve	10,100		10,100
Capital Projects	86,296		86,296
Debt Service	16,473		16,473
Unrestricted (Deficit)	(2,853,261)	33,468	(2,819,793)
Total Net Position	\$ 6,194,226	\$ 186,013	\$ 6,380,239

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



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs</u>	<u>Program Revenues</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>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 3,516,225	\$	\$ (1,174,218)	\$ (2,342,007)	\$	\$ (2,342,007)
Special Education	596,693			(596,693)		(596,693)
Other Instruction	79,871			(79,871)		(79,871)
Support Services:						
Tuition	241,925			(241,925)		(241,925)
Student & Instruction Related Services	1,287,039		(739,610)	(547,429)		(547,429)
General and Business Administrative Services	282,600			(282,600)		(282,600)
School Administrative Services	82,206			(82,206)		(82,206)
Central Services	165,242			(165,242)		(165,242)
Information Technology	32,280			(32,280)		(32,280)
Plant Operations and Maintenance	525,270			(525,270)		(525,270)
Pupil Transportation	578,646			(578,646)		(578,646)
Employee Benefits	4,808,797		(2,357,487)	(2,451,310)		(2,451,310)
Interest on Debt Service	259,219			(259,219)		(259,219)
Unallocated Depreciation	387,349			(387,349)		(387,349)
Total Governmental Activities	12,843,362		(4,271,315)	(8,572,047)		(8,572,047)
<b>Business-type Activities:</b>						
Food Service	608,511	(32,956)	(491,902)		(83,653)	(83,653)
Total Business-type Activities	608,511	(32,956)	(491,902)		(83,653)	(83,653)
<b>Total Primary Government</b>	<b>\$ 13,451,873</b>	<b>\$ (32,956)</b>	<b>\$ (4,763,217)</b>	<b>\$ (8,572,047)</b>	<b>\$ (83,653)</b>	<b>\$ (8,655,700)</b>
<b>General Revenues:</b>						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 994,658	\$	\$ 994,658
Taxes Levied for Debt Service				519,525		519,525
Federal and State Aid not Restricted				6,796,195		6,796,195
Investment Earnings				1,840	162	2,002
Transfer to Charter School				(117,711)		(117,711)
Miscellaneous Income				60,999		60,999
Total General Revenues, Special Items, Extraordinary Items and Transfers				8,255,506	162	8,255,668
Change in Net Position				(316,541)	(83,491)	(400,032)
Net Position—Beginning				6,510,767	269,504	6,780,271
Net Position—Ending				\$ 6,194,226	\$ 186,013	\$ 6,380,239

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

## **FUND FINANCIAL STATEMENTS**

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

**GOVERNMENTAL FUNDS**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 628,939		\$ 86,717	\$ 16,473	\$ 732,129
Interfunds Receivable	281,206				281,206
State Aid Receivable	17,550				17,550
Federal Aid Receivable		353,394			353,394
Other Governmental Accounts Receivable	33,574				33,574
<b>Total Assets</b>	<b>\$ 961,269</b>	<b>\$ 353,394</b>	<b>\$ 86,717</b>	<b>\$ 16,473</b>	<b>\$ 1,417,853</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 385,907	\$ 145,384			\$ 531,291
Short-term Loan Payable	718,077				718,077
Interfund Payable	64,002	276,190	421		340,613
Due to Grantor		6,864			6,864
Unearned Revenue		72,171			72,171
<b>Total Liabilities</b>	<b>1,167,986</b>	<b>500,609</b>	<b>421</b>		<b>1,669,016</b>
Fund Balances:					
Restricted For:					
Maintenance Reserve	10,100				10,100
Capital Reserve	30,650				30,650
Debt Service				16,473	16,473
Capital Projects Fund			86,296		86,296
Assigned - Designated for					
Subsequent Year's Expenditures	18,055				18,055
Excess Surplus Designated for					
Subsequent Year's Expenditures	263,184				263,184
Unassigned, Reported In:					
General Fund (Deficit)	(528,706)	(147,215)			(675,921)
<b>Total Fund Balances (Deficit)</b>	<b>(206,717)</b>	<b>(147,215)</b>	<b>86,296</b>	<b>16,473</b>	<b>(251,163)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 961,269</b>	<b>\$ 353,394</b>	<b>\$ 86,717</b>	<b>\$ 16,473</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,728,190 and the accumulated depreciation is \$5,091,384 (Note 5).	11,636,806
Accrued Interest is not due and payable in the current period and are, therefore, not reported as liabilities.	(28,425)
Deferred Inflows on Debt Defeasance are not reported as a Liability or Fund Balance in the Governmental funds.	(31,022)
Long Term Net Pension Liability - PERS	(1,595,586)
Deferred Inflow - PERS	343,304
Deferred Outflow - PERS	(724,149)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).	(3,155,539)
<b>Net position of Governmental Activities</b>	<b>\$ 6,194,226</b>

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local Tax Levy	\$ 994,658	\$	\$	\$ 519,525	\$ 1,514,183
Tuition from Other LEA'S	58,172				58,172
Interest Earned	1,419		421		1,840
Miscellaneous	2,827				2,827
Total - Local Sources	1,057,076		421	519,525	1,577,022
State Sources	7,295,024	1,471,088			8,766,112
Federal Sources	13,329	1,028,832			1,042,161
Total Revenues	8,365,429	2,499,920	421	519,525	11,385,295
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular Instruction	2,342,007	1,174,218			3,516,225
Special Education Instruction	596,693				596,693
Other Instruction	79,871				79,871
Support Services:					
Tuition	241,925				241,925
Student & Instruction Related Services	547,429	739,610			1,287,039
General Administrative Services	282,600				282,600
School Administrative Services	82,206				82,206
Central Services	165,242				165,242
Admin. Information Technology	32,280				32,280
Plant Operations and Maintenance	525,270				525,270
Pupil Transportation	578,646				578,646
Employee Benefits	2,977,069	575,711			3,552,780
Capital Outlay	157,686	12,571			170,257
Debt Service - Principal				400,000	400,000
Debt Service - Interest				119,525	119,525
Total Expenditures	8,608,924	2,502,110		519,525	11,630,559
Excess (Deficiency) of Revenues Over Expenditures	(243,495)	(2,190)	421		(245,264)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Interest from Capital Projects Fund	421		(421)		
Transfer to Charter School	(117,711)				(117,711)
Total Other Financing Sources and Uses	(117,290)		(421)		(117,711)
Net Change in Fund Balances	(360,785)	(2,190)			(362,975)
Fund Balance—July 1 (Deficit)	154,068	(145,025)	86,296	16,473	111,812
Fund Balance—June 30 (Deficit)	\$ (206,717)	\$ (147,215)	\$ 86,296	\$ 16,473	\$ (251,163)

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (362,975)

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (387,349)
Capital outlays	12,571
	<hr/>

(374,778)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

400,000

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

5,677

In the Statement of Activities, certain operating expenditures such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

(598)

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

3,818

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental funds, interest is reported when due.

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12,315

**Change in Net Position of Governmental Activities (A-2)**

**\$ (316,541)**  

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

**PROPRIETARY FUNDS**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	<b>Business-type Activities Enterprise Funds</b>	
	<b>Food Service</b>	<b>Totals</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$	\$
Accounts Receivable:		
Federal	31,624	31,624
State	334	334
Interfund Accounts Receivable	64,002	64,002
Inventories	15,114	15,114
	111,074	111,074
Total Current Assets		
Fixed Assets:		
Equipment	319,138	319,138
Accumulated Depreciation	(166,593)	(166,593)
	152,545	152,545
Total Fixed Assets		
Total Assets	263,619	263,619
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable		
Cash Overdraft	75,713	75,713
Unearned Revenue	1,893	1,893
	77,606	77,606
Total Current Liabilities		
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	152,545	152,545
Unrestricted	33,468	33,468
	186,013	186,013
Total Net Position	\$ 186,013	\$ 186,013

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



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs:		
School Breakfast Program	\$	\$
School Lunch Program		
Daily Sales - Non-Reimbursable Programs:	30,286	30,286
Special Functions	2,670	2,670
Total Operating Revenue	32,956	32,956
Operating Expenses:		
Cost of Sales - Reimbursable	218,766	218,766
Cost of Sales - Non-Reimbursable	6,166	6,166
Salaries	171,309	171,309
Employee Benefits	23,685	23,685
Management Fees	29,540	29,540
Miscellaneous	57,992	57,992
General Supplies	81,162	81,162
Depreciation	19,891	19,891
Total Operating Expenses	608,511	608,511
Operating Income (Loss)	(575,555)	(575,555)
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	4,728	4,728
Federal Sources:		
National School Breakfast Program	146,918	146,918
National School Lunch Program	291,442	291,442
National School Snack Program	18,952	18,952
Food Distribution Program	29,862	29,862
Interest Earned	162	162
Total Non Operating Revenues (Expenses)	492,064	492,064
Income (Loss) Before Contributions & Transfers	(83,491)	(83,491)
Change in Net Position	(83,491)	(83,491)
Total Net Position—Beginning	269,504	269,504
Total Net Position—Ending	\$ 186,013	\$ 186,013

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Total Enterprise</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 32,956	\$ 32,956
Payments to Employees	(171,309)	(171,309)
Payments for Employee Benefits	(23,685)	(23,685)
Payments to Suppliers	(418,315)	(418,315)
	<hr/>	<hr/>
Net Cash Provided by (used for) Operating Activities	(580,353)	(580,353)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	4,728	4,728
Federal Sources	487,174	487,174
Board Subsidy and Interest	162	162
	<hr/>	<hr/>
Net Cash Provided by (used for) Non-capital Financing Activities	492,064	492,064
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Fixed Assets		
	<hr/>	<hr/>
Net Cash Provided by (used for) Capital and Related Financing Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	<hr/>	<hr/>
Net Cash Provided by (used for) Investing Activities		
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(88,289)	(88,289)
Balances—Beginning of Year	12,576	12,576
	<hr/>	<hr/>
Balances—End of Year	\$ (75,713)	\$ (75,713)
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (575,555)	\$ (575,555)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by: (used for) Operating Activities		
Depreciation and Net Amortization	19,891	19,891
(Increase)Decrease in Accounts Receivable, Net	54,432	54,432
(Increase)Decrease in Interfund Accounts Receivable, Net	(47,999)	(47,999)
(Increase)Decrease in Inventories	(2,626)	(2,626)
Increase(Decrease) in Accounts Payable	(28,142)	(28,142)
Increase(Decrease) in Unearned Revenue	(354)	(354)
	<hr/>	<hr/>
Total Adjustments	(4,798)	(4,798)
	<hr/>	<hr/>
Net Cash Provided by (used for) Operating Activities	\$ (580,353)	\$ (580,353)
	<hr/> <hr/>	<hr/> <hr/>

Noncash Noncapital Financing Activities:

During the year, the District accepted \$29,508 of Food Commodities from the U. S. Department of Agriculture

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

**FIDUCIARY FUNDS**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2019**

	<u>Agency</u>	
	<u>Student</u>	
	<u>Activity</u>	<u>Payroll</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,835	\$ 42,620
Total Assets	<u>\$ 5,835</u>	<u>\$ 42,620</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings	\$	\$ 22,548
Flexible Spending Reserve		15,477
Due to General Fund		4,595
Payable to Student Groups	5,835	
Total Liabilities	<u>5,835</u>	<u>42,620</u>
<b>NET POSITION</b>		
Total Liabilities and Net Position	<u>\$ 5,835</u>	<u>\$ 42,620</u>

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

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The District serves an area of forty-two square miles. It is located in Cumberland County and provides education for all of Fairfield Township's grades K through 8. The District currently operates two instructional buildings with the administrative offices in the primary school building. The Fairfield Township School District had an approximate enrollment at June 30, 2019 of 576 students.

**Reporting Entity:**

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

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

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Standards:**

The School District has adopted the following GASB statements:

- GASB No. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. The adoption of GASB 83 is not expected to impact the financial statements of the School District.
- GASB No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The adoption of GASB 88 is not expected to impact the financial statements of the School District.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Standards:**

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

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. The Board is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The Board is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.
- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.
- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.
- GASB Statement - No. 91 – *Conduit Debt Obligations*: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.

**A. Basis of Presentation:**

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

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

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

**A. Basis of Presentation (Continued):**

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

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

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

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

**B. Fund Accounting:**

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

**GOVERNMENTAL FUND**

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

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

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

**B. Fund Accounting (Continued):**

**GOVERNMENTAL FUND (Continued)**

**General Fund:** As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund:** The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

**PROPRIETARY FUND TYPE**

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

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

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



Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

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

**B. Fund Accounting (Continued):**

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

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

Food Service Fund Equipment	7 – 20 Years
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**FIDUCIARY FUND TYPES**

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

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

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

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

**C. Basis of Accounting and Measurement Focus:**

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

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

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

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

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

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

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

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

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

**D. Budgets/Budgetary Control:**

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.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

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

**D. Budgets/Budgetary Control (Continued):**

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

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

Exhibit C-3 presents a reconciliation of the general fund and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the General fund Budgetary Comparison schedule and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows the modified accrual basis, with the exception of the recognition policy for the last state aid payment.

**E. Encumbrance Accounting:**

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

**E. Encumbrance Accounting (Continued):**

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

**F. Tuition Receivable:**

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

**G. Tuition Payable:**

Tuition charges for the fiscal years 2016-17, 2017-18 and 2018-19 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

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

**H. Inventories and Prepaid Expenses:**

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

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

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

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

**J. Assets, Liabilities and Equity:**

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

**Inventories**

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019, included below, is Commodity Food Inventory of \$1,893.

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food	\$	11,499
Supplies		3,615
Total	\$	<u>15,114</u>

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

**Capital Assets**

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2019 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the Statement of Net Assets. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

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

**Capital Assets (Continued)**

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

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

**K. Compensated Absences:**

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

The liability for vested compensated absences of governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absences balance is not considered material to the applicable funds total liabilities and is therefore not shown separately from the long-term liability balance of compensated absences. The liability for vested compensated absences of the proprietary fund type is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, no liability existed for compensated absences in the proprietary fund types.

**L. Unearned Revenue:**

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

**M. Operating Revenues and Expenses:**

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

**N. Allocation of Indirect Expenses:**

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

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

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

**O. Accrued Liabilities and Long-term Obligations:**

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

**P. Fund Equity:**

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

**Q. Comparative Data/Reclassifications:**

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

**R. Management Estimates:**

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

**S. Extraordinary and Special Items:**

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

**T. Net Position:**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

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

**U. Fund Balance Reserves:**

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

**V. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end. Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

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

**W. Lease Acquisition Costs:**

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2019.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

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

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

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

**Deposits:**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows; the market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

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

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

**Investments:**

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

- a.) Bonds or other obligations of or guaranteed by the United States.
- b.) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date not greater than twelve months from the date of purchase.
- c.) Bonds or other obligations of the school district.
- d.) New Jersey Cash Management Fund – New Jersey the School Districts are permitted to participate in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2019, the District had no funds on deposit with the New Jersey Cash Management Fund.



Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

As of June 30, 2019, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking accounts	\$ 780,583

As of June 30, 2019, the District had no other investments.

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2019, the School District's bank balance of \$1,395,836 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	<u>1,145,836</u>
Total	\$ <u>1,395,836</u>

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

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

**NOTE 4. OPERATING LEASES**

The District has entered into operating leases for copying equipment. During the year beginning July 1, 2019, there was one existing lease on copiers for a term of five years. The future minimum lease payments are as follows:

2019-2020	\$ 23,988
2020-2021	<u>23,988</u>
Total	<u>\$ 47,976</u>

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<b>Beginning Balance 7/1/2018</b>	<b>Additions</b>	<b>Adjustments/ Retirements</b>	<b>Ending Balance 6/30/2019</b>
<b>Governmental Activities:</b>				
<b>Capital Assets that are not being Depreciated:</b>				
Land	\$ 179,994	\$ -	\$ -	\$ 179,994
Construction in Progress				
Total Capital Assets not being Depreciated	<u>179,994</u>			<u>179,994</u>
Site Improvements	425,996			425,996
Building and Building Improvements	15,573,337			15,573,337
Machinery and Equipment	536,292	12,571		548,863
Totals at Historical Cost	<u>16,535,625</u>	<u>12,571</u>	<u>-</u>	<u>16,548,196</u>
<b>Less Accumulated Depreciation for :</b>				
Site Improvements	(144,027)	(16,295)		(160,322)
Building and Improvements	(4,204,801)	(311,592)		(4,516,393)
Equipment	(355,207)	(59,462)		(414,669)
Total Accumulated Depreciation	<u>(4,704,035)</u>	<u>(387,349)</u>	<u>-</u>	<u>(5,091,384)</u>
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	<u>11,831,590</u>	<u>(374,778)</u>		<u>11,456,812</u>
<b>Government Activities</b>				
Capital Assets, Net	<u>\$ 12,011,584</u>	<u>\$ (374,778)</u>	<u>\$ -</u>	<u>\$11,636,806</u>
	To A-1			To A-1
Business-type Activities - Equipment	\$ 319,138			\$ 319,138
Less Accumulated Depreciation	(146,702)	(19,891)		(166,593)
<b>Business-type Activities</b>				
Capital Assets, Net	<u>\$ 172,436</u>	<u>\$ (19,891)</u>	<u>\$ -</u>	<u>\$ 152,545</u>

Depreciation expense was charged to governmental functions  
as follows:

Unallocated	<u>\$ 387,349</u>
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**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 6. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations:

	<u>Beginning Balance 7/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 6/30/2019</u>	<u>Due within One Year</u>	<u>Long-term Portion</u>
<b>Governmental Activities:</b>						
General Obligation						
Bonds Payable	\$ 3,365,000	\$ -	\$ (400,000)	\$ 2,965,000	\$ 415,000	\$ 2,550,000
Compensated Absences						
Payable	189,941	4,971	(4,373)	190,539		190,539
Net Pension Liability	2,028,884		(433,298)	1,595,586		1,595,586
Total Other Liabilities	<u>\$ 5,583,825</u>	<u>\$ 4,971</u>	<u>\$ (837,671)</u>	<u>\$ 4,751,125</u>	<u>\$ 415,000</u>	<u>\$ 4,336,125</u>
					<b>To A-1</b>	

**A. Bonds Payable:**

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

As of June 30, 2019, there exists a balance of outstanding principal in the 2010 and refunded 2004 bond issues totaling \$3,965,000. Combined Principal and interest due on the two serial bond issues outstanding as of June 30, 2019 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	415,000	107,025	522,025
2021	425,000	94,075	519,075
2022	440,000	80,825	520,825
2023	460,000	67,125	527,125
2024	475,000	49,000	524,000
2025	110,000	30,000	140,000
2026	120,000	25,600	145,600
2027	120,000	20,800	140,800
2028	130,000	16,000	146,000
2029	130,000	10,800	140,800
2030	140,000	5,600	145,600
	<u>\$ 2,965,000</u>	<u>\$ 506,850</u>	<u>\$ 3,471,850</u>

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

As of June 30, 2019, the Board had no bonds authorized but not issued.

**C. Capital Leases Payable:**

The District had no capital leases during the fiscal year ended June 30, 2019.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 7. CAPITAL RESERVE ACCOUNT**

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

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

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

The Capital Reserve account had a balance of \$30,650 as of June 30, 2019.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2019 is \$844,237.

**NOTE 8. MAINTENANCE RESERVE**

A Maintenance Reserve account was established by the Township of Fairfield Board of Education by resolution in the 2008-09 school-year. At June 30, 2019 there was a balance of \$10,100 in Maintenance Reserve.

**NOTE 9. PENSION PLANS**

**Description of Plans** - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

**Public Employees' Retirement System**

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

**NOTE 9. PENSION PLANS (CONTINUED)**

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who are 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.

**Contributions** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2018 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2019 were 54,220. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2019 is 13.37% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2019, and 2018, were \$38,801 and \$86,068 respectively.

The total payroll for the year ended June 30, 2019 was \$5,097,959. Payroll covered by PERS was \$722,934 for fiscal year 2019.

**Components of Net Pension Liability** - At June 30, 2019, the District's proportionate share of the PERS net pension liability was \$1,595,585. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The District's proportion measured as of June 30, 2018 was 0.008104% which was a decrease of 0.00061% from its proportion measured as of June 30, 2017.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 9. PENSION PLANS (CONTINUED)**

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

**Pension Expense and Deferred Outflows/Inflows of Resources** - The District's 2019 PERS pension expense, with respect to GASB 68, was \$30,771. The District's 2019 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 30,428	\$ 8,227
Changes of assumptions	262,926	510,183
Net difference between projected and actual earnings on pension plan investments		14,967
Changes in proportion	11,149	190,772
Contributions subsequent to the measurement date	38,801	
<b>Total</b>	<b>\$ 343,304</b>	<b>\$ 724,149</b>

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

Year	PERS
2020	\$ (70,337)
2021	(89,979)
2022	(154,205)
2023	(101,300)
2024	(3,824)
Thereafter	
<b>Total</b>	<b>\$ (419,645)</b>

**Additional Information** - Collective Balances at June 30, 2019 and 2018 are as follows:

Year	2019	2018
Collective deferred outflows of resources	\$ 343,304	\$ 570,758
Collective deferred inflows of resources	\$ 724,149	\$ 522,123
Collective Net Pension Liability	\$ 1,595,585	\$ 2,028,884
District's Proportion	0.008104%	0.008716%

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

**NOTE 9. PENSION PLANS (CONTINUED)**

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

**Actuarial Assumptions** - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the 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 1 year for females).

The actuarial assumptions used in the July 1, 2017 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 Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 9. PENSION PLANS (CONTINUED)**

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

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Client 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 Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
Total	100.00%	

**Discount Rate** - The discount rate, as of June 30, 2018, used to measure the total pension liability was 5.66% for PERS. 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 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.



Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

**NOTE 9. PENSION PLANS (CONTINUED)**

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

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	<u>1% Decrease (4.66%)</u>	<u>Current Discount (5.66%)</u>	<u>1% Increase (6.66%)</u>
District's Proportionate Share of the Net Pension Liability	\$ <u>2,006,266</u>	\$ <u>1,595,585</u>	\$ <u>1,251,052</u>

**Teachers' Pension and Annuity Fund**

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 that was established in 1955. As under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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 following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who are 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.

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

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

**NOTE 9. PENSION PLANS (CONTINUED)**

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

**Contributions** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2018. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2019 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$633,172 to the TPAF for pension contributions, \$287,206 for post-retirement benefits on behalf of the School, and \$803 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$267,857 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**Components of Net Pension Liability** - At June 30, 2019, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

**Pension Expense** - For the year ended June 30, 2019, the District recognized pension expense of \$1,226,713 and revenue of \$1,226,713 for support provided by the State.

**Actuarial Assumptions** - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
Inflation	2.25%

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 9. PENSION PLANS (CONTINUED)**

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

**Long-Term Expected Rate of Return** - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US 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%
Client 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 markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2018. 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, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on 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 Township School District  
Notes to the Financial Statements  
June 30, 2019

**NOTE 9. PENSION PLANS (CONTINUED)**

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

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (3.86%)	Current Discount (4.86%)	1% Increase (5.86%)
State's Share of the Net Pension Liability associated with the District	\$ 24,945,709	\$ 21,042,651	\$ 17,921,146
State's Share of the Net Pension Liability	\$ <u>75,417,894,537</u>	\$ <u>63,806,350,446</u>	\$ <u>54,180,663,328</u>

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

**NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees 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 No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit 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 or more years 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.

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 are the responsibility of the individual local education employers.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**General Information about the OPEB Plan (Continued)**

As of June 30, 2017, the Local Education Retired Plan had 99,686 Inactive employees or beneficiaries currently receiving benefit payments and 224,418 Active employees.

**Special Funding Situation**

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

**Total OPEB Liability**

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2018, was \$46,110,832,982. Of this amount, the total OPEB liability attributable to the School District was \$21,322,321. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.04624%. The total OPEB liability for the School District measured as of June 30, 2018 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2018 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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:

	<b>TPAF/ABP</b>	<b>PERS</b>	<b>PFRS</b>
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Years of Service	Age	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

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 the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy 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.

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

**NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Total Nonemployer OPEB Liability (Continued)**

The actuarial assumptions used in the June 30, 2017 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 and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of all active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

**Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. 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 Total OPEB Liability**

State of New Jersey	<b><u>Total OPEB Liability</u></b>
<b>Balance as of June 30, 2017 Measurement Date</b>	<b>\$ <u>53,639,841,858</u></b>
Changes for the year:	
Service Cost	1,984,642,729
Interest	1,970,236,232
Changes of Benefit Terms	
Differences between Expected and Actual	(5,002,065,740)
Changes of Assumptions	(5,291,448,855)
Benefit Payments	(1,232,987,247)
Contributions from Members	42,614,005
<b>Net Changes</b>	<b><u>(7,529,008,876)</u></b>
<b>Balance as of June 30, 2018 Measurement Date</b>	<b>\$ <u><u>46,110,832,982</u></u></b>

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2018, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>June 30, 2018</b>		
	At 1.00% Decrease 2.87%	At Discount Rate 3.87%	At 1.00% Increase 4.87%
\$	54,512,391,175	46,110,832,982	39,432,461,816

**Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	<b>June 30, 2018</b>		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$	38,113,289,045	46,110,832,982	56,687,891,003

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

For the year ended June 30, 2019, the School District recognized OPEB expense of \$952,902. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$	\$ 2,069,807
Changes of Assumptions		4,779,507
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	926,213	126,743
Contributions Subsequent to the Measurement Date		
Total	\$ 926,213	\$ 6,976,057

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

Measurement Period Ending June 30,	OPEB
2019	\$ (746,686)
2020	(746,686)
2021	(746,686)
2022	(746,686)
2023	(746,686)
Thereafter	(2,316,414)
Total	\$ (6,049,844)

**NOTE 11. DEFERRED COMPENSATION**

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are GWN Securities, Inc., Equitable, Lincoln Investment Planning and Prudential.

**NOTE 12. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2019.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 281,206	\$ 64,002
Special Revenue Fund		276,190
Capital Project Fund		421
Payroll Fund		4,595
Enterprise Fund	64,002	
	<u>\$ 345,208</u>	<u>\$ 345,208</u>

**NOTE 13. RISK MANAGEMENT**

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



**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 13. RISK MANAGEMENT (CONT'D)**

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

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

**NOTE 14. LAND PURCHASE**

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

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

**NOTE 15. LITIGATION**

According to the attorney, the district is involved in one lawsuit incidental to its operations and is being defended by the Board's insurance carrier. The total maximum exposure is considered material to the financial statements taken as a whole, but the actual value of the claim is to be determined.

**NOTE 16. FUND BALANCE**

**General Fund**

Of the (\$206,717) General Fund balance at June 30, 2019, \$0 is assigned for encumbrances; \$263,184 is restricted as Excess Surplus, of which \$263,184 has been appropriated and included as anticipated revenue for the year ended June 30, 2020; \$10,100 is restricted for Maintenance Reserve, of which \$0 has been appropriated and included as anticipated revenue for the year ended June 30, 2019; \$30,650 has been restricted for Capital Reserve, of which none has been assigned and appropriated as anticipated revenue for the year ended June 30, 2020; \$18,055 has been assigned and appropriated as anticipated revenue for the year ended June 30, 2020 and (\$528,706) represents unassigned and an unrestricted deficit in fund balance. The above amounts exclude the 19th and 20th state aid payment received in July, 2019 in the amount of \$575,100.

**Debt Service Fund**

Of the \$16,473 in Debt Service Fund balance at June 30, 2019, none has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2020.

**Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 17. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the NJ Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus of \$263,184 is to be appropriated in the 2019-20 budget and \$0 is available to be appropriated in the 2020-21 budget.

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

The balance in the investment of capital assets of \$8,793,329 on Exhibit A-1 reflects the allocation of the outstanding bonded debt as a liability, whereas the proceeds of the bonds will remain in the capital projects fund until such time as the project costs are expended. At that time, the costs are transferred into the heading of Capital Assets.

**NOTE 19. DEFICIT FUND BALANCES**

The District had a deficit in Unassigned fund balance of (\$528,706) in the General Fund and (\$147,215) in the Special Revenue Fund as of June 30, 2019 as reported in the fund statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the General and Special Revenue Fund balances do not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's general fund deficit is less than the last state aid payments of \$575,100 and the special revenue fund deficit of \$147,215 is equal to the last state aid payments.

**NOTE 20. TAX ABATEMENT**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

Fairfield Township School District  
Notes to the Financial Statements  
June 30, 2019

**NOTE 20. TAX ABATEMENT (CONT'D)**

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**NOTE 21. STATE SCHOOL ANTICIPATION NOTES**

There are two short-term notes payable each in the amount of \$359,038.50 totaling \$718,077 at an interest rate of 1.6%, maturing on July 11, 2019.

**NOTE 22. RECEIVABLES**

Receivables at June 30, 2019 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds. Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Receivables:	General Fund	Special Revenue Fund	Proprietary Funds	Total
Federal	\$	\$ 353,394	\$ 31,624	\$ 385,018
State	17,550		334	17,884
Other Intergovernmental	33,574			33,574
Totals	\$ 51,124	\$ 353,394	\$ 31,958	\$ 436,476

**NOTE 23. SUBSEQUENT EVENTS**

There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

End of Notes to the Financial Statements

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Revenues:</b>					
Local Sources:					
Local Tax Levy	\$ 994,658	\$	\$ 994,658	\$ 994,658	\$
Tuition from Other LEAs Within State	28,970		28,970	58,172	29,202
Interest on Investments				1,217	1,217
Interest Earned on Capital Reserve	5		5	152	147
Interest on Maintenance Reserve	5		5	50	45
Miscellaneous	75,000		75,000	2,827	(72,173)
<b>Total Local Sources</b>	<b>1,098,638</b>		<b>1,098,638</b>	<b>1,057,076</b>	<b>(41,562)</b>
State Sources:					
Equalization Aid	5,178,123		5,178,123	5,178,123	
Categorical Transportation Aid	163,986		163,986	163,986	
Categorical Special Education Aid	357,285		357,285	357,285	
Categorical Security Aid	168,555		168,555	168,555	
Adjustment Aid	244,271	(5,563)	238,708	238,708	
Other State Aids:					
Additional Non-Public Transportation Aid				3,770	3,770
Extraordinary Aid					
On Behalf TPAF Pension					
Contribution (Non-budgeted)				633,172	633,172
On Behalf TPAF Post Retirement					
Contribution (Non-budgeted)				287,206	287,206
On Behalf TPAF Long-Term Disability					
Contribution (Non-budgeted)				803	803
Reimbursed TPAF Social Security					
Contribution (Non-budgeted)				267,857	267,857
<b>Total State Sources</b>	<b>6,112,220</b>	<b>(5,563)</b>	<b>6,106,657</b>	<b>7,299,465</b>	<b>1,192,808</b>
Federal Sources:					
Medicaid	15,737		15,737	13,329	(2,408)
<b>Total Federal Sources</b>	<b>15,737</b>		<b>15,737</b>	<b>13,329</b>	<b>(2,408)</b>
<b>Total Revenues</b>	<b>7,226,595</b>	<b>(5,563)</b>	<b>7,221,032</b>	<b>8,369,870</b>	<b>1,148,838</b>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Expenditures:</b>					
<b>Current Expense:</b>					
Instruction - Regular Program:					
Salaries of Teachers:					
Preschool Inclusion	\$ 158,781	\$ (9,940)	\$ 148,841	\$ 148,763	\$ 78
Kindergarten	1,166,943	(87,903)	1,079,040	1,079,040	
Grades 1-5	694,674	47,615	742,289	742,289	
Grades 6-8					
Home Instruction:					
Salaries of Teachers	4,800	12,680	17,480	17,480	
Other Purchased Services	500	(500)			
Undistributed Instruction - Regular:					
Education Advisor		23,640	23,640	23,640	
Other Salaries for Instruction	100,208	5,954	106,162	106,162	
Purchased Professional - Educational Services	41,881	70,460	112,341	112,299	42
Other Purchased Services	39,488		39,488	39,488	
General Supplies	40,763	(20,437)	20,326	19,809	517
Textbooks	39,187	7,946	47,133	47,132	1
Other Objects	9,950	(3,772)	6,178	5,905	273
<b>Total Regular Programs</b>	<b>2,297,175</b>	<b>45,743</b>	<b>2,342,918</b>	<b>2,342,007</b>	<b>911</b>
Learning and Language Disabilities:					
Salaries of Teachers	237,586	(168,361)	69,225	68,938	287
Other Salaries for Instruction		15,874	15,874	15,874	
General Supplies	4,500	(2,364)	2,136	2,000	136
<b>Total Learning and/or Language Disabilities</b>	<b>242,086</b>	<b>(154,851)</b>	<b>87,235</b>	<b>86,812</b>	<b>423</b>
Behavioral Disabilities:					
Salaries of Teachers	106,354	5,220	111,574	111,574	
Other Salaries for Instruction		4,975	4,975	4,974	1
General Supplies	500	(400)	100	100	
<b>Total Behavioral Disabilities</b>	<b>106,854</b>	<b>9,795</b>	<b>116,649</b>	<b>116,648</b>	<b>1</b>
Multiple Disabilities:					
Salaries of Teachers	55,577	601	56,178	56,178	
Supplies	500	(500)			
<b>Total Multiple Disabilities</b>	<b>56,077</b>	<b>101</b>	<b>56,178</b>	<b>56,178</b>	
Resource Room:					
Salaries of Teachers	114,582	224,115	338,697	337,055	1,642
<b>Total Resource Room</b>	<b>114,582</b>	<b>224,115</b>	<b>338,697</b>	<b>337,055</b>	<b>1,642</b>
<b>Total Special Education</b>	<b>519,599</b>	<b>79,160</b>	<b>598,759</b>	<b>596,693</b>	<b>2,066</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	8,355		8,355	8,355	
General Supplies	500		500		500
<b>Total Basic Skills/Remedial</b>	<b>8,855</b>		<b>8,855</b>	<b>8,355</b>	<b>500</b>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Expenditures (Continued):</b>					
<b>Current Expense (Continued):</b>					
Bilingual Education - Instruction					
Salaries of Teachers	\$ 57,762	\$ 132	\$ 57,894	\$ 57,894	\$
General Supplies	500	(132)	368		368
<b>Total Bilingual Education - Instruction</b>	<b>58,262</b>		<b>58,262</b>	<b>57,894</b>	<b>368</b>
School - Sponsored Co-curricular Activities - Instruction:					
Salaries	12,000		12,000	11,550	450
Supplies and Materials	1,000	(10)	990	60	930
<b>Total School - Sponsored Co-curricular Activities</b>	<b>13,000</b>	<b>(10)</b>	<b>12,990</b>	<b>11,610</b>	<b>1,380</b>
School - Sponsored Athletics - Instruction:					
Salaries	12,000	(1,875)	10,125		10,125
Purchased Services	500	1,375	1,875	1,013	862
Supplies and Materials	500	510	1,010	999	11
<b>Total School - Sponsored Athletics - Instruction</b>	<b>13,000</b>	<b>10</b>	<b>13,010</b>	<b>2,012</b>	<b>10,998</b>
<b>Total Instruction</b>	<b>2,909,891</b>	<b>124,903</b>	<b>3,034,794</b>	<b>3,018,571</b>	<b>16,223</b>
<b>Undistributed Expenditures:</b>					
Instruction:					
Tuition - Other LEAs within the State - Regular	15,000	110,711	125,711	125,625	86
Tuition - Other LEAs within the State - Special	5,000	(1,939)	3,061	3,061	
Tuition to CSSD & Regional Day Schools	149,480	(58,344)	91,136	85,961	5,175
Tuition to Private School for the Disabled - Within State		27,278	27,278	27,278	
Tuition - Other	20,730	(20,730)			
<b>Total Instruction</b>	<b>190,210</b>	<b>56,976</b>	<b>247,186</b>	<b>241,925</b>	<b>5,261</b>
Attendance and Social Work:					
Salaries	31,871	(10,300)	21,571	20,183	1,388
Salaries - Residency Officer		6,650	6,650	6,650	
Other Purchased Services	500	(500)			
Supplies and Materials	500		500	183	317
<b>Total Attendance and Social Work</b>	<b>32,871</b>	<b>(4,150)</b>	<b>28,721</b>	<b>27,016</b>	<b>1,705</b>
Health Services:					
Salaries	53,182	3,318	56,500	56,500	
Purchased Professional & Technical Services	440	(440)			
Other Purchased Services	200	(200)			
Supplies & Materials	1,268	(297)	971	971	
<b>Total Health Services</b>	<b>55,090</b>	<b>2,381</b>	<b>57,471</b>	<b>57,471</b>	
Other Support Services - Student - Related Services:					
Purchased Professional - Educational Services	70,000	31,215	101,215	100,652	563
<b>Total - Other Support Serv - Student - Related Serv</b>	<b>70,000</b>	<b>31,215</b>	<b>101,215</b>	<b>100,652</b>	<b>563</b>



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Expenditures (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undistributed Expenditures: (Continued):</b>					
Special Education - Extraordinary Services					
Salaries - Aides	\$ 36,301	\$ 316	\$ 36,617	\$ 36,617	\$
<b>Total - Special Education - Extraordinary Services</b>	<b>36,301</b>	<b>316</b>	<b>36,617</b>	<b>36,617</b>	
Guidance					
Salaries of Other Professional Staff	55,312	(4,978)	50,334	50,334	
Other Purchased Professional & Technical Services	1,000	(1,000)			
Supplies & Materials	1,000	1,172	2,172	1,996	176
<b>Total - Other Support Services - Students - Regular</b>	<b>57,312</b>	<b>(4,806)</b>	<b>52,506</b>	<b>52,330</b>	<b>176</b>
Child Study Teams					
Salaries of Other Professional Staff	118,771	(4,636)	114,135	114,134	1
Salaries of Secretarial and Clerical Assistance		10,855	10,855	10,855	
Purchased Professional - Educational Services	31,887	(3,927)	27,960	27,960	
Other Purchased Services		950	950	943	7
Supplies & Materials	7,000	(3,699)	3,301	3,301	
Other Objects	3,000	(1,540)	1,460	1,460	
<b>Total - Other Support Services - Students - Special</b>	<b>160,658</b>	<b>(1,997)</b>	<b>158,661</b>	<b>158,653</b>	<b>8</b>
Improvement of Instruction Services/Other Support:					
Salaries of Supervisors of Instruction	44,805	195	45,000	45,000	
Salaries of Math/LAL Coaches	19,673	6,683	26,356	26,092	264
Other Purchased Services	500	(350)	150		150
Supplies & Materials	500	(195)	305		305
Other Objects	500		500		500
<b>Total - Improvement of Instruction Services/Other Support Services - Instructional Staff</b>	<b>65,978</b>	<b>6,333</b>	<b>72,311</b>	<b>71,092</b>	<b>1,219</b>
Educational Media Services - School Library:					
Salaries - Other Professional Staff	34,000	4,637	38,637	38,480	157
Purchased Professional & Technical Services	1,000		1,000	450	550
Supplies & Materials	500		500		500
Other Objects	5,000	(4,593)	407		407
<b>Total Educational Media Services - School Library</b>	<b>40,500</b>	<b>44</b>	<b>40,544</b>	<b>38,930</b>	<b>1,614</b>
Instructional Staff Training Services:					
Purchased Professional - Educational Services	75	4,593	4,668	4,668	
Other Purchased Services - Travel	1,000	(1,000)			
Supplies and Materials	250	(250)			
<b>Total - Instructional Staff Training Services</b>	<b>1,325</b>	<b>3,343</b>	<b>4,668</b>	<b>4,668</b>	

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable (Unfavorable)
<b>Expenditures (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undistributed Expenditures: (Continued):</b>					
Support Services - General Administration:					
Salaries	\$ 187,500	\$ (62,313)	\$ 125,187	\$ 125,066	\$ 121
General Admin Salaries-Governance Staff	6,500	(6,500)			
Salaries of Secretaries and Clerical Treasurer		40,395	40,395	40,395	
Salaries of Election Workers		124	124	124	
Legal Services		5,500	5,500	5,500	
Audit Fees	12,000	6,370	18,370	18,370	
Other Purchased Professional Services	15,600	(626)	14,974	14,770	204
Purchased Technical Services	1,100	1,243	2,343	2,342	1
Equipment Rental	700	(700)			
Communications/Telephone		700	700	700	
Travel	40,000	6,084	46,084	46,064	20
BOE Other Purchased Services	6,350	(4,593)	1,757	1,757	
Misc. Purchased Services	6,350	(6,350)			
General Supplies	23,750	(11,250)	12,500	12,493	7
Miscellaneous Expenditures	2,915	3,149	6,064	5,765	299
BOE Membership Dues and Fees	5,200		5,200	5,200	
	4,000	376	4,376	4,054	322
<b>Total Support Services - General Administration</b>	<b>311,965</b>	<b>(28,391)</b>	<b>283,574</b>	<b>282,600</b>	<b>974</b>
Support Services - School Administration:					
Salaries - Principals/Assistant Principals	37,595	5,057	42,652	42,652	
Salaries - Secretarial & Clerical Assistants	33,461	37	33,498	33,498	
Travel	1,000	(887)	113	94	19
Supplies & Materials	2,000	140	2,140	2,101	39
Other Objects	3,000	910	3,910	3,861	49
<b>Total Support Series - School Administration</b>	<b>77,056</b>	<b>5,257</b>	<b>82,313</b>	<b>82,206</b>	<b>107</b>
Central Services					
Salaries of Business Administrator	142,000	(45,906)	96,094	96,094	
Salaries of Other Staff		50,393	50,393	50,311	82
Purchased Technical Services	7,784	6,183	13,967	13,967	
Miscellaneous Purchased Services	2,000	(625)	1,375	1,375	
Supplies and Materials	3,822	(1,336)	2,486	2,384	102
Interest on Current Loans	510	(510)			
Miscellaneous Expenditures	1,350	(40)	1,310	1,111	199
<b>Total Central Services</b>	<b>157,466</b>	<b>8,159</b>	<b>165,625</b>	<b>165,242</b>	<b>383</b>
Admin. Info. Technology					
Salaries					
Purchased Professional Services	9,500	17,735	27,235	27,040	195
Purchased Technical Services	10,200	(10,200)			
Supplies and Materials	2,000	3,600	5,600	5,240	360
<b>Total Admin. Info. Technology</b>	<b>21,700</b>	<b>11,135</b>	<b>32,835</b>	<b>32,280</b>	<b>555</b>
Required Maintenance - School Facilities					
Cleaning, Repair, Maintenance Services	62,000	(4,618)	57,382	55,712	1,670
General Supplies	22,000	(7,000)	15,000	4,756	10,244
<b>Total - Required Maintenance - School Facilities</b>	<b>84,000</b>	<b>(11,618)</b>	<b>72,382</b>	<b>60,468</b>	<b>11,914</b>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Expenditures (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undistributed Expenditures: (Continued):</b>					
Other Operation & Maintenance - Plant Services					
Salaries	\$	\$	\$	\$	\$
Purchased Professional & Technical Services	25,000	(11,784)	13,216	11,322	1,894
Cleaning, Repair, Maintenance Services	193,500	7,943	201,443	188,666	12,777
Other Purchased Property Services	5,500	2,163	7,663	6,358	1,305
Insurance	22,000	500	22,500	22,399	101
Miscellaneous Purchased Services	500	(500)			
General Supplies	7,000	(325)	6,675	4,726	1,949
Energy (Natural Gas)	11,000	(11,000)			
Energy (Electricity)	150,000	14,737	164,737	147,344	17,393
<b>Total - Other Operation &amp; Maintenance - Plant Services</b>	<b>414,500</b>	<b>1,734</b>	<b>416,234</b>	<b>380,815</b>	<b>35,419</b>
Care & Upkeep of Grounds					
Salaries	57,884	2,684	60,568	60,568	
Cleaning, Repair, Maintenance Services	7,500	13,311	20,811	20,811	
General Supplies	3,000		3,000	2,358	642
Other Objects	400	195	595	250	345
<b>Total - Care &amp; Upkeep of Grounds</b>	<b>68,784</b>	<b>16,190</b>	<b>84,974</b>	<b>83,987</b>	<b>987</b>
<b>Total - Operation &amp; Maintenance - Plant Services</b>	<b>567,284</b>	<b>6,306</b>	<b>573,590</b>	<b>525,270</b>	<b>48,320</b>
Security					
Salaries					
General Supplies					
<b>Total - Security</b>					
Student Transportation Services:					
Salaries - Between Home & School - Regular	28,447		28,447	28,447	
Management Fee - ESC & CTSA Trans. Program	25,273	(4,900)	20,373	20,373	
Contracted Services - Aid in Lieu of Payments	55,000	(34,000)	21,000	21,000	
Contracted Services - Aid in Lieu of Payments Choice	35,698	1,211	36,909	36,908	1
Contracted Services (Not Home/School) - Vendors	18,000	(5,120)	12,880	12,880	
Contracted Services (Home/School) - Joint Agreements	308,833	(31,606)	277,227	277,227	
Contracted Services (Special Ed) - Vendors	125,000	56,811	181,811	181,811	
<b>Total - Student Transportation Services</b>	<b>596,251</b>	<b>(17,604)</b>	<b>578,647</b>	<b>578,646</b>	<b>1</b>
<b>UNALLOCATED BENEFITS:</b>					
Social Security Contributions	68,000	28,533	96,533	95,720	813
Other Retirement Contributions - PERS	80,000	7,568	87,568	87,568	
Unemployment Compensation	37,044	(20,553)	16,491	15,956	535
Workmen's Compensation	66,700		66,700	66,700	
Health Benefits	1,388,691	116,776	1,505,467	1,505,467	
Tuition Reimbursement	16,000		16,000	15,068	932
Other Employee Benefits	10,500	(8,948)	1,552	1,552	
<b>Total - UNALLOCATED BENEFITS</b>	<b>1,666,935</b>	<b>123,376</b>	<b>1,790,311</b>	<b>1,788,031</b>	<b>2,280</b>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Expenditures (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undistributed Expenditures: (Continued):</b>					
On-behalf TPAF Pension Contributions (Non-Budgeted)	\$	\$	\$	\$ 633,172	\$ (633,172)
On-behalf TPAF Post Retirement Med. Contributions (Non-Budgeted)				287,206	(287,206)
On Behalf TPAF Long-Term Disability Contributions (Non-Budgeted)				803	(803)
Reimbursement TPAF Social Security Contributions (Non-Budgeted)				267,857	(267,857)
<b>Total - UNDISTRIBUTED EXPENDITURES</b>	<u>4,108,902</u>	<u>197,893</u>	<u>4,306,795</u>	<u>5,432,667</u>	<u>(1,125,872)</u>
Interest on Maintenance Reserve	5		5		5
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<u>7,018,798</u>	<u>322,796</u>	<u>7,341,594</u>	<u>8,451,238</u>	<u>(1,109,644)</u>
<b>CAPITAL OUTLAY:</b>					
Increase in Capital Reserve:					
Interest Deposit to Capital Reserve	5		5		5
Undistributed Expenditures - Equipment					
Admin Info Tech	2,500	(2,500)			
Care and Upkeep of Grounds	2,500	(2,080)	420		420
Security	2,500	(2,500)			
<b>Total Equipment</b>	<u>7,500</u>	<u>(7,080)</u>	<u>420</u>		<u>420</u>
Facilities Acquisition & Construction Services					
Assessment for Debt Service on SDA Funding	157,686		157,686	157,686	
<b>Total - Facilities Acquisition &amp; Construction Services</b>	<u>157,686</u>		<u>157,686</u>	<u>157,686</u>	
<b>TOTAL - CAPITAL OUTLAY</b>	<u>165,191</u>	<u>(7,080)</u>	<u>158,111</u>	<u>157,686</u>	<u>425</u>
<b>TOTAL EXPENDITURES</b>	<u>7,183,989</u>	<u>315,716</u>	<u>7,499,705</u>	<u>8,608,924</u>	<u>(1,109,219)</u>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 42,606	\$ (321,279)	\$ (278,673)	\$ (239,054)	\$ 39,619
Other Financing Sources (Uses):					
Transfer to Charter School	(201,896)	84,185	(117,711)	(117,711)	
Transfer from Capital Project Fund - Interest				421	421
Total Other Financing Sources (Uses)	<u>(201,896)</u>	<u>84,185</u>	<u>(117,711)</u>	<u>(117,290)</u>	<u>421</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(159,290)	(237,094)	(396,384)	(356,344)	40,040
Fund Balances, July 1	724,727		724,727	724,727	
Fund Balances, June 30	<u>\$ 565,437</u>	<u>\$ (237,094)</u>	<u>\$ 328,343</u>	<u>\$ 368,383</u>	<u>\$ 40,040</u>
<b>RECAPITULATION OF FUND BALANCE:</b>					
<b>Restricted Fund Balance:</b>					
Maintenance Reserve				\$ 10,100	
Capital Reserve				30,650	
<b>Assigned Fund Balance:</b>					
Excess Surplus Designated for Next Year's Expenditures				263,184	
Designated for Subsequent Year's Expenditures				18,055	
<b>Unassigned Fund Balance</b>					
				46,394	
				<u>368,383</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(575,100)	
TOTAL				<u>\$ (206,717)</u>	

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**  
*(UNAUDITED)*

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State Sources	\$	\$	\$	\$ 1,473,278	\$ 1,473,278
Federal Sources	2,620,286	11,764	2,632,050	967,014	(1,665,036)
<b>Total Revenues</b>	<b>2,620,286</b>	<b>11,764</b>	<b>2,632,050</b>	<b>2,440,292</b>	<b>(191,758)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of teachers	1,136,581	(530,651)	605,930	594,976	10,954
Other Salaries for Instruction	246,187	38,069	284,256	229,851	54,405
Purchased Prof/Ed. Services	17,808	28,331	46,139	45,808	331
Other Purchased Services	2,000	(1,000)	1,000		1,000
Tuition	195,179	(45,557)	149,622	149,622	
General Supplies	52,371	44,634	97,005	89,989	7,016
Other Objects	1,000	1,440	2,440	2,154	286
<b>Total Instruction</b>	<b>1,651,126</b>	<b>(464,734)</b>	<b>1,186,392</b>	<b>1,112,400</b>	<b>73,992</b>
<b>Support Services</b>					
Salaries	131,439	31,974	163,413	133,690	29,723
Salaries of Principals/Asst Prin/Prog Dir	42,000	102,388	144,388	132,973	11,415
Salary of School Psychologist	61,463	61,463	61,463	57,464	3,999
Salaries of Other Professional Services	23,858	12,331	36,189	26,708	9,481
Salary - Data Entry Collection		9,981	9,981	2,774	7,207
Salaries of Parent Liaison	15,000	21,917	36,917	30,241	6,676
Salaries of Resource Assistant		15,028	15,028	15,028	
Salaries of Secretarial/Clerical	33,461	280	33,741	33,704	37
Other Salaries - Security	14,167		14,167	13,829	338
Salaries of Master Teachers	64,912	86	64,998	64,912	86
Personal Services - Employee Benefits	530,031	46,277	576,308	575,711	597
Purchased Professional & Educational Services	26,558	(25,700)	858	858	
Purchased Prof. and Technical Services		36,529	36,529	26,753	9,776
Other Purchased Professional Services		18,541	18,541	16,362	2,179
Cleaning, Repair & Maintenance Services - Preschool	25,000	17,000	42,000	42,000	
Rentals	1,000	272	1,272	1,272	
Other Purchased Services	1,734	98,971	100,705	78,180	22,525
Contracted Transp Grants	36,896	6,400	43,296	43,296	
Contracted Transp Grants - Field Trips	5,000	(560)	4,440	4,440	
Travel	2,000	(1,834)	166	24	142
Miscellaneous Purchased Services	6,000		1,043	968	75
Supplies and Materials	10,104	13,440	23,544	12,840	10,704
Other Objects		4,100	4,100	1,294	2,806
<b>Total Support Services</b>	<b>969,160</b>	<b>463,927</b>	<b>1,433,087</b>	<b>1,315,321</b>	<b>117,766</b>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment		12,571	12,571	12,571	
<b>Total Facilities Acquisition and Construction Services</b>		<b>12,571</b>	<b>12,571</b>	<b>12,571</b>	
Total Expenditures	2,620,286	11,764	2,632,050	2,440,292	191,758
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<b>2,620,286</b>	<b>11,764</b>	<b>2,632,050</b>	<b>2,440,292</b>	<b>191,758</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET - TO - GAAP RECONCILIATION**

**NOTE TO RSI**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**  
**(UNAUDITED)**

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule	<b>[C-1]</b>	\$ 8,369,870	<b>[C-2]</b>	\$ 2,440,292
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Current Year				(1,067)
Prior Year				62,885
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		570,659		145,025
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year		(575,100)		(147,215)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<b>[B-2]</b>	<u>\$ 8,365,429</u>	<b>[B-2]</b>	<u>\$ 2,499,920</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<b>[C-1]</b>	\$ 8,608,924	<b>[C-2]</b>	\$ 2,440,292
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Current Year				(1,067)
Prior Year				62,885
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund				
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<b>[B-2]</b>	<u>\$ 8,608,924</u>	<b>[B-2]</b>	<u>\$ 2,502,110</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employees' Retirement System (PERS)**  
**Last Ten Fiscal Years\***

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>
District's Proportion of the Net Pension Liability	0.008104%		0.008716%		0.008635%		0.009151%		0.009397%		0.009766%
District's Proportionate Share of the Net Pension Liability	\$ 1,595,585	\$	2,028,884	\$	2,557,502	\$	2,054,136	\$	1,759,386	\$	1,866,431
District's Covered-Employee Payroll	\$ 722,934	\$	773,440	\$	538,876	\$	539,382	\$	589,032	\$	619,353
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	220.71%		262.32%		474.60%		380.83%		298.69%		301.35%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	53.60%		48.10%		40.14%		47.93%		52.08%		48.72%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**Schedule of District Contributions**  
**Public Employees' Retirement System (PERS)**  
**Last Ten Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 38,801	\$ 86,068	\$ 79,993	\$ 80,910	77,468	\$ 73,583
Contributions in relation to the Contractually Required Contribution	(38,801)	(86,068)	(79,993)	(80,910)	(77,468)	(73,583)
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 722,934	\$ 773,440	\$ 538,876	\$ 539,382	\$ 589,032	\$ 619,353
Contributions as a Percentage of Covered-Employee Payroll	5.37%	11.13%	14.84%	15.00%	13.15%	11.88%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund (TPAF)**  
**Last Ten Fiscal Years\***

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>
District's Proportion of the Net Pension Liability	0.033077%		0.033213%		0.034818%		0.034161%		0.036360%		0.036295%
District's Proportionate Share of the Net Pension Liability	\$ 21,042,651	\$	22,393,237	\$	27,390,015	\$	21,591,343	\$	19,433,469	\$	18,343,063
District's Covered-Employee Payroll	\$ 3,775,518	\$	3,790,981	\$	3,282,673	\$	3,318,640	\$	3,277,879	\$	3,460,718
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	557.34%		590.70%		834.38%		650.61%		592.87%		530.04%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.49%		25.41%		22.33%		28.71%		33.64%		33.76%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

**OTHER SUPPLEMENTARY INFORMATION**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information - Part III**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**State Health Benefit Local Education Retired Employees Plan**  
**Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 798,815	\$ 963,147
Interest Cost	873,673	758,803
Changes of Benefit Terms		
Differences Between Expected and Actual Experiences	(1,231,137)	
Changes of Assumptions	(2,446,843)	(3,236,996)
Member Contributions	19,705	20,365
Gross Benefit Payments	(570,151)	(553,071)
<b>Net Change in Total OPEB Liability</b>	<u>(2,555,938)</u>	<u>(2,047,752)</u>
<b>Total OPEB Liability - Beginning</b>	<u>23,878,259</u>	<u>25,926,011</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 21,322,321</u>	<u>\$ 23,878,259</u>
<b>Covered-Employee Payroll</b>	<u>\$ 4,498,452</u>	<u>\$ 4,564,421</u>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	473.99%	523.14%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: There is no change in the Total OPEB Liability from June 30, 2016 to June 30, 2017 due to differences in expected and actual experiences. The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017. The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**SPECIAL REVENUE FUND - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Title I		Title II	Title IV	Preschool Education	Sub-Total	Totals 2019
	Part A	Reallocated	Part A			Per E-1(2)	
<b>REVENUES:</b>							
State Sources					\$ 1,473,278		\$ 1,473,278
Federal Sources	\$ 357,695	\$ 19,126	25,971	\$ 6,025		\$ 558,197	967,014
Total Revenues	357,695	19,126	25,971	6,025	1,473,278	558,197	2,440,292
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	81,434				436,031	77,511	594,976
Other Salaries for Instruction	24,828				205,023		229,851
Purchased Professional/Educ Services	7,808				38,000		45,808
Tuition						149,622	149,622
General Supplies	37,702	6,555			7,970	37,762	89,989
Other Objects					2,154		2,154
Total Instruction	151,772	6,555			689,178	264,895	1,112,400
Support Services:							
Salaries	114,604		16,805			2,281	133,690
Salaries of Principals/Asst Prin/Prog Dir					65,348	67,625	132,973
Salary of School Psychologist						57,464	57,464
Salaries of Other Professional Staff					26,708		26,708
Salary - Data Entry Collection						2,774	2,774
Salaries of Resource Assistant						15,028	15,028
Salaries of Secretarial/Clerical					33,704		33,704
Other Salaries - Security					13,829		13,829
Salaries of Parent Liaison					13,317	16,924	30,241
Salaries of Master Teachers					64,912		64,912
Personal Services-Employee Benefits	58,397		5,270		455,461	56,583	575,711
Purchased Prof./Educational Services					858		858
Purchased Prof. and Technical Services	26,753						26,753
Other Purchased Professional Services					13,023	3,339	16,362
Cleaning, Repair & Maint Services					42,000		42,000
Rentals					1,272		1,272
Other Purchased Services	3,000		3,896			71,284	78,180
Contractual Transport.					43,296		43,296
Contractual Transport. - Field Trips					4,440		4,440
Travel					24		24
Miscellaneous Purchased Services					968		968
Supplies and Materials	1,900			6,025	4,915		12,840
Other Objects	1,269				25		1,294
Total Support Services	205,923		25,971	6,025	784,100	293,302	1,315,321
Facilities Acquisition:							
Instructional Equipment		12,571					12,571
Non-Instructional Equipment							
Total Facilities Acquisition		12,571					12,571
Total Expenditures	\$ 357,695	\$ 19,126	25,971	\$ 6,025	\$ 1,473,278	\$ 558,197	\$ 2,440,292



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES SPECIAL REVENUE FUND - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	IDEA		Title V RLIS	School Improvement		Totals 2019
	B-Basic	Pre K		2018	2019	
<b>REVENUES:</b>						
Federal Sources	\$ 176,516	\$ 3,339	\$ 15,585	\$ 61,947	\$ 300,810	\$ 558,197
Total Revenues	176,516	3,339	15,585	61,947	300,810	558,197
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers				39,767	37,744	77,511
Tuition	149,622					149,622
General Supplies			15,585		22,177	37,762
Total Instruction	149,622		15,585	39,767	59,921	264,895
Support Services:						
Salary					2,281	2,281
Salary of Project Director				11,271	56,354	67,625
Salary of School Psychologist					57,464	57,464
Salary - Data Entry Collection				2,774		2,774
Salaries of Resource Assistant				1,199	13,829	15,028
Salaries of Parent Liaison				6,936	9,988	16,924
Personal Services-Employee Benefits					56,583	56,583
Purchased Professional Services		3,339				3,339
Other Purchased Services	26,894				44,390	71,284
Travel						
Supplies and Materials						
Total Support Services	26,894	3,339		22,180	240,889	293,302
Facilities Acquisition:						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 176,516	\$ 3,339	\$ 15,585	\$ 61,947	\$ 300,810	\$ 558,197

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 436,032	\$ 436,031	\$ 1
Other Salaries of Instruction	219,661	205,023	14,638
Purchased Professional/Educ Services	38,000	38,000	
Other Purchased services	1,000		1,000
General Supplies	8,500	7,970	530
Other Objects	2,440	2,154	286
<b>Total Instruction</b>	<b>705,633</b>	<b>689,178</b>	<b>16,455</b>
<b>Support Services:</b>			
Salaries of Program Directors	65,493	65,348	145
Salaries of Other Professional Staff	27,196	26,708	488
Salaries of Secretarial & Clerical Assistants	33,742	33,704	38
Other Salaries - Security	14,167	13,829	338
Salaries of Parent Liaison	15,000	13,317	1,683
Salaries of Master Teachers	64,998	64,912	86
Personal Services-Employee Benefits	455,461	455,461	
Purchased Professional & Educational Services	858	858	
Other Purchased Professional - Services	13,029	13,023	6
Cleaning Repair and Maint Services	42,000	42,000	
Rentals	1,272	1,272	
Contractual Service-Tran. (Bet. Home & School)	43,296	43,296	
Contractual Service-Tran. (Field Trips)	4,440	4,440	
Travel	24	24	
Miscellaneous Purchased services	1,043	968	75
Supplies and Materials	4,915	4,915	
Other Objects	100	25	75
<b>Total Support Services</b>	<b>787,034</b>	<b>784,100</b>	<b>2,934</b>
<b>Facilities Acquisition and Construction Services:</b>			
Instruction Equipment			
Non-Instructional Equipment			
<b>Total Facilities Acquisition and Construction Services</b>			
<b>Contribution to Charter Schools</b>			
<b>Total Expenditures</b>	<b>\$ 1,492,667</b>	<b>\$ 1,473,278</b>	<b>\$ 19,389</b>

**CALCULATION OF BUDGET & CARRYOVER**

Total Revised 2018-19 Preschool Education Aid Allocation	\$ 1,472,149	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2018)	72,227	(2)
Add: Budgeted Transfer from the General Fund 2018-19		(3)
<b>Total Preschool Education Aid Funds Available for 2018-19 Budget</b>	<b>1,544,376</b>	<b>(4)</b>
Less: 2018-19 Budgeted Preschool Education Aid (including prior year budget carryover)	1,492,667	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	51,709	(6)
Add: June 30, 2019 Unexpended Preschool Education Aid	19,389	(7)
Less: 2018-19 Commissioner-approved Transfer to the General Fund		(8)
2018-19 Carryover -Preschool Education Aid Programs	\$ 71,098	(9)
2018-19 Preschool Education Aid Carryover Budgeted for Preschool Programs 2019-20	\$ 72,227	<b>(10)</b>

Note: Since the 2018-19 Actual Carryover is less than the amount budgeted in 2019-20,

the District should consider revising its 2019-20 Preschool Education Program Budget.

\$ (1,129)

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b><u>Project Title/Issue</u></b>	<b><u>Original Date</u></b>	<b><u>Appropriations</u></b>	<b><u>Expenditures to Date</u></b>		<b><u>Unexpended Balance June 30, 2019</u></b>
			<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	
Construction of new Elementary/Middle School, necessary onsite and offsite improvements, furniture, and equipment associated with such improvements.	1/15/04	\$ 5,238,509	\$ 5,185,673	\$	\$ 52,836
Demolition of Original Fairfield Elementary School	2/28/13	1,150,808	1,117,348		33,460
		<u>\$ 6,389,317</u>	<u>\$ 6,303,021</u>	<u>\$</u>	<u>\$ 86,296</u>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Revenues and Other Financing Sources</b>	
State Sources - SCC Grant	\$
Interest	421
Total Revenues	<u>421</u>
<b>Expenditures and Other Financing Uses</b>	
Demolition Services	
Total Expenditures	<u></u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	421
Transfer Interest to General Fund	(421)
Transfer to Debt Service Fund	
Fund Balance - Beginning	<u>86,296</u>
Fund Balance - Ending	<u>\$ 86,296</u>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**CONSTRUCTION OF NEW ELEMENTARY/MIDDLE SCHOOL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 4,981,000	\$	\$ 4,981,000	\$ 4,981,000
Bond Proceeds and Transfers	(283,187)		(283,187)	(283,187)
Transfer to Demolition Project	600,000		600,000	600,000
Transfer from Capital Reserve				
Total Revenues	5,297,813		5,297,813	5,297,813
<b>Expenditures and Other Financing Uses</b>				
Construction Services	5,185,673		5,185,673	5,297,813
Total Expenditures	5,185,673		5,185,673	5,297,813
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 112,140	\$	\$ 112,140	\$
Less: Transfer to Debt Service Fund	(59,304)		(59,304)	
	52,836		52,836	
<b>Additional project information:</b>				
Project Number	1460-050-02-0530			
Grant Date	January 15, 2004			
Bond Authorization Date	January 15, 2004			
Bond Authorized	\$4,981,000			
Bonds Issued	\$4,981,000			
Original Authorization Cost	\$5,481,898			
Additional Authorized Cost	(\$184,085)			
Revised Authorized Cost	\$5,297,813			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	100%			
Original Target Completion Date	August 31, 2005			
Revised Target Completion Date	December 8, 2005			

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**DEMOLITION OF ORIGINAL FAIRFIELD ELEMENTARY SCHOOL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

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

**Additional project information:**

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

## **PROPRIETARY FUND DETAIL STATEMENTS**

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

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

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



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2019 AND 2018**

	<u>Food Service</u>	<u>Totals</u>	
	<u>Fund</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$	\$	\$ 12,576
Accounts Receivable:			
State	334	334	594
Federal	31,624	31,624	85,796
Other			
Interfund Accounts Receivable	64,002	64,002	16,003
Inventories	15,114	15,114	12,488
Total Current Assets	<u>111,074</u>	<u>111,074</u>	<u>127,457</u>
Fixed Assets:			
Equipment	319,138	319,138	319,138
Accumulated Depreciation	(166,593)	(166,593)	(146,702)
Total Fixed Assets	<u>152,545</u>	<u>152,545</u>	<u>172,436</u>
Total Assets	<u>263,619</u>	<u>263,619</u>	<u>299,893</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Unearned Revenue	1,893	1,893	2,247
Accounts Payable			28,142
Cash Overdraft	75,713	75,713	
Total Current Liabilities	<u>77,606</u>	<u>77,606</u>	<u>30,389</u>
<b>NET POSITION:</b>			
Invested in Capital Assets, Net of Related Debt	152,545	152,545	172,436
Restricted			
Unrestricted	33,468	33,468	97,068
Total Net Position	<u>\$ 186,013</u>	<u>\$ 186,013</u>	<u>\$ 269,504</u>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
AS OF JUNE 30, 2019 AND 2018**

	<u>Food Service Fund</u>	<u>Totals</u>	
		<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES:</b>			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Breakfast Program	\$	\$	\$
School Lunch Program			
Daily Sales - Non-Reimbursable Programs:			
Special Functions	30,286	30,286	28,683
Satellite Revenue	2,670	2,670	7,941
Total Operating Revenue	<u>32,956</u>	<u>32,956</u>	<u>36,624</u>
<b>OPERATING EXPENSES:</b>			
Salaries	171,309	171,309	181,455
Employee Benefits	23,685	23,685	21,753
Management Fees	29,540	29,540	28,700
Supplies	81,162	81,162	76,782
Miscellaneous	57,992	57,992	31,715
Depreciation	19,891	19,891	19,891
Cost of Sales - Reimbursable	218,766	218,766	296,814
Cost of Sales - Non-Reimbursable	6,166	6,166	8,679
Total Operating Expenses	<u>608,511</u>	<u>608,511</u>	<u>665,789</u>
Operating Loss	<u>(575,555)</u>	<u>(575,555)</u>	<u>(629,165)</u>
<b>Non-Operating Revenues:</b>			
State Sources:			
State School Lunch Program	4,728	4,728	4,373
Federal Sources:			
National School Breakfast Program	146,918	146,918	155,899
National School Lunch Program	291,442	291,442	281,214
National School Snack Program	18,952	18,952	21,113
Food Distribution Program	29,862	29,862	38,198
Interest	162	162	381
Total Non-Operating Revenues	<u>492,064</u>	<u>492,064</u>	<u>501,178</u>
<b>Non-Operating Expenses and (Income):</b>			
Total Non-Operating Expenses			
Net Income	<u>(83,491)</u>	<u>(83,491)</u>	<u>(127,987)</u>
Net Position - July 1	<u>269,504</u>	<u>269,504</u>	<u>397,491</u>
Net Position - June 30	<u>\$ 186,013</u>	<u>\$ 186,013</u>	<u>\$ 269,504</u>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING STATEMENT OF CASH FLOW**  
**AS OF JUNE 30, 2019 AND 2018**

	Food Service	Totals	
	Fund	2019	2018
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 32,956	\$ 32,956	\$ 36,624
Payments to Employees	(171,309)	(171,309)	(181,455)
Payments for Employee Benefits	(23,685)	(23,685)	(21,753)
Payments to Suppliers	(418,315)	(418,315)	(475,636)
Net Cash Used by Operating Activities	(580,353)	(580,353)	(642,220)
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	491,902	491,902	500,797
Net Cash Provided by Noncapital Financing Activities	491,902	491,902	500,797
Cash Flows from Capital Financing Activities:			
Purchase of Fixed Assets			(117,212)
Cash Flows from Investing Activities:			
Interest on Investments	162	162	381
Net Increase/(Decrease) in Cash and Cash Equivalents	(88,289)	(88,289)	(258,254)
Cash and Cash Equivalents, July 1	12,576	12,576	270,830
Cash and Cash Equivalents, June 30	\$ (75,713)	\$ (75,713)	\$ 12,576
Operating Income (Loss)	\$ (575,555)	\$ (575,555)	\$ (629,165)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Depreciation	19,891	19,891	19,891
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	54,432	54,432	(59,624)
(Increase)/Decrease in Interfund Receivable	(47,999)	(47,999)	68,587
(Increase)/Decrease in Inventory	(2,626)	(2,626)	(3,447)
Increase/(Decrease) in Accounts Payable	(28,142)	(28,142)	(34,416)
Increase/(Decrease) in Interfund Payable		-	
Increase/(Decrease) in Unearned Revenue	(354)	(354)	(4,046)
Total Adjustments	(4,798)	(4,798)	(13,055)
Net Cash Used by Operating Activities	\$ (580,353)	\$ (580,353)	\$ (642,220)

## FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AS OF JUNE 30, 2019**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

	<u>Agency</u>		<u>Totals</u>	
	<u>Student Activity</u>	<u>Payroll</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 5,835	\$ 42,620	\$ 48,455	\$ 45,303
Total Assets	<u>\$ 5,835</u>	<u>\$ 42,620</u>	<u>\$ 48,455</u>	<u>\$ 45,303</u>
<b>LIABILITIES AND NET POSITION:</b>				
Liabilities:				
Accounts Payable	\$	\$	\$	\$
Payroll Deductions and Withholdings		22,548	22,548	10,012
Flexible Spending Reserve		15,477	15,477	14,278
Due to General Fund		4,595	4,595	11,706
Due to Student Groups	5,835		5,835	9,307
Total Liabilities	<u>5,835</u>	<u>42,620</u>	<u>48,455</u>	<u>45,303</u>
Total Liabilities and Net Position	<u>\$ 5,835</u>	<u>\$ 42,620</u>	<u>\$ 48,455</u>	<u>\$ 45,303</u>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1,</u> <u>2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2019</u>
Middle School	\$ 9,307	\$ 35,929	\$ 39,401	\$	\$ 5,835
Totals	\$ 9,307	\$ 35,929	\$ 39,401	\$	\$ 5,835

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 35,996	\$ 2,574,359	\$ 2,567,735	\$ 42,620
Total Assets	<u>\$ 35,996</u>	<u>\$ 2,574,359</u>	<u>\$ 2,567,735</u>	<u>\$ 42,620</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 10,012	\$ 2,558,846	\$ 2,546,310	\$ 22,548
Flexible Spending Reserve	14,278	15,513	14,314	15,477
Due to General Fund	11,706		7,111	4,595
Total Liabilities	<u>\$ 35,996</u>	<u>\$ 2,574,359</u>	<u>\$ 2,567,735</u>	<u>\$ 42,620</u>

## **LONG-TERM DEBT SCHEDULES**

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



**FAIRFIELD TOWNSHIP BOARD OF EDUCATION**  
**SCHEDULE OF SERIAL BONDS**  
**AS OF JUNE 30, 2019**

<b>Issue</b>	<b>Date of Issue</b>	<b>Amount of Issue</b>	<b>Annual Maturities</b>		<b>Interest Rate</b>	<b>Balance July 1, 2018</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Balance June 30, 2019</b>
			<b>Date</b>	<b>Amount</b>					
Construction of an addition as well as undertake various improvements and renovations to the Fairfield Township Elementary School and to acquire the necessary equipment and undertake any necessary site work.	3/1/10	\$ 2,000,000	3/1/20-22	\$ 100,000	3.500%	\$ 1,370,000	\$	\$ 100,000	\$ 1,270,000
			3/1/23	110,000	3.750%				
			3/1/24-25	110,000	4.000%				
			3/1/26-27	120,000	4.000%				
			3/1/28-29	130,000	4.000%				
			3/1/30	140,000	4.000%				
Refunding of 3/15/04 School Bond Issue for the Construction of a new Elementary/Middle School, etc.	9/15/15	3,150,000	3/18/20	315,000	3.000%	1,995,000		300,000	1,695,000
			3/19/21	325,000	3.000%				
			3/20/22	340,000	3.000%				
			3/21/23	350,000	4.000%				
			3/21/24	365,000	4.000%				
Totals						\$ 3,365,000	\$	\$ 400,000	\$ 2,965,000

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 519,525	\$	\$ 519,525	\$ 519,525	\$
Total Revenues - Local Sources	<u>519,525</u>		<u>519,525</u>	<u>519,525</u>	
State sources:					
Debt Service Aid Type II					
Total Revenues - State Sources					
Total Revenues	<u>519,525</u>		<u>519,525</u>	<u>519,525</u>	
<b>EXPENDITURES</b>					
Regular Debt Service:					
Redemption of Principal	400,000		400,000	400,000	
Interest	119,525		119,525	119,525	
Total Regular Debt Service	<u>519,525</u>		<u>519,525</u>	<u>519,525</u>	
Total Expenditures	<u>519,525</u>		<u>519,525</u>	<u>519,525</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balances, July 1	<u>16,473</u>		<u>16,473</u>	<u>16,473</u>	
Fund Balances, June 30	\$ <u>16,473</u>	\$	\$ <u>16,473</u>	\$ <u>16,473</u>	\$
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**STATISTICAL SECTION**

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 9,459,843	\$ 12,312,897	\$ 7,872,940	\$ 8,012,695	\$ 7,979,459	\$ 8,136,619	\$ 8,488,233	\$ 8,528,057	\$ 8,609,885	\$ 8,640,784
Restricted	2,724,746	977,545	1,056,002	766,964	725,006	435,960	421,509	137,050	544,242	406,703
Unrestricted (Deficit)	(739,399)	(338,219)	(287,595)	(647,914)	(566,736)	(2,275,457)	(2,294,934)	(2,089,620)	(2,643,360)	(2,853,261)
<b>Total Governmental Activities Net Position</b>	<b>\$ 11,445,190</b>	<b>\$ 12,952,223</b>	<b>\$ 8,641,347</b>	<b>\$ 8,131,745</b>	<b>\$ 8,137,729</b>	<b>\$ 6,297,122</b>	<b>\$ 6,614,808</b>	<b>\$ 6,575,487</b>	<b>\$ 6,510,767</b>	<b>\$ 6,194,226</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 136,521	\$ 123,109	\$ 118,951	\$ 104,117	\$ 89,283	\$ 74,449	\$ 83,132	\$ 75,115	\$ 172,436	\$ 152,545
Restricted										
Unrestricted	7,799	19,244		12,312	75,034	180,316	248,116	322,376	97,068	33,468
<b>Total Business-Type Activities Net Position</b>	<b>\$ 144,320</b>	<b>\$ 142,353</b>	<b>\$ 118,951</b>	<b>\$ 116,429</b>	<b>\$ 164,317</b>	<b>\$ 254,765</b>	<b>\$ 331,248</b>	<b>\$ 397,491</b>	<b>\$ 269,504</b>	<b>\$ 186,013</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 9,596,364	\$ 12,436,006	\$ 7,991,891	\$ 8,116,812	\$ 8,068,742	\$ 8,211,068	\$ 8,571,365	\$ 8,603,172	\$ 8,782,321	\$ 8,793,329
Restricted	2,724,746	977,545	1,056,002	766,964	578,762	435,960	421,509	137,050	544,242	406,703
Unrestricted (Deficit)	(731,600)	(318,975)	(287,595)	(635,602)	(491,702)	(2,095,141)	(2,046,818)	(1,767,244)	(2,546,292)	(2,819,793)
<b>Total District-Wide Net Position</b>	<b>\$ 11,589,510</b>	<b>\$ 13,094,576</b>	<b>\$ 8,760,298</b>	<b>\$ 8,248,174</b>	<b>\$ 8,155,802</b>	<b>\$ 6,551,887</b>	<b>\$ 6,946,056</b>	<b>\$ 6,972,978</b>	<b>\$ 6,780,271</b>	<b>\$ 6,380,239</b>

Source: CAFR Schedule A-1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 3,662,220	\$ 3,336,418	\$ 3,367,316	\$ 3,150,130	\$ 3,188,568	\$ 3,123,441	\$ 3,095,716	\$ 3,478,821	\$ 3,481,838	\$ 3,516,225
Special Education	223,476	410,858	497,594	494,964	506,453	630,653	668,579	776,959	779,269	596,693
Other Special Instruction	168,504	77,134	159,433	166,931	195,664	19,200	18,971	8,333		
Other Instruction	65,794	72,567	70,424	85,260	84,956	87,796	71,955	63,111	75,651	79,871
Support Services										
Tuition	408,837	481,638	383,558	524,146	551,519	543,974	623,880	399,745	43,253	241,925
Student and Instruction Related Services	1,110,300	794,864	889,763	871,912	933,660	941,324	1,023,367	906,367	1,345,633	1,287,039
General Administrative Services	311,001	324,894	276,763	280,209	314,833	295,408	274,270	246,523	309,582	282,600
School Administrative Services	175,506	156,602	210,345	208,571	193,112	202,296	156,795	99,028	82,984	82,206
Central Services & Info Technology	232,437	164,482	207,822	204,782	230,556	219,693	222,990	265,937	213,968	197,522
Plant Operations and Maintenance	632,481	580,466	553,394	581,351	1,258,057	577,560	537,585	578,376	609,103	525,270
Security					17,647	13,418	15,700	12,780		1,577
Pupil Transportation	513,955	508,839	526,476	554,280	524,881	460,219	462,568	576,813	543,984	578,646
Employee Benefits	1,546,527	1,550,801	1,798,555	2,628,187	2,075,641	2,043,158	3,454,425	4,408,981	5,163,724	4,808,797
Interest on Long-Term Debt	183,211	339,192	216,960	322,410	353,504	270,156	298,284	292,458	284,408	259,219
Amortization of Debt Issue Costs	2,235		3,735							
Unallocated Depreciation and Amortization	360,363	517,268	357,611	365,805	351,304	365,553	339,643	380,691	384,835	387,349
<b>Total Governmental Activities Expenses</b>	<b>9,596,847</b>	<b>9,319,758</b>	<b>9,519,749</b>	<b>10,438,938</b>	<b>10,780,355</b>	<b>9,793,849</b>	<b>11,264,728</b>	<b>12,494,923</b>	<b>13,319,809</b>	<b>12,843,362</b>
<b>Business-Type Activities</b>										
Food Service										
	371,513	388,722	447,826	449,175	474,964	425,630	446,639	493,139	665,789	608,511
<b>Total Business-Type Activities Expense</b>	<b>371,513</b>	<b>388,722</b>	<b>447,826</b>	<b>449,175</b>	<b>474,964</b>	<b>425,630</b>	<b>446,639</b>	<b>493,139</b>	<b>665,789</b>	<b>608,511</b>
<b>Total District Expenses</b>	<b>\$ 9,968,360</b>	<b>\$ 9,708,480</b>	<b>\$ 9,967,575</b>	<b>\$ 10,888,113</b>	<b>\$ 11,255,319</b>	<b>\$ 10,219,479</b>	<b>\$ 11,711,367</b>	<b>\$ 12,988,062</b>	<b>\$ 13,985,598</b>	<b>\$ 13,451,873</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Operating Grants and Contributions										
	\$ 2,381,901	\$ 2,197,473	\$ 2,369,566	\$ 2,485,404	\$ 2,721,094	\$ 2,526,651	\$ 4,124,951	\$ 4,888,909	\$ 4,654,805	\$ 4,271,315
<b>Total Governmental Activities Program Revenues</b>	<b>2,381,901</b>	<b>2,197,473</b>	<b>2,369,566</b>	<b>2,485,404</b>	<b>2,721,094</b>	<b>2,526,651</b>	<b>4,124,951</b>	<b>4,888,909</b>	<b>4,654,805</b>	<b>4,271,315</b>
<b>Business-Type Activities</b>										
Charges for Services										
Food Service										
	83,898	81,365	91,200	75,889	121,855	101,869	64,863	44,772	36,624	32,956
Operating Grants and Contributions										
	301,012	305,390	329,303	370,764	400,997	414,209	458,259	514,610	501,178	491,902
<b>Total Business-Type Activities Program Revenues</b>	<b>384,910</b>	<b>386,755</b>	<b>420,503</b>	<b>446,653</b>	<b>522,852</b>	<b>516,078</b>	<b>523,122</b>	<b>559,382</b>	<b>537,802</b>	<b>524,858</b>
<b>Total District Program Revenues</b>	<b>\$ 2,766,811</b>	<b>\$ 2,584,228</b>	<b>\$ 2,790,069</b>	<b>\$ 2,932,057</b>	<b>\$ 3,243,946</b>	<b>\$ 3,042,729</b>	<b>\$ 4,648,073</b>	<b>\$ 5,448,291</b>	<b>\$ 5,192,607</b>	<b>\$ 4,796,173</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>										
	\$ (7,214,946)	\$ (7,122,285)	\$ (7,150,183)	\$ (7,953,534)	\$ (8,059,261)	\$ (7,267,198)	\$ (7,139,777)	\$ (7,606,014)	\$ (8,665,004)	\$ (8,572,047)
<b>Business-Type Activities</b>										
	13,397	(1,967)	(27,323)	(2,522)	47,888	90,448	76,483	66,243	(127,987)	(83,653)
<b>Total District-Wide Net Expense</b>	<b>\$ (7,201,549)</b>	<b>\$ (7,124,252)</b>	<b>\$ (7,177,506)</b>	<b>\$ (7,956,056)</b>	<b>\$ (8,011,373)</b>	<b>\$ (7,176,750)</b>	<b>\$ (7,063,294)</b>	<b>\$ (7,539,771)</b>	<b>\$ (8,792,991)</b>	<b>\$ (8,655,700)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, Net										
	\$ 696,863	\$ 696,863	\$ 696,863	\$ 710,800	\$ 725,016	\$ 754,016	\$ 784,176	\$ 874,176	\$ 941,822	\$ 994,658
Taxes Levied for Debt Service										
	369,785	509,980	514,917	514,661	519,042	475,379	475,379	423,250	521,700	519,525
Unrestricted Grants and Contributions										
	6,901,808	7,374,175	6,158,940	6,092,595	6,639,326	6,095,707	6,009,367	6,096,926	7,175,550	6,796,195
Tuition Received										
	2,184									
Adjustment to Fixed Assets										
				175,856	(5,021)				71,685	
Investment Earnings										
	1,244	1,401	1,814	18,690	6,564	6,447	2,060	2,504	1,436	1,840
Transfer to Charter School										
	(15,394)				(35,706)	(35,706)			(193,153)	(117,711)
Miscellaneous Income										
	32,176	46,899	6,113	(12,780)	69,780	69,840	186,481	169,837	81,244	60,999
<b>Total Governmental Activities</b>	<b>7,988,666</b>	<b>8,629,318</b>	<b>7,378,647</b>	<b>7,499,822</b>	<b>7,919,001</b>	<b>7,365,683</b>	<b>7,457,463</b>	<b>7,566,693</b>	<b>8,600,284</b>	<b>8,255,506</b>
<b>Business-Type Activities</b>										
Board Subsidy										
			3,921							
Prior Year Inventory Adjustments										
	(56,875)									
<b>Total Business-Type Activities</b>	<b>(56,875)</b>	<b></b>	<b>3,921</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>
<b>Total District-Wide</b>	<b>\$ 7,931,791</b>	<b>\$ 8,629,318</b>	<b>\$ 7,382,568</b>	<b>\$ 7,499,822</b>	<b>\$ 7,919,001</b>	<b>\$ 7,365,683</b>	<b>\$ 7,457,463</b>	<b>\$ 7,566,693</b>	<b>\$ 8,600,284</b>	<b>\$ 8,255,506</b>
<b>Change in Net Position</b>										
<b>Governmental Activities</b>										
	\$ 773,720	\$ 1,507,033	\$ 228,464	\$ (453,712)	\$ (140,260)	\$ 98,485	\$ 317,686	\$ (39,321)	\$ (64,720)	\$ (316,541)
<b>Business-Type Activities</b>										
	(43,478)	(1,967)	(23,402)	(2,522)	47,888	90,448	76,483	66,243	(127,987)	(83,653)
<b>Total District-Wide</b>	<b>\$ 730,242</b>	<b>\$ 1,505,066</b>	<b>\$ 205,062</b>	<b>\$ (456,234)</b>	<b>\$ (92,372)</b>	<b>\$ 188,933</b>	<b>\$ 394,169</b>	<b>\$ 26,922</b>	<b>\$ (192,707)</b>	<b>\$ (400,194)</b>

Source: CAFR Schedule A-2

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

	<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>	<u>2019</u>
General Fund										
Restricted	\$ 275,210	\$ 226,205	\$ 316,497	\$ 267,000	\$	\$	\$	\$	\$	\$
Maintenance Reserve					10,000	10,000	10,000	10,000	10,050	10,100
Capital Reserve								30,346	30,498	30,650
Excess Surplus							334,638	137,741	263,184	
Assigned:										
Maintenance Reserve					17,500					
Capital Reserve					337,314	337,314	30,346			
Designated for Subsequent Year's Expenditures								30,130	15,199	18,055
Excess Surplus Designated for Subsequent Year's Expenditures					135,000			334,638	137,741	263,184
Year End Encumbrances						7,045	9,040			
Unassigned (Deficit)	(488,405)	(335,131)	(284,018)	(414,558)	(331,601)	(275,784)	(265,254)	(299,801)	(302,604)	(528,706)
<b>Total General Fund</b>	<b>\$ (213,195)</b>	<b>\$ (108,926)</b>	<b>\$ 32,479</b>	<b>\$ (147,558)</b>	<b>\$ 168,213</b>	<b>\$ 78,575</b>	<b>\$ 118,770</b>	<b>243,054</b>	<b>243,054</b>	<b>\$ (206,717)</b>
All Other Governmental Funds										
Restricted:										
Special Revenue Fund (Deficit)	\$ (92,665)	\$ (105,899)	\$ (105,899)	\$ (113,166)	\$ (146,244)	\$ (140,150)	\$ (146,244)	(143,806)	(145,025)	\$ (147,215)
Capital Projects Fund	2,543,206	857,239	845,693	613,130	172,692	206,152	86,296	86,296	86,296	86,296
Assigned:										
Debt Service					52,500	22,644	106,473	16,473	16,473	16,473
<b>Total All Other Governmental Funds</b>	<b>\$ 2,450,541</b>	<b>\$ 751,340</b>	<b>\$ 739,794</b>	<b>\$ 499,964</b>	<b>\$ 78,948</b>	<b>\$ 88,646</b>	<b>\$ 46,525</b>	<b>(41,037)</b>	<b>(41,037)</b>	<b>\$ (44,446)</b>

Source: CAFR Schedule B-1

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

	2010	2011	2012	2013	2014	#	2015	2016	2017	2018	2019
<b>Revenues</b>											
Tax Levy	\$ 1,066,648	\$ 1,206,843	\$ 1,211,780	\$ 1,225,461	\$ 1,244,058	\$	1,229,395	\$ 1,259,555	\$ 1,297,426	\$ 1,463,522	1,514,183
Tuition Charges	2,184			18,690	6,564		6,447	2,060	2,504	1,436	58,172
Interest Earnings	1,244	1,401	1,814	28,328	69,780		69,840	185,826	169,837	53,306	2,827
Miscellaneous	32,176	46,899	10,034	7,982,445	8,711,066		8,183,291	8,512,291	8,525,655	8,603,822	8,766,112
State Sources	7,286,581	8,872,507	7,583,256	595,554	649,354		623,755	582,447	775,780	1,124,228	1,042,161
Federal Sources	1,997,128	699,141	945,250								
<b>Total Revenues</b>	<b>10,385,961</b>	<b>10,826,791</b>	<b>9,752,134</b>	<b>9,850,478</b>	<b>10,680,822</b>		<b>10,112,728</b>	<b>10,542,179</b>	<b>10,771,202</b>	<b>11,274,252</b>	<b>11,385,295</b>
<b>Expenditures</b>											
Instruction			497,594								
Regular Instruction	3,662,220	3,336,418	3,367,316	3,150,130	3,188,568		3,123,441	3,095,716	3,478,821	3,481,838	3,516,225
Special Education Instruction	223,476	410,858		494,964	506,453		630,653	668,579	776,959	779,269	596,693
Other Special Instruction	168,504	77,134	159,433	166,931	195,664		19,200	18,971	8,333		
Other instruction	65,794	72,567	70,424	85,260	84,956		87,796	71,955	63,111	75,651	79,871
Support Services											
Tuition	408,837	481,638	383,558	524,146	551,519		543,974	623,880	399,745	43,253	241,925
Student and Instruction Related Services	1,110,300	794,864	889,763	871,912	933,660		941,324	1,023,367	906,367	1,345,633	1,287,039
General Administrative Services	311,001	324,894	276,763	280,209	314,833		295,408	274,270	246,523	309,582	282,600
School Administrative Services	175,506	156,602	210,345	208,571	193,112		202,296	156,795	99,028	82,984	82,206
Central Services & Info. Technology	232,437	164,482	207,822	204,782	230,556		219,693	222,990	265,937	213,968	197,522
Plant Operations and Maintenance	632,481	580,466	553,394	581,351	532,119		577,560	537,585	578,376	609,103	525,270
Security					17,647		13,418	15,700	12,780	1,577	
Pupil Transportation	513,955	508,839	526,476	554,280	524,881		460,219	462,568	576,813	543,984	578,646
Unallocated Employee Benefits	1,559,164	1,607,161	1,839,633	2,092,265	2,070,638		2,245,887	2,376,839	2,605,214	3,005,076	3,552,780
Capital Outlay	1,525,858	3,395,820	120,916	675,631	886,713		290,858	483,484	203,223	157,686	170,257
Debt Service:											
Principal	164,785	285,000	295,000	305,000	320,000		385,000	360,000	370,000	390,000	400,000
Interest and Other Charges	205,000	224,980	219,917	209,661	199,042		120,235	151,406	143,250	131,700	119,525
<b>Total Expenditures</b>	<b>10,959,318</b>	<b>12,421,723</b>	<b>9,120,760</b>	<b>10,405,093</b>	<b>10,750,361</b>		<b>10,156,962</b>	<b>10,544,105</b>	<b>10,734,480</b>	<b>11,171,304</b>	<b>11,630,559</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(573,357)	(1,594,932)	631,374	(554,615)	(69,539)		(44,234)	(1,926)	36,722	102,948	(245,264)
<b>Other Financing Sources (Uses)</b>											
Proceeds from NJSDA				175,856							
Transfer to Charter School				(19,540)	(35,706)		(35,706)			(193,153)	(117,711)
Transfers (Net)			(3,921)	(21,568)							
<b>Total Other Financing Sources (Uses)</b>			<b>(3,921)</b>	<b>134,748</b>	<b>(35,706)</b>		<b>(35,706)</b>			<b>(193,153)</b>	<b>(117,711)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (573,357)</b>	<b>\$ (1,594,932)</b>	<b>\$ 627,453</b>	<b>\$ (419,867)</b>	<b>\$ (105,245)</b>		<b>\$ (79,940)</b>	<b>\$ (1,926)</b>	<b>\$ 36,722</b>	<b>\$ (90,205)</b>	<b>(362,975)</b>
Debt Service as a Percentage of Noncapital Expenditures	3.4%	4.1%	5.6%	4.9%	4.80%		4.70%	4.80%	4.8%	4.7%	4.5%

Source: CAFR Schedule B-2

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

<b>Fiscal Year Ended June 30,</b>	<b>Interest on Investments</b>	<b>Tuition Revenue</b>	<b>Prior Year Refunds</b>	<b>Prior Year P.O. Adjustment</b>	<b>Atlantic Electric Energy Rebate</b>	<b>Misc.</b>	<b>Total</b>
2019	\$ 1,419	\$ 58,172	\$ 2,161	\$	\$ (1,630)	\$ 2,296	\$ 62,418
2018	987	27,938	468	30,246	19,281	3,513	82,433
2017	2,176	97,482	198		40,901	31,256	172,013
2016	1,583	42,588	(4,117)	32,441	52,444	62,470	187,409
2015	5,111		14,264		37,124	18,252	74,751
2014	5,756		38,705		22,960	7,515	74,936
2013	10,982		2,159	3,933	21,058	1,178	39,310
2012	931					10,034	10,965
2011			18,793		23,300	4,806	46,899
2010	380	2,184				29,503	32,067

Source: District Records



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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	a Public Utilities	Net Valuation Taxable	Total Direct School Rate <sup>p</sup>	Estimated Actual County Equalized Value
2019	\$ 15,853,700	\$ 251,861,200	\$ 10,861,700	\$ 2,732,600	\$ 26,136,500	\$ 1,630,200	\$ 300,000	\$ 309,375,900	\$ 703,242	\$ 310,079,142	\$ 1.002	\$ 270,551,727
2018	16,388,000	251,762,000	11,729,200	2,612,200	26,632,800	1,630,200	300,000	311,054,400	705,607	311,760,007	1.023	274,831,596
2017	16,830,200	252,057,800	11,396,500	2,538,000	29,632,900	1,630,200	344,200	314,429,800	695,519	315,125,319	0.992	293,201,977
2016	18,269,100	250,625,000	12,490,800	2,924,600	25,601,100	1,630,200	344,200	311,885,000	713,142	312,598,142	0.916	287,213,371
2015	19,017,700	250,704,700	12,843,500	2,887,500	26,053,500	1,630,200	344,200	313,481,300	743,541	314,224,841	0.875	292,697,443
2014	19,175,800	241,140,500	13,644,400	2,863,100	2,689,700	1,630,200	344,200	281,487,900	734,782	282,222,682	0.875	308,715,419
2013	19,555,400	251,576,200	14,020,900	2,774,300	26,080,900	1,630,200	344,200	315,982,100	1,057,941	317,040,041	0.843	321,672,120
2012	19,497,200	253,567,700	13,290,100	2,819,800	27,921,353		344,200	317,440,353	1,127,247	318,567,600	0.854	323,221,997 <sup>c</sup>
2011	19,696,000	254,791,200	14,442,700	2,907,600	27,664,600		344,200	319,846,300	1,195,161	321,041,461	0.812	303,667,283
2010	9,280,500	137,378,900	7,210,200	2,788,300	13,993,700		219,400	170,871,000	810,417	171,681,417	1.615	325,356,981

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

- a) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b) Tax rates are per \$100
- c) First year of revaluation

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

Year Ended June 30,	Fairfield Township Board of Education			Overlapping Rates			Total
	a Basic Rate	b General Obligation		Cumberland Regional High School	Fairfield Township	Cumberland County	
		Debt Service	Total Direct				
2019	0.315	0.199	0.514	0.488	0.44	1.051	2.493
2018	0.298	0.188	0.486	0.537	0.43	1.037	2.490
2017	0.282	0.178	0.460	0.532	0.429	1.083	2.504
2016	0.255	0.161	0.416	0.500	0.43	2.375	3.721
2015	0.246	0.155	0.401	0.474	0.407	1.03	2.312
2014	0.227	0.163	0.39	0.485	0.383	1.017	2.275
2013	0.222	0.161	0.383	0.460	0.393	0.976	2.212
2012	0.221	0.163	0.384	0.47	0.384	0.965	2.203
2011	0.218	0.160	0.378	0.434	0.375	0.896	2.083
2010	0.459	0.244	0.703	0.912	0.673	1.69	3.978

\* First year of revaluation

Source: District Records and Municipal Tax Collector

**Note:**

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

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
*(UNAUDITED)*

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
South State Inc c/o So St Materials	\$ 4,813,800	1.54%	\$ 2,872,100	1.68%
Tip's Trailer Park Inc c/o J Stanger	3,935,600	1.26%	859,400	0.50%
Fairton Oaks Village LLC	3,403,400	1.09%		
Laning Bros Farms Inc	2,483,800	0.80%	1,316,900	0.77%
Cumberland Self Storage LLC	1,950,000	0.63%	872,900	0.51%
NJ Oak Solar LLC c/o Lincoln Renew	1,630,200	0.52%		
Halka Nurseries Inc	1,188,700	0.38%	658,700	0.38%
Taxpayer #1	1,154,900	0.37%	964,200	0.56%
Taxpayer #2	1,122,200	0.36%	616,800	0.36%
Taxpayer #3	857,000	0.27%		
<b>Total</b>	<b>\$ 22,539,600</b>	<b>7.23%</b>	<b>\$ 8,161,000</b>	<b>4.76%</b>

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2019	\$ 1,514,183	\$ 1,514,183	100.00%	\$
2018	1,463,522	1,390,674	95.02%	72,848
2017	1,297,426	1,224,578	94.39%	72,848
2016	1,259,555	1,259,555	100.00%	
2015	1,229,395	1,229,395	100.00%	
2014	1,244,058	1,123,222	90.29%	120,836
2013	1,225,461	1,225,461	100.00%	
2012	1,211,780	1,211,780	100.00%	
2011	1,206,843	1,206,843	100.00%	
2010	1,066,648	1,066,648	100.00%	

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of	
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
2019	\$ 2,965,000	\$	\$	\$	\$ 2,965,000	1.3%	\$ 502
2018	3,365,000				3,365,000	1.5%	558
2017	3,755,000				3,755,000	1.7%	661
2016	4,125,000				4,125,000	1.8%	671
2015	4,485,000				4,485,000	1.9%	714
2014	4,926,000				4,926,000	2.2%	770
2013	5,246,000				5,246,000	2.4%	809
2012	5,551,000				5,551,000	2.5%	845
2011	5,846,000				5,846,000	2.7%	919
2010	6,131,000				6,131,000	2.9%	973

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

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

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2019	\$ 2,965,000	\$	\$ 2,965,000	1.03%	\$ 482
2018	3,365,000		3,365,000	1.15%	534
2017	3,755,000		3,755,000	1.31%	596
2016	4,125,000		4,125,000	1.41%	656
2015	4,485,000		4,485,000	1.45%	701
2013	4,926,000		4,926,000	1.53%	760
2012	5,551,000		5,551,000	1.72%	845
2011	5,846,000		5,846,000	1.80%	919
2010	6,131,000		6,131,000	1.88%	973

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

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

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2019**  
*(UNAUDITED)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
Fairfield Township	\$ 3,034,689		\$ 3,034,689
<b>Other Debt</b>			
Regional School District		17.59%	
County of Cumberland - Township Share	98,195,796	3.132%	3,075,004
Subtotal, Overlapping Debt			6,109,693
<b>Fairfield Township School District Direct Debt</b>			2,965,000
<b>Total Direct and Overlapping Debt</b>			<b>\$ 9,074,693</b>

**Sources:** Fairfield Township Finance Officer and Cumberland County Finance Office

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Fairfield. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

**Legal Debt Margin Calculation for Fiscal Year 2018**

	Equalized Valuation Basis
	2018    \$ 272,019,589
	2017    277,813,925
	2016    290,828,982
	[A] \$ 840,662,496
Average Equalized Valuation of Taxable Property	[A/3] \$ 280,220,832
Debt Limit (3% of Average Equalization Value)	[B]        8,406,625
Net Bonded School Debt	2,965,000
Legal Debt Margin	[B-C] \$ 5,441,625

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 9,172,594	\$ 9,347,809	\$ 9,401,299	\$ 9,401,299	\$ 9,475,900	\$ 9,154,457	\$ 8,891,833	\$ 8,718,874	\$ 8,573,263	\$ 8,406,625
Total Net Debt Applicable to Limit	6,131,000	5,846,000	5,551,000	5,551,000	4,926,000	4,485,000	4,125,000	3,755,000	3,365,000	2,965,000
Legal Debt Margin	\$ 3,041,594	\$ 3,501,809	\$ 3,850,299	\$ 3,850,299	\$ 4,549,900	4,669,457	4,766,833	\$ 4,963,874	\$ 4,963,874	\$ 5,441,625
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	67%	63%	59%	59%	52%	49%	46%	43%	39%	35%

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

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



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (Thousands of Dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2019 *	5,889	\$ 231,841,951	\$ 39,282	7.60%
2018	5,902	220,279,491	36,543	7.90%
2017	6,055	227,630,366	38,893	8.90%
2016	6,146	229,909,568	37,408	9.20%
2015	6,285	231,375,990	36,814	10.50%
2014	6,397	226,236,302	35,366	11.50%
2013	6,481	222,615,869	34,349	14.70%
2012	6,568	224,027,912	34,109	15.40%
2011	6,360	218,179,800	34,305	14.40%
2010	6,304	211,095,744	33,486	15.40%

\* Estimate

**Source:**

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

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
*(UNAUDITED)*

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health Network	3,715	6.18%		
Durand Glass Manufacturing Co.	1,100	1.83%		
Shop-Rite	858	1.43%		
Wal-Mart	794	1.32%		
F&S Produce/Pipco Transportation	731	1.22%		
Agro Merchants Group	700	1.16%	<b>NOT AVAILABLE</b>	
Sheppard Bus Service	650	1.08%		
Elwyn New Jersey	615	1.02%		
Omni Baking	532	0.89%		
Seabrook Brothers & Sons	525	0.87%		
	10,220	17.00%		

**Source:**

This information is for the County of Cumberland.

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

<u>Function/Program</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>	<u>2019</u>
Instruction										
Regular	59.0	49.0	51.0	51.0	51.0	54.0	56.0	45.0	54.0	45.0
Special Education	12.0	15.0	18.0	21.0	18.0	21.0	15.0	28.0	18.0	10.0
Other Special Education	2.0	2.0								
Vocational										
Other Instruction	1.0	1.0					1.0	1.0	1.0	0.0
Support Services:										
Tuition										
Student & Instruction Related Services	7.3	8.2	8.0	5.0	4.7	6.0	5.0	9.0	12.0	22.0
General Administrative Services	2.0	2.0	2.2	2.0	2.0	3.0	2.0	2.0	2.5	5.0
School Administrative Services	2.1	2.8	5.0	5.0	5.0	4.0	4.0	3.0	3.0	3.0
Business Administrative Services	2.5	2.2		1.8	2.5	2.8	2.8	2.6	2.6	1.6
Plant Operations and Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Security					1.3	2.0	2.0	1.0	1.0	1.0
Pupil Transportation	0.5	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.4
Food Service								0.2	1.0	0.0
<b>Total</b>	<b>89.4</b>	<b>83.4</b>	<b>85.4</b>	<b>87.0</b>	<b>85.6</b>	<b>94.0</b>	<b>89.0</b>	<b>93.0</b>	<b>96.5</b>	<b>89.0</b>

**Source:** District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						K-8	Middle School				
2019	554	\$ 10,940,777	\$ 19,749	8.42%	54	10.1:1		549.5	511.3	-2.01%	93.05%
2018	576	10,491,918	18,215	14.00%	54	10.1:1		560.8	531.7	-7.72%	92.25%
2017	627	10,018,007	15,978	10.77%	57	11.1:1		607.7	560.6	-8.17%	92.25%
2016	662	9,549,215	14,425	-3.54%	56	8.1:1		661.8	628.9	5.06%	95.03%
2015	626	9,360,869	14,953	-0.79%	63	9.1:1		629.9	597.9	2.76%	94.92%
2014	620	9,344,606	15,072	-1.54%	57	10.9:1		613.0	586.5	2.52%	95.68%
2013	602	9,214,801	15,307	10.59%	60	10.1:1		598.0	571.7	-0.03%	95.62%
2012	613	8,484,927	13,842	0.12%	60	10.2:1		598.1	576.1	-3.20%	96.32%
2011	616	8,515,923	13,825	-10.77%	61	10.1:1		617.9	590.1	4.34%	95.50%
2010	585	9,063,675	15,493	14.58%	87	6.7 : 1		592.2	557.6	-5.36%	94.16%

**Sources:** District records

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

\* Schools combined beginning with the 2006/2007 School Year

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>District Building</b>										
<b>Elementary</b>										
Fairfield Primary School (1956)										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Middle School</b>										
Fairfield Middle School (1976)										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fairfield Township School</b>										
Square Feet	100,594	100,594	100,594	100,594	100,594	100,594	100,594	100,594	100,594	100,594
Capacity (Students)	622	622	622	622	622	622	622	622	622	622
Enrollment	585	2,012	2,013	602	620	626	662	627	576	554
Number of Schools at June 30, 2019										
Elementary = 0										
Middle School = 0										
Combined = 1										

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

Source: District records, ASSA

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

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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Fairfield Twp. Primary School		\$		\$	\$	\$	\$	\$	\$	\$	\$
Fairfield Twp. Middle School											
Fairfield Township School *	100,594	60,468	100,790	62,497	572,952	58,092	47,257	58,279	44,555	47,657	42,188
Total School Facilities		60,468	100,790	62,497	572,952	58,092	47,257	58,279	44,555	47,657	42,188
Other Facilities											
Grand Total		\$ 60,468	100,790	\$ 62,497	\$ 572,952	\$ 58,092	\$ 47,257	\$ 58,279	\$ 44,555	\$ 47,657	\$ 42,188

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2019**  
***(UNAUDITED)***

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

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

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

The coverage provided to members of the GCSSDJIF for the period of July 1, 2018 to June 30, 2019 are as follows:

I. Property, Inland Marine and Automobile Physical Damages		
A. Limit of Liability:		\$150,000,000 Per Occurrence
1. GCSSDJIF Self Insured Retention		250,000 Per Occurrence
2. Member District Deductible		500 Per Occurrence
3. Perils Included		"All Risk"
B. Property Valuation		
1. Buildings and Contents		Replacement Cost
2. Contractors Equipment		Actual Cash Value
3. Automobiles		Replacement Cost
II. Boiler and Machinery		
A. Limit of Liability		125,000,000
1. GCSSDJIF Self Insured Retention		None
2. Member District Deductible		1,000
III. Crime		
A. Limits of Liability		500,000
1. GCSSDJIF Self Insured Retention		250,000
2. Member District Deductible		500
IV. General and Automobile Liability		
A. Limit of Liability:		15,000,000
1. GCSSDJIF Self Insured Retention (SIR)		250,000
2. Member District Deductible		None
V. Workers' Compensation		
A. Limits of Liability:		Statutory
1. GCSSDJIF Self Insured Retention		250,000
2. Member District Deductible		None

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2019**  
***(UNAUDITED)***

VI. Educator's Legal Liability	
A. Limits of Liability:	15,000,000
1. GCSSDJIF Self Insured Retention	100,000
2. Member District Deductible	None
VII. Pollution Legal Liability	
A. Limits of Liability:	3,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000
VII. Cyber Liability	
A. Limits of Liability:	1,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000

Excess and Reinsurance Carriers Involved

Property and Crime

SPELLJIF, Selective Ins. Co. of America  
Axis Surplus Insurance Company  
Westchester Surplus Lines Ins. Co.  
Alterra Excess & Surplus Ins. Co.  
Ironshore Specialty Ins. Co.  
Steadfast Inc. Co.  
RSUI Indemnity Company  
Liberty Surplus Insurance Corp.  
James River Insurance Co.  
Maiden Specialty Insurance Co.  
Arch Specialty Insurance Co.

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

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

Group Purchase of Primary Insurance Coverage Carrier Array

Boiler and Machinery  
Pollution Legal Liability  
Cyber Liability

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



**SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fairfield Township School District, in the County of Cumberland, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board of Education of the Fairfield Township School District's basic financial statements, and have issued our report thereon dated December 10, 2019.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fairfield Township Board of Education's internal control over financial reporting 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 Fairfield Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fairfield Township Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We considered the deficiencies described in the accompanying schedule of findings and questioned costs to be material, labeled 2019-1, 3, 4, 5 and 6.

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. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be significant.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fairfield Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed five instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2019-1, 2, 3, 4 and 5.

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

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

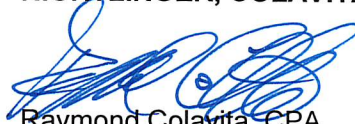
**Purpose of this Report**

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

This report is intended solely for the information and use of management, the Fairfield Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
December 10, 2019

# NIGHTLINGER, COLAVITA & VOLPA

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## REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

### INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the Board of Education of the Fairfield Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Fairfield Township School District's major federal and state programs for the fiscal year ended June 30, 2019. The Fairfield Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Fairfield Township Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Fairfield Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Fairfield Township Board of Education's compliance.

### Opinion on Each Major Program

In our opinion, the Board of Education of the Fairfield Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2019.

### Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified two deficiencies in internal control over compliance that we consider to be a material weakness, labeled 2019-4 and 6, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled ***Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance*** dated December 10, 2019. However, material weaknesses may exist that have not been identified.

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

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

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
December 10, 2019

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From/To	June 30, 2018		Carryover Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	June 30, 2019		
						(Accounts Receivable)	Unearned Revenue						(Accounts Receivable)	Unearned Revenue	Due to Grantor
U S Department of Education															
General Fund:															
Medical Assistance Program(SEMI)	93.778	1905NJ5MAP	N/A	\$ 13,329	7/1/18-6/30/19				\$ 13,329	\$ (13,329)		\$ (13,329)			
U.S. Department of Agriculture Passed through State Department of Education															
Non-Cash Assistance:															
Food Distribution Program	10.565	Unknown	N/A	29,508	7/1/18-6/30/19				29,508	(27,615)		(27,615)		\$ 1,893	
Food Distribution Program	10.565	Unknown	N/A	35,544	7/1/17-6/30/18		\$ 2,247			(2,247)		(2,247)			
Child Nutrition Cluster:															
Cash Assistance:															
National School Lunch Program	10.555	191NJ304N1099	N/A	291,442	7/1/18-6/30/19				270,858	(291,442)		(291,442)	\$ (20,584)		
National School Lunch Program	10.555	181NJ304N1099	N/A	281,214	7/1/17-6/30/18	\$ (53,824)			53,824						
National School Snack Program	10.555	191NJ304N1099	N/A	18,952	7/1/18-6/30/19				17,842	(18,952)		(18,952)	(1,110)		
National School Snack Program	10.555	181NJ304N1099	N/A	21,113	7/1/17-6/30/18	(2,982)			2,982						
School Breakfast Program	10.553	191NJ304N1099	N/A	146,918	7/1/18-6/30/19				136,988	(146,918)		(146,918)	(9,930)		
School Breakfast Program	10.553	181NJ304N1099	N/A	155,899	7/1/17-6/30/18	(28,990)			28,990						
Total U.S. Department of Agriculture						(85,796)	2,247		540,992	(487,174)		(487,174)	(31,624)	1,893	
U.S. Department of Education Passed Through State Dept. of Education:															
Special Education Fund:															
E.S.E.A.															
Title I	84.010	S010A180030	ESEA-146019	369,199	7/1/18-6/30/19				219,093	(357,695)		(357,695)	(138,602)		
Title I	84.010	S010A170030	ESEA-146018	359,775	7/1/17-6/30/18	(41,980)			41,980						
Title I	84.010	S010A140030	ESEA-146015	380,103	7/1/14-6/30/15	(3,442)							(3,442)		
Title I	84.010	S010A130030	ESEA-146014	354,766	7/1/13-6/30/14		3,928							\$ 3,928	
Title I - Reallocated	84.010	S010A180030	ESEA-146019	19,136	2/1/19-9/30/19				12,571	(19,126)		(19,126)	(6,555)		
Title II - A	84.367A	S367A180029	ESEA-146019	29,471	7/1/18-6/30/19			\$ 36	15,197	(25,971)		(25,971)	(10,738)		
Title II - A	84.367A	S367A170029	ESEA-146019	28,240	7/1/17-6/30/18		36	(36)							
Title II - A	84.367A	S367A140029	ESEA-146015	53,036	7/1/14-6/30/15		2,936								2,936
Title IV	84.424	S424A180031	ESEA-146019	10,000	7/1/18-6/30/19				6,025	(6,025)		(6,025)			
Title V	84.358	S358B180030	ESEA-146019	16,591	7/1/18-6/30/19				15,591	(15,585)		(15,585)		6	
IDEA Cluster:															
I.D.E.A. Part B Basic	84.027	H027A180100	IDEA-146019	177,119	7/1/18-6/30/19				131,579	(176,516)		(176,516)	(44,937)		
I.D.E.A. Pre School	84.173	H173A180114	IDEAPS-146019	5,512	7/1/18-6/30/19				3,339	(3,339)		(3,339)			
I.D.E.A. Pre School	84.173	H173A170114	IDEAPS-146019	11,195	7/1/17-6/30/18	(1,152)			1,152						
School Improvement Grant	84.377A	S377A160031	17000531	174,043	1/1/17-8/31/17	(7,596)							(7,596)		
School Improvement Grant	84.377A	S377A170031	18000558	639,788	9/1/17-8/31/18	(87,349)			149,296	(61,947)		(61,947)			
School Improvement Grant	84.377A	S377A180031	19000569	388,861	9/1/18-8/31/19				159,286	(300,810)		(300,810)	(141,524)		
REAP	84.358A	S358A161066	REAP-146017	51,323	7/1/16-6/30/17	(331)			331						
Total U.S. Department of Education						(141,850)	6,900		755,440	(967,014)		(967,014)	(353,394)	6	6,864
Total Federal Financial Awards						\$ (227,646)	\$ 9,147		\$ 1,309,761	\$ (1,467,517)		\$ (1,467,517)	\$ (385,018)	\$ 1,899	\$ 6,864

(A) There were no awards passed through to subrecipients.

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

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Grant or State Project No.	Program or Award Amount	Grant Period From/To	Balance at June 30, 2018			Carryover Due to (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2019			Memo	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Dept. of Education:														
General Fund:														
Equalization Aid	19-495-034-5120-078	\$ 5,178,123	7/1/18-6/30/19					\$ 4,690,470	\$ (5,178,123)	\$ (487,653)			* \$ (487,653)	\$ 5,178,123
Equalization Aid	18-495-034-5120-078	5,178,123	7/1/17-6/30/18	\$ (483,890)				483,890						
Transportation Aid	19-495-034-5120-014	163,986	7/1/18-6/30/19					148,542	(163,986)	(15,444)			* (15,444)	163,986
Transportation Aid	18-495-034-5120-014	158,123	7/1/17-6/30/18	(14,776)				14,776						
Special Education Aid	19-495-034-5120-089	357,285	7/1/18-6/30/19					323,637	(357,285)	(33,648)			* (33,648)	357,285
Special Education Aid	18-495-034-5120-089	292,489	7/1/17-6/30/18	(27,333)				27,333						
Security Aid	19-495-034-5120-084	168,555	7/1/18-6/30/19					152,681	(168,555)	(15,874)			* (15,874)	168,555
Security Aid	18-495-034-5120-084	168,555	7/1/17-6/30/18	(15,751)				15,751						
Adjustment Aid	19-495-034-5120-085	238,708	7/1/18-6/30/19					216,227	(238,708)	(22,481)			* (22,481)	238,708
Adjustment Aid	18-495-034-5120-085	244,271	7/1/17-6/30/18	(22,827)				22,827						
Under Adequacy Aid	18-495-034-5120-086	41,872	7/1/17-6/30/18	(3,913)				3,913						
Prof Learning Comm Aid	18-495-034-5120-101	5,600	7/1/17-6/30/18	(523)				523						
Host District Aid	18-495-034-5120-102	7,744	7/1/17-6/30/18	(724)				724						
Extraordinary Aid	19-495-034-5120-044	13,705	7/1/17-6/30/18	(13,705)				13,705						
Additional Non-Public Transp. Aid	19-495-034-5120-014	3,770	7/1/18-6/30/19						(3,770)	(3,770)			*	3,770
Additional Non-Public Transp. Aid	18-495-034-5120-014	4,350	7/1/17-6/30/18	(4,350)				4,350						
Reimb TPAF Soc Sec Contrib	19-495-034-5094-003	267,857	7/1/18-6/30/19					254,077	(267,857)	(13,780)			*	267,857
Reimb TPAF Soc Sec Contrib	18-495-034-5094-003	261,204	7/1/17-6/30/18	(13,325)				13,325						
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	633,172	7/1/18-6/30/19					633,172	(633,172)				*	633,172
On-Behalf TPAF Post Retirement Medical	19-495-034-5094-001	287,206	7/1/18-6/30/19					287,206	(287,206)				*	287,206
On-Behalf Long-term Disability	19-495-034-5094-004	803	7/1/18-6/30/19					803	(803)				*	803
<b>Total General Fund</b>				<b>(601,117)</b>				<b>7,307,932</b>	<b>(7,299,465)</b>	<b>(592,650)</b>			<b>(575,100)</b>	<b>7,299,465</b>
Special Revenue Fund:														
Preschool Education Aid	19-495-034-5120-086	1,472,149	7/1/18-6/30/19				\$ 72,227	1,324,934	(1,473,278)	(147,215)	\$ 71,098		* (147,215)	1,473,278
Preschool Education Aid	18-495-034-5120-086	1,450,253	7/1/17-6/30/18	(145,025)	\$ 72,227		(72,227)	145,025						
<b>Total Special Revenue Fund</b>				<b>(145,025)</b>	<b>72,227</b>			<b>1,469,959</b>	<b>(1,473,278)</b>	<b>(147,215)</b>	<b>71,098</b>		<b>(147,215)</b>	<b>1,473,278</b>
State Dept. of Agriculture:														
Enterprise Fund:														
State School Lunch Pgm.	19-100-010-3350-023	4,728	7/1/18-6/30/19					4,394	(4,728)	(334)			*	4,728
State School Lunch Pgm.	18-100-010-3350-023	4,373	7/1/17-6/30/18	(594)				594						
<b>Total Enterprise Fund</b>				<b>(594)</b>				<b>4,988</b>	<b>(4,728)</b>	<b>(334)</b>				<b>4,728</b>
<b>Total State Financial Assistance</b>				<b>\$ (746,736)</b>	<b>\$ 72,227</b>			<b>\$ 8,782,879</b>	<b>\$ (8,777,471)</b>	<b>\$ (740,199)</b>	<b>\$ 71,098</b>		<b>\$ (722,315)</b>	<b>\$ 8,777,471</b>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	633,172	7/1/18-6/30/19					\$ 633,172	\$ (633,172)					
On-Behalf TPAF Post Retirement Medical	19-495-034-5094-001	287,206	7/1/18-6/30/19					287,206	(287,206)					
On-Behalf Long-term Disability	19-495-034-5094-004	803	7/1/18-6/30/19					803	(803)					
<b>Total State Financial Assistance - Major Program Determination</b>								<b>\$ 7,861,698</b>	<b>\$ (7,856,290)</b>					

See Accompanying Notes to the Schedules of Financial Assistance

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2019**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Fairfield School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2



**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2019**  
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$4,441) for the general fund and \$59,628 for the special revenue fund. See Note 2 (The Notes to Required Supplementary Information) for reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statement on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 13,329	\$ 7,295,024	\$ 7,308,353
Special Revenue Fund	1,028,832	1,471,088	2,499,920
Food Service Fund	487,174	4,728	491,902
Total Awards and Financial Assistance	<u>\$ 1,529,335</u>	<u>\$ 8,770,840</u>	<u>\$ 10,300,175</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING**

The Fairfield Township School District had no SDA Loan balance at June 30, 2019 and the New Jersey SDA is no longer holding cash for the project, as they transferred the balance to the District during the year under audit.

**NOTE 6: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2019. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

**NOTE 7: SCHOOLWIDE PROGRAM FUNDS**

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

**NOTE 8: ADJUSTMENTS**

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

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified?   yes  X  no

Noncompliance material to basic financial statements noted?  X  yes   no

Federal Awards

Internal control over major programs:

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

2) Significant deficiencies identified?   yes  X  no

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

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

Identificaton of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
10.553, 10.555 84.027, 84.173	191NJ304N1099 H027A180100, H173A180114	Child Nutrition Cluster IDEA Cluster

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

Auditee qualified as low-risk auditee?   yes  X  no

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(continued)

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

State Awards

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

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

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
19-495-034-5120-078	Equalization Aid
19-495-034-5120-089	Special Education Categorical Aid
19-495-034-5120-084	Security Aid
19-495-034-5120-085	Adjustment Aid

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(continued)

Section II - Financial Statement Findings

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

**Finding 2019-1:**

**Criteria or specific requirement:**

Various statutory and or voluntary employee payroll deductions are required to be properly withheld and remitted on a timely basis to the appropriate agencies.

**Condition:**

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

**Context:**

The payroll agency ledger contained numerous balances in need of adjustment, which resulted from calculation errors with respect to pension withholdings and numerous delays in the remittance of various other withholdings throughout the year.

**Effect:**

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2019.

**Cause:**

There were several changes in personnel assigned to maintaining the records of the payroll agency, as well as calculating and remitting payroll withholdings.

**Recommendation:**

An assessment of the personnel requirements, as well as the procedures to properly maintain the payroll agency account should be made, in order to assure adequate personnel are assigned to maintain the payroll agency account.

**Management's response:** Management is aware of the necessary procedures to be updated and followed.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(continued)

Section II - Financial Statement Findings (continued)

**Finding 2019-2**

**Criteria or specific requirement:**

N.J.S.A. 18A:17-32 states that when a Board of Education determines the amount of surety bond coverage for a Treasurer, the amount shall be guided by a schedule of minimum limits to be promulgated by the State board. The minimum requirements for the surety bond shall be such percentage of the current year's budget as is required in the schedule set forth in N.J.A.C. 6A:23A-16.4. In addition, N.J.S.A. 18A:17-6 states that the secretary shall, before entering upon the duties of his office, give bond to the board, not less than \$2,000, in an amount and with surety to be approved by the board, conditioned for the faithful performance of the duties of his office. The board shall be guided in its determination of the amount of coverage necessary by a schedule of minimum limits of coverage promulgated by the State Board of Education.

**Condition:**

The Board Treasurer did not maintain surety bond coverage during the 2018-19 School Year. In addition, a surety bond was also not available for the Board Secretary.

**Context:**

The District was not in compliance with the Board Treasurer minimum surety bond coverage, as required under N.J.A.C. 6A:23A-16.4. In addition, the District was also not in compliance with the Board Secretary minimum surety bond coverage, as required under N.J.S.A. 18A:17-6.

**Effect:**

The internal control benefit of insurance was limited, as surety bond coverage of the Treasurer and Board Secretary was not maintained in accordance with the prescribed schedule.

**Cause:**

Inadvertent oversight

**Recommendation:**

A surety bond should be acquired to cover the Treasurer and Board Secretary, in accordance with the minimum required amounts stipulated in N.J.A.C. 6A:23A-16.4 and N.J.S.A. 18A:17-6.

**Management's response:**

Management is aware of the finding and agrees with the recommendation.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(continued)

Section II - Financial Statement Findings (continued)

**Finding 2019-3:**

**Criteria or specific requirement:**

Open purchase orders shall be treated as encumbrances until such time as the goods are received or the services are rendered, where they shall be reclassified as accounts payable.

**Condition:**

The balance of accounts payable and encumbrances for the General Fund and Special Revenue Fund were not accurately reported in the accounting records of the District.

**Context:**

Audit testing procedures revealed numerous encumbrances and accounts payable that were misclassified on the June 30, 2019 Purchase Order Carryover List.

**Effect:**

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2019.

**Cause:**

Inadvertent oversight

**Recommendation:**

Open purchase orders should be reviewed prior to the year-end financial close, in order to assure accounts payable and encumbrances are properly classified in the accounting records of the District.

**Management's response:**

Management is aware of the finding and agrees with the recommendation.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(continued)

Section II - Financial Statement Findings (continued)

**Finding 2019-4:**

**Criteria or specific requirement:**

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

**Condition:**

The various bank accounts of the District were not properly reconciled during the fiscal year.

**Context:**

The bank reconciliations for the School Year were not properly supported with an accurate outstanding checklist, thus requiring subsequent revisions to the initial drafts of the bank reconciliations.

**Effect:**

Without a properly prepared bank reconciliation, as of June 30, 2019, it was not readily possible to satisfy the basic audit conclusion that cash reported in the financial statements was in agreement with a supporting bank reconciliation.

**Cause:**

Insufficient monitoring, resulting in general ledger posting errors.

**Recommendation:**

Procedures and resources need to be reviewed and revised, in order to assure that bank reconciliations are available to support the amount of cash reflected in the records and financial statements. The bank reconciliations must also be completed and submitted in a timely manner.

**Management's response:**

Management is aware of the finding and agrees with the recommendation.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(continued)

Section II - Financial Statement Findings (continued)

**Finding 2019-5:**

**Criteria or specific requirement:**

In accordance NJAC 6A:23A-16.2(f), expenditures are to be classified in conformity with *The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition* and other available reference materials, such as the Budget Guidelines.

**Condition:**

The results of our audit procedures identified numerous misclassified expenditures within the General Ledger of the District. As such, adjustments were submitted and reflected in the financial statements.

**Context:**

Various purchase orders were misclassified within the General Ledger of the District.

**Effect:**

As a result of the above condition, adjusting journal entries were submitted to the Board Office, as of June 30, 2019.

**Cause:**

A necessary internal control procedure involving a monthly review of the General Ledger for proper coding of expenditures was not conducted during the 2018-19 School Year.

**Recommendation:**

The District should reference *The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition* and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with NJAC 6A:23A-16.2(f).

**Management's response:**

Management is aware of the finding and agrees with the recommendation.



FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(continued)

Section II - Financial Statement Findings (continued)

**Finding 2019-6:**

**Criteria or specific requirement:**

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

**Condition:**

Numerous adjustments to the District General Ledger were presented as part of the audit.

**Context:**

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

**Effect:**

As a result of the above condition, adjusting journal entries were submitted to the Board Office, as of June 30, 2019.

**Cause:**

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

**Recommendation:**

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

**Management's response:**

Management is aware of the finding and agrees with the recommendation.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

**FEDERAL AWARDS**

**Finding:** NONE

**Information on the federal program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Views of responsible officials and planned corrective actions:**

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**STATE AWARDS**

**Finding 2019-4:**

**Information on the state program:**

19-495-034-5120-078	Equalization Aid
19-495-034-5120-089	Special Education Categorical Aid
19-495-034-5120-084	Security Aid
19-495-034-5120-085	Adjustment Aid

**Criteria or specific requirement:**

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

**Condition:**

The various bank accounts of the District were not properly reconciled during the fiscal year.

**Questioned Costs:**

None

**Context:**

The bank reconciliations for the School Year were not properly supported with an accurate outstanding checklist, thus requiring subsequent revisions to the initial drafts of the bank reconciliations.

**Effect:**

Without a properly prepared bank reconciliation, as of June 30, 2019, it was not readily possible to satisfy the basic audit conclusion that cash reported in the financial statements was in agreement with a supporting bank reconciliation.

**Cause:**

Insufficient monitoring, resulting in general ledger posting errors.

**Recommendation:**

Procedures and resources need to be reviewed and revised, in order to assure that bank reconciliations are available to support the amount of cash reflected in the records and financial statements. The bank reconciliations must also be completed and submitted in a timely manner.

**Management's response:**

Management is aware of the finding and agrees with the recommendation.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**STATE AWARDS (Continued)**

**Finding 2019-6:**

**Information on the state program:**

19-495-034-5120-078	Equalization Aid
19-495-034-5120-089	Special Education Categorical Aid
19-495-034-5120-084	Security Aid
19-495-034-5120-085	Adjustment Aid

**Criteria or specific requirement:**

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

**Condition:**

Numerous adjustments to the District General Ledger were presented as part of the audit.

**Questioned Costs:**

None

**Context:**

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

**Effect:**

As a result of the above condition, adjusting journal entries were submitted to the Board Office, as of June 30, 2019.

**Cause:**

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

**Recommendation:**

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

**Management's response:**

Management is aware of the finding and agrees with the recommendation.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section III - Federal Awards and State Financial Assistance  
Findings and Questioned Costs (Cont'd)

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

**STATUS OF PRIOR - YEAR FINDINGS**

**Finding 2018-1:**

**Condition:**

During our test of transactions, it was noted that the district misclassified one expenditure, as such, an adjustment was necessary and reflected in the financial statements.

**Current Status:**

Unresolved, See Finding 2019-5

**Finding 2018-2:**

**Condition:**

The General Ledger in the Special Revenue Fund was not sufficiently analyzed with regard to adjusting accounts receivable. This includes amounts inaccurately being closed into unearned revenue.

**Current Status:**

Resolved