

**BOARD OF EDUCATION  
TOWNSHIP OF FAIRFIELD SCHOOL DISTRICT  
COUNTY OF CUMBERLAND  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS-  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

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

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## REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with generally accepted audit standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of Fairfield School District in the County of Cumberland for the year ended June 30, 2019, and have issued our report thereon dated December 10, 2019.

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

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the Township of Fairfield School District, for the fiscal year ended June 30, 2019 and is intended for the information of the School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant

No. 915

December 10, 2019

## **ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

### **Scope of Audit**

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

### **ADMINISTRATIVE PRACTICES AND PROCEDURES**

#### **Insurance**

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

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

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

#### **Finding 2019-1 (CAFR Finding 2019-2)**

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.

#### **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.

#### **Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings and invoices to sending districts for the decreases and increases in per pupil costs in accordance with N.J.A.C. 6A:23-17.1(f)3. There were no students enrolled on a tuition basis in the 2018-19 school year.

#### **District Internal Control Policies**

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

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

### **FINANCIAL PLANNING, ACCOUNTING AND REPORTING**

#### **Examination of Claims**

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

## **FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D)**

### **Payroll Account and Position Control Roster**

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

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

Audit procedures revealed that salary withholdings were not always promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

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

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

#### **Finding 2019-2 (CAFR Finding 2019-1)**

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

#### **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.

### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 2019 for proper classification of orders as reserve for encumbrances or accounts payable.

#### **Finding 2019-3 (CAFR Finding 2019-3)**

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.

#### **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.

District personnel performed an analysis of outstanding purchase orders at June 30, 2019, however, it did not appear the District properly prepared the separate listings of purchase orders, comprising the balance sheet account balances for accounts payable and reserve for encumbrances. No blanket orders were noted in our test.

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

## **FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D)**

### **Classification of Expenditures**

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

The results of our tests did not reveal any miscoded expenditures against the budget. However, upon further analysis of the general ledger, we identified numerous misclassified expenditures within the various balance accounts.

#### **A. General Classification Findings**

##### **Finding 2019-4 (CAFR Finding 2019-5)**

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.

##### **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).

#### **B. Administrative Classification Findings**

None

### **Board Secretary's Records**

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

##### **Finding 2019-5 (CAFR Finding 2019-6)**

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

##### **Recommendation**

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

## **FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D)**

### **Treasurer's Records**

The Treasurer prepared cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A.18A:17-9 with the following exception:

#### **Finding 2019-6 (CAFR Finding 2019-4)**

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

#### **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.

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

The Treasury reports were not filed in a timely manner.

### **Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)**

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

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

The study of compliance for E.S.E.A. indicated that all E.S.E.A. programs were in compliance.

### **Other Special Federal and/or State Projects**

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects. The business office is in the process of analyzing various accounts receivable and deferred revenue balances reflected as of June 30, 2019.

### **T.P.A.F. Reimbursement**

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

## **TPAF Reimbursement to the State for Federal Salary Expenditures**

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

## **SCHOOL PURCHASING PROGRAM**

### **Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website:  
[http://www.state.nj.us/dca/divisions/dlgs/programs/ps\\_contracts.html](http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html).

Current statute is posted on the New Jersey Legislature website at:  
[http://lis.njleg.state.nj.us/cgi-bin/om\\_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC\\_Frame\\_pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42)

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000 for 2018-19.

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

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

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

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

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

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



## **SCHOOL PURCHASING PROGRAM (CONT'D)**

### **Contracts and Agreements Requiring Advertisement for Bids (Cont'd)**

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

### **School Food Service**

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement over-claims or under-claims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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

### **Student Body Activities**

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

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

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

### **Application for State School Aid**

Our audit procedures included a test of information reported in the October 14, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with the exception of one student less on the workpapers for PK 3 year olds and one student less on the workpapers for grade two. Although the total number of special education is correct, the distribution is incorrect. There was a Household Survey that was reviewed that had two foster children but the determination was denied. They should have been free. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

### **Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS eligibility summary report with the exception of more students being listed on the Non-Public/Choice/Charter than were in the information provided from the schools themselves. There was also one student in the test selection not found on the attendance register and one Choice District that did not provide paperwork necessary to show attendance of any students from the Fairfield School District.

The County Summary was compared to and agreed with the District's DRTRS summary report. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

### **Facilities and Capital Assets**

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

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

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

The Fixed Asset records were not updated as of June 30, 2019 through contracting with an outside vendor.

#### **Finding 2019-7**

The fixed assets report, as maintained by an outside vendor, was not updated in a timely manner, with respect to current year additions, deletions and depreciation.

#### **Recommendation**

Procedures to identify and record current year additions, deletions and depreciation should be reviewed and revised, in order to assure the fixed assets report is updated and available for audit in a timely manner

### **Testing for Lead of all Drinking Water in Educational Facilities**

The school district adhered to all the requirements of NJAC 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The test results were posted on the district's website as well as being available at the school facility.

**Follow-Up on Prior Years' Findings**

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

**Finding2018-1:** Unresolved, See Finding 2019-4

**Finding2018-2:** Resolved

**Acknowledgment**

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant,  
No. 915

**SCHEDULE OF AUDITED ENROLLMENTS**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
APPLICATION OR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2018**

	2019-2020							PRIVATE SCHOOLS FOR HANDICAPPED								
	APPLICATION FOR STATE SCHOOL AID							SAMPLE FOR VERIFICATION								
	Reported On A.S.S.A. On Roll		Reported On Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported On A.S.S.A. as			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample for Verification	Sample Verified	Sample Errors
Full Day Preschool 3 Year Olds	29.0		28.0		(1)			10		10						
Full Day Preschool 4 Year Olds	52.0		52.0					18		18						
Full Day Kindergarten	47.0		47.0					17		17						
One	42.0		42.0					15		15						
Two	43.0		42.0		(1)			15		15						
Three	56.0		56.0					20		20						
Four	48.0		48.0					17		17						
Five	38.0		38.0					14		14						
Six	45.0		45.0					16		16						
Seven	52.0		52.0					18		18						
Eight	27.0		27.0					10		10						
Nine																
Ten																
Eleven																
Twelve																
Subtotal	479.0	0.0	477.0		(2)	0		170		170		0				
Special Ed - Elementary	43.0		46.0		3			15		15						
Special Ed - Middle	32.0		29.0		(3)			11		11						
Special Ed - High																
Subtotal	75.0	0.0	75.0		0			26		26		0	0	0	0	0
Totals	554.0	0.0	552.0		(2)	0		196		196		0	0	0	0	0
Percentage Error					-0.36%							0.00%	0.00%			0.00%

**SCHEDULE OF AUDITED ENROLLMENTS**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
APPLICATION OR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2018**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported On A.S.S.A. as Low Income	Reported On Workpapers as Low Income	Errors	Sample Selected From Workpapers	Verified per Registers On Roll	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected From Workpapers	Verified per Registers On Roll	Sample Errors
Full Day Preschool 3 Year Olds												
Full Day Preschool 4 Year Olds												
Full Day Kindergarten	22	22		14	14		1	1		1	1	
One	18	18		11	11							
Two	17	17		11	11		1	1		1	1	
Three	24	24		15	15		2	2		2	2	
Four	19	19		12	12							
Five	16	16		10	10		1	1		1	1	
Six	17	17		11	11							
Seven	18	18		11	11							
Eight	9	9		6	6							
Nine												
Ten												
Eleven												
Twelve												
Subtotal	160	160	0	101	101	0	5	5	0	5	5	0
Special Ed - Elementary	22	22		14	14		4	4		3	3	
Special Ed - Middle	5	5		5	5		1	1		1	1	
Special Ed - High												
Subtotal	27	27	0	19	19	0	5	5	0	4	4	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	187	187	0	120	120	0	10	10	0	9	9	0
Percentage Error			0.00%			0.00%			0.00%			0.00%

**TRANSPORTATION**

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors		Reported	Re-Calculated
Reg. - Public Schools	260	260		136	133	(3)	Avg. Mileage - Regular Including Grade PK students	5.1	
Reg. - Special Ed.	7	7		4	2	(2)	Avg. Mileage - Regular Excluding Grade PK students	5.3	
AIL-Non Public	13	13		7	3	(4)	Avg. Mileage - Special Ed with Special Needs	11.3	
Transported - Non-Public									
Special Needs - Public	5	5		3	3				
Totals	285	285	0	150	141	(9)			
Percentage Error						-6.00%			

**SCHEDULE OF AUDITED ENROLLMENTS**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**APPLICATION OR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2018**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	Report On A.S.S.A. as NOT Low Income	Report On Workpapers as NOT Low Income	Errors	Sample Selected From Workpapers	Verified to Application and Register	Sample Errors
Full Day Preschool 3 Year Olds						
Full Day Preschool 4 Year Olds						
Full Day Kindergarten	1	1		1	1	
One	2	2		2	2	
Two	3	3		2	2	
Three	2	2		1	1	
Four						
Five	2	2		2	2	
Six	1	1		1	1	
Seven	2	2		2	2	
Eight						
Subtotal	13	13	0	11	11	0
Special Ed - Elementary	3	3		3	3	
Special Ed - Middle						
Special Ed - High						
Subtotal	3	3	0	3	3	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	16	16	0	14	14	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**  
**EXCESS SURPLUS CALCULATION**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2018-19 Total General Fund Expenditures per the CAFR, Ex C-1	\$ <u>8,608,924</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>                    </u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u>                    </u> (B1b)	
Transfer from General Fund to SRF for PreK-Regular	<u>                    </u> (B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	<u>                    </u> (B1d)	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>1,189,038</u> (B2a)	
Assets Acquired Under Capital Leases	<u>                    </u> (B2b)	
 Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>7,419,886</u> (B3)	
 2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	 <u>148,398</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>250,000</u> (B5)	
Increased by: Allowable Adjustment*	<u>3,770</u> (K)	
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]		 \$ <u>253,770</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-19 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>368,383</u> (C)	
Decreased by:		
Year-end Encumbrances	<u>                    </u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>                    </u> (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>263,184</u> (C3)	
Other Restricted Fund Balances****	<u>40,750</u> (C4)	
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	<u>18,055</u> (C5)	
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		 \$ <u>46,394</u> (U1)

**SECTION 3**

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

**Recapitulation of Excess Surplus as of June 30, 2018**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	263,184 (C3)	
Reserved Excess Surplus ***[(E)]	<u>                    </u> (E)	
 Total Excess Surplus [(C3) + (E)]		 \$ <u>263,184</u> (D)

FAIRFIELD TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION

Footnotes:

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

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

Detail of Allowable Adjustments

Impact Aid	\$		(H)
Sale & Lease-Back			(I)
Extraordinary Aid			(J1)
Additional Nonpublic School Transportation Aid		3,770	(J2)
Current Year School Bus Advertising Revenue Recognized			(J3)
Family Crisis Transportation Aid			(J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$	3,770	(K)

- \*\* This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- \*\*\* Amounts must agree to the June 30, 2018 CAFR and must agree to Audit Summary Worksheet Line 90030.
- \*\*\*\* Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:			
Approved unspent separate proposal	\$		
Sale/lease-back reserve			
Capital reserve		30,650	
Maintenance reserve		10,100	
Emergency Reserve			
Tuition reserve			
School Bus Advertising 50% Fuel Offset Reserve - Current Year			
School Bus Advertising 50% Fuel Offset Reserve - Prior Year			
Impact Aid General Fund Reserve (Sections 8007 and 8008)			
Impact Aid General Fund Reserve (Sections 8002 and 8003)			
Other state/government mandated reserve			
[Other Restricted Fund Balance not noted above] ****			
Total Other Restricted Fund Balance	\$	40,750	(C4)



SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT - No. 915



AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2019

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

Recommendations:

1. Administrative Practices and Procedures –

**Finding 2019-1**

**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.

2. Financial Planning, Accounting and Reporting -

Payroll Account -

**Finding 2019-2**

**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.

Reserve for Encumbrances and Accounts Payable -

**Finding 2019-3**

**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.

Classification of Expenditures -

**Finding 2019-4**

**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).

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2019

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

(Continued)

2. Financial Planning, Accounting and Reporting (Cont'd)-

Board Secretary's Records –

**Finding 2019-5**

**Recommendation**

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

Treasurer's Records –

**Finding 2019-6**

**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.

Other Special Federal and/or State Projects - None

T.P.A.F Reimbursement - None

TPAF Reimbursement to the State for Federal Salary Expenditures - None

3. School Purchasing Programs - None

4. School Food Service - None

5. Student Body Activities - None

6. Application for State School Aid - None

7. Charter School Enrollment System(CHE) (Applicable to audits of charter schools) - None

8. Pupil Transportation – None

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2019

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

(Continued)

9. Facilities and Capital Assets –

**Finding 2019-7**

**Recommendation**

Procedures to identify and record current year additions, deletions and depreciation should be reviewed and revised, in order to assure the fixed assets report is updated and available for audit in a timely manner

10. Miscellaneous - None

11. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings, with the exception of the following:

**Finding 2018-1**

Unresolved, See Finding 2019-4

**Finding 2018-2**

Resolved

**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:**

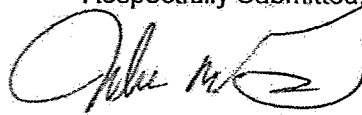
We would like to express our appreciation to the members of the Fairfield Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial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