

SCHOOL DISTRICT
OF
FAIRFIELD TOWNSHIP

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Comprehensive Annual Financial Report

of the

Fairfield Township School District
Board of Education

Fairfield Township, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

Fairfield Township School District
Board of Education

FAIRFIELD BOARD OF EDUCATION
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INTRODUCTORY SECTION
(UNAUDITED)

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

Office of the Board of Education

277 Fairfield Road – Suite 208, Fairfield, New Jersey 07004

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November 20, 2020

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Fairfield Board of Education (the “District”) for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Fairfield Board of Education (the “Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, as well as special education, for handicapped youngsters. The District completed the 2019-2020 fiscal year with an average daily enrollment of 696 students, which is 16 students more than the prior year's enrollment.

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

For the remainder of the 2019-2020 school year, the district continued to receive Local School District Tax payments despite NJ Assembly Bill 3902 which permitted deferral of tax payments.

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

3. MAJOR INITIATIVES: The mission of the Fairfield School District is to provide an environment which cultivates lifetime learners and their individual abilities, respects differences, and nurtures responsibility and cooperation. The Fairfield staff and administration strive to create an atmosphere of communication and partnership. The District continues to analyze and improve areas in culture and climate. Our goals are determined by our commitment to providing a well-rounded education to our students and to actively engage parents, staff and community members in an atmosphere that nurtures, motivates, encourages, and educates our children to achieve their potential; to provide students at all grade levels with a challenging curriculum, aligned to the New Jersey Student Learning Standards that balances technology and creativity, and fosters critical thinking; to develop self-esteem, Social Emotional Learning and a respect for others and a lifetime love of learning through a positive learning environment, for our students. During the 2019-2020 school year, the district began a new phase of partnering with the United Way focusing on "Positive Discipline" in our schools. Teachers, in conjunction with the guidance counselors, continued to teach Positive Discipline lessons during the 19-20 school year.

Major educational initiatives for the 2019-2020 school year included: improving best practices for virtual learning, social studies curriculum alignment, continued implementation of the New Jersey Tiered System of Supports/RTI Model, improving foundational skills in mathematics and STEAM curriculum enrichment in Grades K-6. For the instructional staff, professional development opportunities and funding was significantly expanded in the area of mathematics. The District also continued to support technology initiatives by purchasing additional Chromebooks and Zoom licenses to support virtual learning,

The Fairfield School District places student performance as our highest priority. The District offers courses for general education, gifted and talented, as well as special education. Students continue to have access to computer programs such as Link-it, Reading Plus, Raz-Kids, ST Math, IXL, AimsWeb, Membeam, Learning A-Z, and News ELA/Power Words to increase student achievement. As previously mentioned, this year the Fairfield School District will focus on improving foundational skills in mathematics and aligning instruction to the revised (6/20) Social Studies standards. In mathematics, students in Grades 3 - 5 began using the Houghton Mifflin Harcourt's Math Expressions program in 19-20. This year, Math Expressions was introduced in Kindergarten - Grade 2. In social studies, students are using Houghton Mifflin Harcourt's "Kids Discover" (K-2) and Pearson's "My World Interactive" (3-6) which were introduced in 2018-2019. Teachers will focus on social studies standards alignment. Fairfield students will continue to use Ready-Gen for reading (K-3), Foundations for phonemic awareness (K-2) and Empowering Writers for writing (K-6). Common practices were established, so that as students move into each grade level, they are familiar with routines and writing prompts. The Carolina Science Program (K-5), in conjunction with Foss Science for Grade 6, are utilized as building blocks for science.

3. MAJOR INITIATIVES: (Cont'd)

Ongoing professional development and support materials are critical components of all academic areas. All programs are aligned to the New Jersey Student Learning Standards. The Kindergarten through 6th grade curriculum are all up to date, comply with State requirements and are posted on the district website. The West Essex Regional consortium districts (Fairfield, Roseland, North Caldwell, Essex Fells, West Essex Regional) communicate/articulate regularly to ensure students are exposed to a rigorous educational program that addresses all skills needed for the upper grades. Coordination of curriculum and shared services are emphasized at these meetings.

The New Jersey Department of Education released its Taxpayers' Guide to Education Spending 2019 for all school districts in the State for the 2018-2019 school year. The guide compares districts with those similar to them. The Fairfield School District was compared with K-6 grade districts within the state. The information on expenditures was taken from certified budgets on file with the State Department of Education. The report showed that the District budgeted \$16,224 per pupil.

The Fairfield Board of Education will be conducting a bond referendum to improve its educational facilities through various upgrades, additions, and renovations. Beginning in the fall of 2017, the district evaluated alternatives to meet the needs of our growing student population and to accommodate the space for educational programs. A demographic study was completed in June 2019 to anticipate the increased enrollment and its impact on our two schools. In January 2020, the district's Architect of Record presented several options for consideration to Adlai E. Stevenson and Winston S. Churchill. After careful examination, the Board of Education voted on two options, one for each school along with a grade realignment. These renovations would facilitate curriculum delivery requirements and enhance the learning environments with small class sizes to prepare our students for the future. The proposed changes represent a solution that addresses instructional and facilities challenges that we currently face in the district. The existing buildings have now exceeded their capacity, therefore for the 2020-2021 school year, administrative offices have been converted into classroom space and new office space has been leased to accommodate the administrative staff.

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

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

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

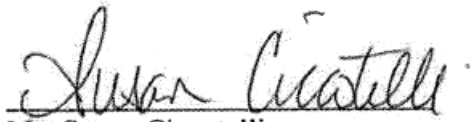
5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2020.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic 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.
8. RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.
9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

The Honorable President and Members of
the Board of Education
Fairfield Board of Education
Page 5
November 20, 2020

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Fairfield Township School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

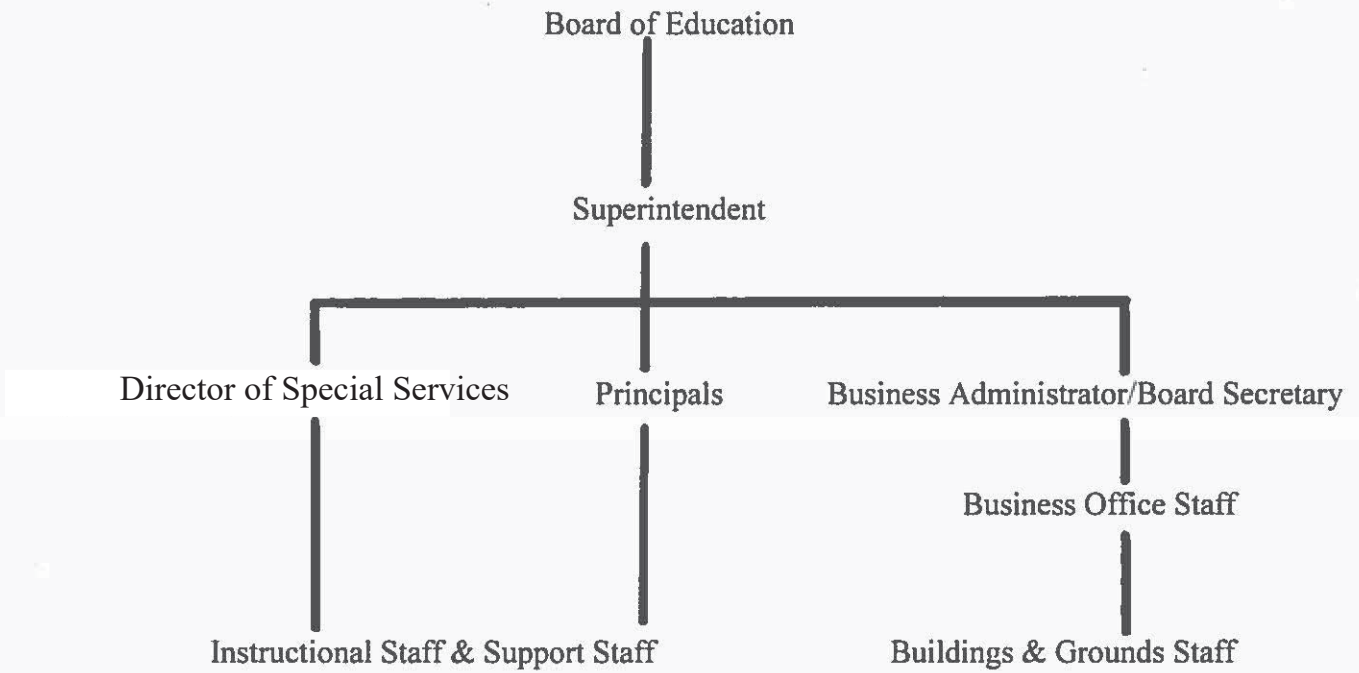


Ms. Susan Ciccotelli
Superintendent of Schools



Ms. Lyanna Rios
School Business Administrator/Board Secretary

Fairfield Board of Education
Organizational Chart
(Unit Control)



FAIRFIELD BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Jeffrey Didyk, President	2023
Dr. Michael Spaienza, Vice President	2022
Mr. Brian Egan	2020
Mr. Pat Freda	2022
Mrs. Andrea Jandoli	2020

<u>Other Officials</u>	<u>Title</u>
Ms. Susan Ciccotelli	Superintendent of Schools
Ms. Lyanna Rios	Business Administrator/Board Secretary
Mr. Michael Malik	Treasurer of School Monies

FAIRFIELD BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
YEAR ENDED JUNE 30, 2020

Audit Firm

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

Attorney

Machado Law Group, LLC
1 Cleveland Place
Springfield NJ, 07081

Official Depository

Columbia Bank
271 Passaic Avenue
Fairfield, New Jersey 07004

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fairfield Township School District (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position for the fiscal 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, which follows this report, the pension and postemployment benefit schedules in exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable President and Members
of the Board of Education
Fairfield Board of Education
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

November 20, 2020
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

John J. Mooney

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

This section of Fairfield Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

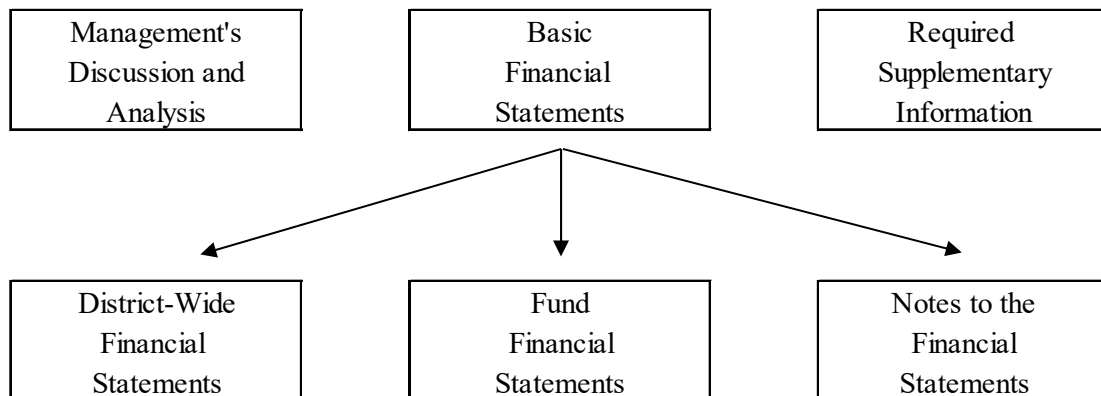


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

**Figure A-2
Major Features of the District-Wide and Fund Financial Statements**

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

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's net position, shown in Figure A-3, increased \$366,759 or 13.95%. Net investment in capital assets increased \$31,560, restricted net position increased \$393,883 and unrestricted net position decreased \$58,684.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Total School District		Total Percentage Change 2019/2020
	2019/2020	2018/2019	2019/2020	2018/2019	
Current and Other Assets	\$ 2,730,070	\$ 1,956,271	\$ 2,730,070	\$ 1,956,271	
Capital Assets, Net	4,524,937	4,573,377	4,524,937	4,573,377	
Total Assets	<u>7,255,007</u>	<u>6,529,648</u>	<u>7,255,007</u>	<u>6,529,648</u>	11.11%
Deferred Outflows of Resources	911,967	796,486	911,967	796,486	14.50%
Other Liabilities	547,779	184,986	547,779	184,986	
Long-Term Liabilities	3,438,911	3,382,553	3,438,911	3,382,553	
Total Liabilities	<u>3,986,690</u>	<u>3,567,539</u>	<u>3,986,690</u>	<u>3,567,539</u>	11.75%
Deferred Inflows of Resources	1,184,179	1,129,249	1,184,179	1,129,249	4.86%
Net Position:					
Net Investment in Capital					
Assets	4,364,937	4,333,377	4,364,937	4,333,377	
Restricted	2,048,989	1,655,106	2,048,989	1,655,106	
Unrestricted / (Deficit)	<u>(3,417,821)</u>	<u>(3,359,137)</u>	<u>(3,417,821)</u>	<u>(3,359,137)</u>	
Total Net Position	<u>\$ 2,996,105</u>	<u>\$ 2,629,346</u>	<u>\$ 2,996,105</u>	<u>\$ 2,629,346</u>	13.95%

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

Changes in net position. The District's net position was \$2,996,105 on June 30, 2020, \$366,759 or 13.95% more than it was the year before. (See Figure A-3). The increase in the net pension liability offset by the reduction of District long-term liabilities associated with capital assets and the unspent budget appropriations were the primary reasons for the increase in the year end governmental activities net position.

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

	Governmental Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
Revenue:					
Program Revenue:					
Charges for Services	\$ 111,718	\$ 99,108	\$ 111,718	\$ 99,108	
Operating Grants and Contributions	3,931,785	3,915,179	3,931,785	3,915,179	
General Revenue:					
Property Taxes	11,702,634	11,471,925	11,702,634	11,471,925	
Other	148,293	190,344	148,293	190,344	
Total Revenue	<u>15,894,430</u>	<u>15,676,556</u>	<u>15,894,430</u>	<u>15,676,556</u>	1.39%
Expenses:					
Instruction	10,055,461	9,904,944	10,055,461	9,904,944	
Pupil & Instruction Services	1,962,314	2,024,188	1,962,314	2,024,188	
Administrative and Business	1,564,871	1,482,329	1,564,871	1,482,329	
Maintenance & Operations	1,273,132	1,118,327	1,273,132	1,118,327	
Transportation	650,872	649,304	650,872	649,304	
Other	21,021	24,765	21,021	24,765	
Total Expenses	<u>15,527,671</u>	<u>15,203,857</u>	<u>15,527,671</u>	<u>15,203,857</u>	2.13%
Change in Net Position	<u>\$ 366,759</u>	<u>\$ 472,699</u>	<u>\$ 366,759</u>	<u>\$ 472,699</u>	-22.41%

Governmental Activities

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

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

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

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

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

	Total		Net	
	Cost of Services		Cost of Services	
	2019/2020	2018/2019	2019/2020	2018/2019
Instruction	\$ 10,055,461	\$ 9,904,944	\$ 6,471,283	\$ 6,291,638
Pupil & Instruction Services	1,962,314	2,024,188	1,871,477	1,929,915
Administrative and Business	1,564,871	1,482,329	1,421,953	1,352,671
Maintenance & Operations	1,273,132	1,118,327	1,237,784	1,078,635
Transportation	650,872	649,304	502,025	511,946
Other	21,021	24,765	(20,354)	24,765
Total	\$ 15,527,671	\$ 15,203,857	\$ 11,484,168	\$ 11,189,570

Financial Analysis of the District's Funds

The District's financial position is sound despite the significant reduction in State aid which has had a direct impact upon the District's revenues and has directly increased pressure on the local tax burden. The District had the luxury in past years of using excess fund balance to reduce the taxes for the ensuing school year. Accordingly, the Fairfield Township School District has taken measures to reduce expenses and not be dependent on excess fund balance going forward which has been a challenge during 2019/2020 and will continue to be a larger challenge going forward.

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

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times due changes made within budgetary line items for changes in school-based needs for programs, supplies and maintenance activities.

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

Capital Assets

**Figure A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
Land	\$ 1,029,555	\$ 1,029,555	\$ 1,029,555	\$ 1,029,555	0.00%
Site Improvements	10,617	11,826	10,617	11,826	-10.22%
Buildings & Building Improvements	2,892,006	3,037,043	2,892,006	3,037,043	-4.78%
Machinery and Equipment	592,759	494,953	592,759	494,953	19.76%
Total Capital Assets, Net	\$ 4,524,937	\$ 4,573,377	\$ 4,524,937	\$ 4,573,377	-1.06%

Depreciation expense for Governmental Activities totaled \$298,007 in 2019/2020.

Long-Term Liabilities

At year-end, the District had \$160,000 in general obligation bonds, \$2,810,623 of net pension liability and \$468,288 in other long-term liabilities outstanding – an increase of \$56,358 from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the basic financial statements.)

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2019/2020	2018/2019	2019/2020
General Obligation Bonds and Notes (Financed with Property Taxes)	\$ 160,000	\$ 240,000	
Net Pension Liability	2,810,623	2,712,095	
Other Long Term Liabilities	468,288	430,458	
Total	\$3,438,911	\$3,382,553	1.67%

**FAIRFIELD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

Factors Bearing on the District's Economic Future

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

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

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Administrator/Board Secretary at Fairfield Township School District Board of Education, 277 Fairfield Road, Suite 208, Fairfield, NJ 07004.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS:	
Cash and Cash Equivalents	\$ 1,482,016
Receivables:	
Other Governments	173,315
Interfund Receivable	6,338
Restricted Cash and Cash Equivalents:	
Capital Reserve Account	1,068,401
Capital Assets:	
Sites (Land)	1,029,555
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	3,495,382
Total Assets	7,255,007
 DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows Related to Pensions	911,967
Total Deferred Outflows of Resources	911,967
 LIABILITIES:	
Accounts Payable	522,054
Payable to Federal Government	17,550
Unearned Revenue	7,542
Accrued Interest Payable	633
Noncurrent Liabilities:	
Due Within One Year	80,000
Due Beyond One Year	3,358,911
Total Liabilities	3,986,690
 DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows Related to Pensions	1,184,179
Total Deferred Inflows of Resources	1,184,179
 NET POSITION:	
Net Investment in Capital Assets	4,364,937
Restricted for:	
Capital Projects	1,068,401
Excess Surplus	980,585
Debt Service	3
Unrestricted/(Deficit)	(3,417,821)
Total Net Position	\$ 2,996,105

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

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 6,860,678	\$ 111,718	\$ 2,325,909		\$ (4,423,051)	\$ (4,423,051)
Special Education	1,932,360		846,723		(1,085,637)	(1,085,637)
Other Special Instruction	1,076,142		198,343		(877,799)	(877,799)
Other Instruction	186,281		101,485		(84,796)	(84,796)
Support Services:						
Student & Instruction Related Services	1,939,594		90,837		(1,848,757)	(1,848,757)
General Administrative Services	534,134		20,962		(513,172)	(513,172)
School Administrative Services	667,926		104,195		(563,731)	(563,731)
Central Services	362,811		17,761		(345,050)	(345,050)
Plant Operations and Maintenance	1,273,132		35,348		(1,237,784)	(1,237,784)
Pupil Transportation	650,872		148,847		(502,025)	(502,025)
Capital Outlay			41,375		41,375	41,375
Interest on Long-Term Debt	21,021				(21,021)	(21,021)
Total Governmental Activities	15,527,671	111,718	3,931,785	\$ -0-	(11,484,168)	(11,484,168)

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Total Primary Government</u>	<u>\$ 15,527,671</u>	<u>\$ 111,718</u>	<u>\$ 3,931,785</u>	<u>\$ -0-</u>
General Revenue:				
Taxes:				
Property Taxes, Levied for General Purposes, Net				11,662,035
Taxes Levied for Debt Service				40,599
Miscellaneous Income				148,293
Total General Revenue				11,850,927
Change in Net Position				366,759
Net Position - Beginning				2,629,346
Net Position - Ending				\$ 2,996,105

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

FUND FINANCIAL STATEMENTS

FAIRFIELD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 1,482,013		\$ 3	\$ 1,482,016
Receivables From State Government	59,100			59,100
Receivables From Federal Governments		\$ 114,215		114,215
Interfund Receivable	84,455			84,455
Restricted Cash and Cash Equivalents	<u>1,068,401</u>			<u>1,068,401</u>
Total Assets	<u>\$ 2,693,969</u>	<u>\$ 114,215</u>	<u>\$ 3</u>	<u>\$ 2,808,187</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 353,048	\$ 11,006		\$ 364,054
Interfunds Payable		78,117		78,117
Payable to Federal Government		17,550		17,550
Unearned Revenue		<u>7,542</u>		<u>7,542</u>
Total Liabilities	<u>353,048</u>	<u>114,215</u>		<u>467,263</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	1,068,401			1,068,401
Excess Surplus - 2021-2022	535,585			535,585
Excess Surplus - 2020-2021	445,000			445,000
Debt Service Fund			\$ 3	3
Assigned:				
Year-End Encumbrances	335			335
Subsequent Year's Expenditures	51,116			51,116
Unassigned	<u>240,484</u>			<u>240,484</u>
Total Fund Balances	<u>2,340,921</u>		<u>3</u>	<u>2,340,924</u>
Total Liabilities and Fund Balances	<u>\$ 2,693,969</u>	<u>\$ 114,215</u>	<u>\$ 3</u>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	4,524,937
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(633)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows	753,967
Deferred Inflows	(1,184,179)
Long-term liabilities, including bonds payable, net pension liability and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(3,438,911)</u>
Net Position of Governmental Activities	<u>\$ 2,996,105</u>

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

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 11,662,035		\$ 40,599	\$ 11,702,634
Tuition	111,718			111,718
Rents and Royalties	7,475			7,475
Miscellaneous	140,815	\$ 4,664	3	145,482
Total - Local Sources	11,922,043	4,664	40,602	11,967,309
State Sources	2,542,888			2,542,888
Federal Sources		204,938		204,938
Total Revenues	<u>14,464,931</u>	<u>209,602</u>	<u>40,602</u>	<u>14,715,135</u>
EXPENDITURES:				
Current:				
Regular Instruction	3,775,531	74,069		3,849,600
Special Education Instruction	1,030,000	94,158		1,124,158
Other Special Instruction	685,879			685,879
Support Services and Undistributed Costs:				
Tuition	22,720			22,720
Student & Instruction Related Services	1,381,961			1,381,961
General Administrative Services	402,234			402,234
School Administrative Services	434,854			434,854
Central Services	248,773			248,773
Plant Operations and Maintenance	1,056,163			1,056,163
Pupil Transportation	630,436			630,436
Unallocated Benefits	4,038,962			4,038,962
Capital Outlay	277,984	41,375		319,359
Debt Service:				
Principal			80,000	80,000
Interest and Other Charges			9,480	9,480
Undistributed Expenditures	13,918			13,918
Total Expenditures	<u>13,999,415</u>	<u>209,602</u>	<u>89,480</u>	<u>14,298,497</u>
Net Change in Fund Balances	465,516		(48,878)	416,638
Fund Balance - July 1	1,875,405		48,881	1,924,286
Fund Balance - June 30	<u>\$ 2,340,921</u>	<u>\$ - 0 -</u>	<u>\$ 3</u>	<u>\$ 2,340,924</u>

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

FAIRFIELD BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 416,638

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from the capital asset additions for the current year.

Depreciation Expense	\$ (298,007)
Capital Outlays	<u>249,567</u>
	(48,440)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the

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

(37,830)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(98,528)
Change in Deferred Outflows	109,535
Change in Deferred Inflows	(54,930)

Repayment of serial bonds are an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

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

	<u>80,000</u>
	<u><u>\$ 366,759</u></u>

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

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

NOT APPLICABLE

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

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOT APPLICABLE

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

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOT APPLICABLE

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

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

	<u>Agency Funds</u>	<u>Total</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 47,528	\$ 47,528
Total Assets	47,528	47,528
<u>LIABILITIES:</u>		
Interfund Payable	6,338	6,338
Due to Student Groups	41,190	41,190
Total Liabilities	\$ 47,528	\$ 47,528

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

FAIRFIELD BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOT APPLICABLE

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

D. Budgets/Budgetary Control:

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

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 14,470,363	\$ 206,567
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		3,035
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	41,839	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(47,271)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 14,464,931	\$ 209,602

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,999,415	\$ 206,567
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		3,035
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 13,999,415	\$ 209,602

E. Cash and Cash Equivalents, and Investments:

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

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

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed, and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

K. Capital Assets:

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2020.

N. Compensated Absences:

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

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

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the 2,340,921 General Fund fund balance at June 30, 2020, \$1,068,401 is restricted in the capital reserve account; \$445,000 is restricted as prior year excess surplus and included as anticipated revenue for the year ending June 30, 2021; \$535,585 is restricted as current year excess surplus and will be included as anticipated revenue for the year ending June 30, 2022; \$335 is assigned for year end encumbrances; and \$51,116 is assigned for subsequent year's expenditures in 2021; and \$240,484 is unassigned which is \$47,271 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2021.

Capital Projects Fund: The District has no fund balance in the Capital Projects Fund at June 30, 2020.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2020 of \$3 is restricted for subsequent year's expenditures.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$47,271 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Deficit Net Position:

The District has a \$3,417,821 deficit in its governmental activities unrestricted net position at June 30, 2020 primarily as a result of the net pension liability and compensated absences payable. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2020.

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2020.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for amounts designated for subsequent year's expenditures and encumbrances in the General Fund at June 30, 2020.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Management Estimates:

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

V. Pensions:

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits:

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

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

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

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

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments:

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

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Capital Reserve</u>	<u>Total</u>
Checking and Savings Accounts	\$ 1,529,544	\$ 1,068,401	\$ 2,597,945
	<u>\$ 1,529,544</u>	<u>\$ 1,068,401</u>	<u>\$ 2,597,945</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$2,597,945 and the bank balance was \$2,752,400. The District did not hold any investments during the fiscal year ended June 30, 2020.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amount or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Balance at June 30, 2019	\$	523,401
Increased by:		
Transfer by Board Resolution - June 16, 2020		645,000
Decreased by:		
Budgeted Withdrawal		<u>(100,000)</u>
Balance at June 30, 2020		<u><u>\$ 1,068,401</u></u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2020. The withdrawal from the Capital Reserve Account was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District had no transfers to Capital Outlay line items.

NOTE 6. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	123,368
Special Education		23,547
Other Instruction		21,227
Student and Instruction Related Services		45,134
General Administrative Services		13,377
School Administrative Services		10,977
Central Services		8,042
Plant Operations and Maintenance		32,506
Pupil Transportation		<u>19,829</u>
Total Depreciation Expense		<u><u>\$ 298,007</u></u>

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,029,555			\$ 1,029,555
Total Capital Assets not Being Depreciated	1,029,555			1,029,555
Capital Assets Being Depreciated				
Site Improvements	192,780			192,780
Buildings and Building Improvements	8,073,995	\$ 31,685		8,105,680
Machinery and Equipment	2,801,755	217,882		3,019,637
Total Capital Assets Being Depreciated	11,068,530	249,567		11,318,097
Governmental Activities Capital Assets	12,098,085	249,567		12,347,652
Less Accumulated Depreciation for:				
Site Improvements	(180,954)	(1,209)		(182,163)
Buildings and Building Improvements	(5,036,952)	(176,722)		(5,213,674)
Machinery and Equipment	(2,306,802)	(120,076)		(2,426,878)
Total Accumulated Depreciation	(7,524,708)	(298,007)		(7,822,715)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 4,573,377	\$ (48,440)	\$ -0-	\$ 4,524,937

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2019	Issued/ Accrued	Retired	Balance 6/30/2020	Amounts Due in a Year
Compensated Absences Payable	\$ 430,458	\$ 37,830		\$ 468,288	
Serial Bonds Payable	240,000		\$ 80,000	160,000	\$ 80,000
Net Pension Liability	2,712,095	98,528		2,810,623	
	\$ 3,382,553	\$ 136,358	\$ 80,000	\$3,438,911	\$ 80,000

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

A. Bonds Payable:

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

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

<u>Year Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 80,000	\$ 5,700	\$ 85,700
2022	80,000	1,900	81,900
	<u>\$ 160,000</u>	<u>\$ 7,600</u>	<u>\$ 167,600</u>

The District had serial bonds outstanding as of June 30, 2020 as follows:

<u>Purpose</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Final Date of Maturity</u>	<u>Balance June 30, 2020</u>
2002 School Bonds	5/1/2002	4.75%	12/1/2021	<u>\$ 160,000</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District had no capital leases payable at June 30, 2020.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. There is no current portion of the compensated absences balance of the governmental funds in the current year. The long-term liability balance of compensated absences is \$468,288. The General Fund will be used to liquidate compensated absences payable.

E. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long term portion is \$2,810,623. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$152,054 for fiscal year 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2020, the District reported a liability of \$2,810,623 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.01559%, which was an increase of 0.0018% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$267,978. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 7,428	
	2015	5.72	45,928	
	2016	5.57	227,295	
	2017	5.48		\$ (403,475)
	2018	5.63		(326,045)
	2019	5.21		(246,038)
			<u>280,651</u>	<u>(975,558)</u>
Difference between Expected and Actual Experience	2015	5.72	12,744	
	2016	5.57	6,898	
	2017	5.48	11,997	
	2018	5.63		(12,416)
	2019	5.21	18,808	
			<u>50,447</u>	<u>(12,416)</u>
Changes in Proportion	2014	6.44	11,213	
	2015	5.72		(14,779)
	2016	5.57		(34,622)
	2017	5.48	77,751	
	2018	5.63		(102,437)
	2019	5.21	333,905	
			<u>422,869</u>	<u>(151,838)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		51,876
	2017	5.00		(62,257)
	2018	5.00		(43,303)
	2019	5.00		9,317
				<u>(44,367)</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	158,000	
			<u>\$ 911,967</u>	<u>\$ (1,184,179)</u>

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (81,158)
2021	(263,275)
2022	(235,089)
2023	(110,386)
2024	(11,335)
	\$ (701,243)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 100% of their actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (5.28%)	Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 3,574,972	\$ 2,810,623	\$ 2,202,580

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. 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 table represents the membership tiers for TPAF.

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$1,133,427 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,775,300.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$30,098,677. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0490%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2018.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>30,098,677</u>
Total		<u><u>\$ 30,098,677</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$1,775,300 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

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

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.5	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				<u>8,729,264,342</u>
Difference Between Expected and Actual Experience	2014	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				<u>1,203,503,264</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(144,882,771)
				<u>163,369,676</u>
			<u><u>\$ 9,932,767,606</u></u>	<u><u>\$ 17,539,845,423</u></u>

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returned, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.6% as of June 30, 2019. 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 3.5% as of June 30, 2019 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 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 35,493,002	\$ 30,098,677	\$ 25,623,091

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$11,039 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$14,147 for the fiscal year ended June 30, 2020.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plans offered by the District are as follows:

AXA Equitable

VALIC

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

Property and Liability

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

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

Selected financial information for the Group as of June 30, 2020 was unavailable. Below is selected financial information for the group as of June 30, 2019 is as follows:

Total Assets	<u>\$ 359,852,548</u>
Net Position	<u>\$ 107,824,596</u>
Total Revenue	<u>\$ 132,146,959</u>
Total Expenses	<u>\$ 115,049,808</u>
Change in Net Position	<u>\$ 17,097,151</u>
Members Dividends	<u>\$ -0-</u>

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

Financial statements for the Group are available at the respective Group's Executive Director's Office:

New Jersey Schools Insurance Group

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

New Jersey Unemployment Compensation Insurance

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

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. TAX CALENDAR

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

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 13. INTERFUND RECEIVABLES, PAYABLES

The District had the following interfund payables or receivables on their various balance sheets as of June 30, 2020:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 84,455	
Special Revenue Fund		\$ 78,117
Payroll Agency Fund		6,338
	\$ 84,455	\$ 84,455

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

NOTE 14. ACCOUNTS PAYABLE

At year end June 30, 2020, the Board has the following accounts payable in the governmental funds:

	Governmental Funds		District	Total Governmental Activities
	General Fund	Special Revenue Fund	Contribution Subsequent to the Measurement Date	
	Vendors	\$ 353,048	\$ 11,006	
State of New Jersey			\$ 158,000	158,000
	\$ 353,048	\$ 11,006	\$ 158,000	\$ 522,054

NOTE 15. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Encumbrances

On the District's Governmental Fund Balance Sheet as of June 30, 2020, \$335 is assigned for year-end encumbrances in the General Fund. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue in the Special Revenue Fund.

General Fund	Total Governmental Funds
\$ 335	\$ 335

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation

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

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	217,131
Total	362,181

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

Actuarial Assumptions and Other Inputs

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

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

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 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 active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, 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 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 rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 23,878,259
Changes for Year:	
Service Cost	798,815
Interest Cost	873,673
Changes in Assumptions	(2,446,846)
Differences between Expected and Actual Experience	(1,231,137)
Member Contributions	19,705
Gross Benefit Payments	(570,151)
Net Changes	(2,555,941)
Balance at June 30, 2018	\$ 21,322,318

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 25,207,320	\$ 21,322,318	\$ 18,234,142

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 20,398,761	\$ 21,322,318	\$ 30,653,735

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

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$957,902 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (2,589,955)
Changes in Proportion	2017	9.51		(2,189,553)
			\$ -0-	(4,779,509)
Differences Between Expected and Actual Experience	2018	9.51		(2,069,807)
Changes in Proportion	N/A	N/A		(151,090)
			-0-	(2,220,897)
			\$ -0-	\$ (7,000,406)

N/A - Not Available

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

Fiscal Year Ending June 30,	Total
2019	\$ (844,008)
2020	(844,008)
2021	(844,008)
2022	(844,008)
2023	(844,008)
Thereafter	(2,629,276)
	\$ (6,849,316)

NOTE 17. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. SUBSEQUENT EVENT (Cont'd)

The District is proposing a \$29,740,500 referendum to address the needs of its growing student population and to accommodate the space for educational programs. The State has awarded Debt Service Aid to the District in an amount equal to 40% of the final eligible costs of the project. Such State funding is only available if the proposal passes. The Debt Service Aid was approved by the State for Adlai E. Stevenson on May 12, 2020 and for Winston S. Churchill on October 26, 2020. The proposal for additions and improvements to the Adlai E. Stevenson and Winston S. Churchill Schools along with a grade realignment shall be submitted to the legal voters of the School District in March 2021.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0149100000%	0.0143091135%	0.0136906749%	0.0144787332%	0.0137743200%	0.0155985558%
District's proportionate share of the net pension liability	\$ 2,793,266	\$ 3,212,109	\$ 4,054,785	\$ 3,370,418	\$ 2,712,095	\$ 2,810,623
District's covered employee payroll	\$ 996,819	\$ 996,819	\$ 984,013	\$ 952,400	\$ 1,103,660	\$ 1,119,166
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	280.22%	322.24%	412.07%	353.89%	245.74%	251.14%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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

FAIRFIELD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 122,991	\$ 135,635	\$ 136,391	\$ 134,130	\$ 137,010	\$ 152,054
Contributions in relation to the contractually required contribution	(122,991)	(135,635)	(136,391)	(134,130)	(137,010)	(152,054)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 996,819	\$ 984,013	\$ 952,400	\$ 1,103,660	\$ 1,119,166	\$ 1,113,589
Contributions as a percentage of covered employee payroll	12.34%	13.78%	14.32%	12.15%	12.24%	13.65%

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

FAIRFIELD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0466109431%	0.0496958788%	0.0479022721%	0.0467784172%	0.0496583242%	0.0490438559%
State's proportionate share of the net pension liability attributable to the District	\$ 24,912,032	\$ 31,409,905	\$ 37,682,977	\$ 31,539,696	\$ 31,591,559	\$ 30,098,677
District's covered employee payroll	\$ 4,676,920	\$ 4,845,198	\$ 4,932,642	\$ 5,134,357	\$ 5,358,831	\$ 5,637,881
State's proportionate share of the net pension liability attributed to the District as a percentage of its covered employee payroll	532.66%	648.27%	763.95%	614.29%	589.52%	533.87%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 1,340,501	\$ 1,917,857	\$ 2,831,351	\$ 2,184,910	\$ 1,841,677	\$ 1,775,300
Contributions in relation to the contractually required contribution	<u>(250,642)</u>	<u>(383,524)</u>	<u>(507,768)</u>	<u>(731,291)</u>	<u>(964,574)</u>	<u>(1,133,427)</u>
Contribution deficiency/(excess)	<u>\$ 1,089,859</u>	<u>\$ 1,534,333</u>	<u>\$ 2,323,583</u>	<u>\$ 1,453,619</u>	<u>\$ 877,103</u>	<u>\$ 641,873</u>
District's covered employee payroll	\$ 4,845,198	\$ 4,932,642	\$ 5,134,357	\$ 5,358,831	\$ 5,637,881	\$ 5,993,043
Contributions as a percentage of covered employee payroll	27.67%	38.88%	55.15%	40.77%	32.67%	29.62%

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

FAIRFIELD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND REATELD RATIOS
LAST TWO FISCAL YEARS

	Fiscal Year Ending June 30,	
	2017	2018
Total OPEB Liability		
Service Cost	\$ 963,147	\$ 798,815
Interest Cost	758,803	873,673
Differences between Expected and Actual Experience		(1,231,137)
Changes in Assumptions	(3,236,996)	(2,446,843)
Member Contributions	20,365	19,705
Gross Benefit Payments	(553,071)	(570,154)
Net Change in Total OPEB Liability	(2,047,752)	(2,555,941)
Total OPEB Liability - Beginning	25,926,011	23,878,259
Total OPEB Liability - Ending	<u>\$ 23,878,259</u>	<u>\$ 21,322,318</u>
State's Covered Employee Payroll *	\$ 5,916,655	\$ 6,086,757
District's Total OPEB Liability as a Percentage of Covered Employee Payroll	404%	350%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

FAIRFIELD BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

B. TEACHERS' PENSION AND ANNUITY FUND

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

FAIRFIELD BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

C. State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

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

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, this amount initially is 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 rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, trend rate is initially 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$11,662,035		\$11,662,035	\$11,662,035	
Tuition From other LEAs within the State	48,018		48,018	48,018	
Tuition From Individuals	51,000		51,000	63,700	\$ 12,700
Rents and Royalties	9,700		9,700	7,475	(2,225)
Unrestricted Miscellaneous				140,815	140,815
Total - Local Sources	<u>11,770,753</u>		<u>11,770,753</u>	<u>11,922,043</u>	<u>151,290</u>
State Sources:					
Special Education Aid	341,251		341,251	341,251	
Transportation Aid	148,937		148,937	148,937	
Security Aid	12,368		12,368	12,368	
Extraordinary Aid				37,755	37,755
Non-Budgeted Revenues:					
On-Behalf TPAF Pension Contributions				1,133,427	1,133,427
On-Behalf TPAF Non-Contributory Insurance				19,958	19,958
On-Behalf TPAF Post Retirement Medical Benefits				420,480	420,480
On-Behalf TPAF Long-Term Disability Insurance				1,127	1,127
Reimbursed TPAF Social Security Contributions				433,017	433,017
Total State Sources	<u>502,556</u>		<u>502,556</u>	<u>2,548,320</u>	<u>2,045,764</u>
TOTAL REVENUES	<u>12,273,309</u>		<u>12,273,309</u>	<u>14,470,363</u>	<u>2,197,054</u>

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 48,831	\$ 204	\$ 49,035	\$ 49,034	\$ 1
Kindergarten	469,982	23,271	493,253.0	485,758	7,495
Grades 1-5	2,641,518	(78,768)	2,562,750	2,448,827	113,923
Grades 6-8	431,740		431,740	379,694	52,046
Regular Programs - Home Instruction:					
Salaries of Teachers		7,500	7,500	1,608	5,892
Purchased Professional - Educational Services		7,600	7,600	3,737	3,863
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	214,833	(214,833)			
Other Purchased Services (400-500 series)	158,000	(44,000)	114,000	86,354	27,646
General Supplies	244,100	74,792	318,892	263,071	55,821
Textbooks	65,000	(5,267)	59,733	57,198	2,535
Purchased Professional - Educational Services	1,600	(1,600)			
Other Objects	500		500	250	250
Total Regular Programs	4,276,104	(231,101)	4,045,003	3,775,531	269,472
Special Education:					
Multiple Disabilities:					
Salaries of Teachers	104,717	3,320	108,037	108,037	
General Supplies	300		300	217	83
Total Multiple Disabilities	105,017	3,320	108,337	108,254	83
Resource Room/Resource Center:					
Salaries of Teachers	522,961	247,384	770,345	770,345	
General Supplies	4,700		4,700	4,297	403
Total Resource Room/Resource Center	527,661	247,384	775,045	774,642	403

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 146,493	\$ 611	\$ 147,104	\$ 147,104	
Total Preschool Disabilities - Part-Time	146,493	611	147,104	147,104	
Total Special Education	779,171	251,315	1,030,486	1,030,000	\$ 486
Basic Skills/Remedial:					
Salaries of Teachers	338,185	(1,943)	336,242	336,035	207
Other Purchased Services (400-500 series)	2,500	(940)	1,560	1,560	
General Supplies	1,300	(914)	386	386	
Textbooks	500	(500)			
Other Objects	1,000	(1,000)			
Total Basic Skills/Remedial	343,485	(5,297)	338,188	337,981	207
Bilingual Education:					
Salaries of Teachers	83,782	(1,500)	82,282	82,282	
General Supplies	300	300	600	586	14
Textbooks	1,200	(1,200)			
Total Bilingual Education	85,282	(2,400)	82,882	82,868	14
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	30,500		30,500	26,241	4,259
Supplies and Materials	5,500	(308)	5,192	3,995	1,197
Other Objects	1,150	308	1,458	1,447	11
Total School Sponsored Cocurricular Activities - Instruction	37,150		37,150	31,683	5,467

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Summer School - Instruction:					
Salaries of Teachers	\$ 46,648	\$ (12,264)	\$ 34,384	\$ 34,279	\$ 105
Purchased Professional & Technical Services	2,000		2,000		2,000
Total Summer School - Instruction	48,648	(12,264)	36,384	34,279	2,105
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Reading Specialists	155,579	(503)	155,076	153,518	1,558
General Supplies	30,500	4,478	34,978	33,625	1,353
Purchased Professional & Technical Services	3,200	(1,710)	1,490	1,490	
Other Purchased Services (400-500 series)	11,700	(1,265)	10,435	10,435	
Total Other Supplemental/At-Risk Programs - Instruction	200,979	1,000	201,979	199,068	2,911
Other Supplemental/At-Risk Programs - Support Services:					
Other Purchased Services (400-500 series)	1,000	(1,000)			
Total Other Supplemental/At-Risk Programs - Support Services	1,000	(1,000)			
Total Instruction	5,771,819	253	5,772,072	5,491,410	280,662
Instruction:					
Tuition to Private Schools for the Disabled - Within State	219,000		219,000	22,720	196,280
Total Undistributed Expenditures - Instruction	219,000		219,000	22,720	196,280

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 198,045	\$ 230	\$ 198,275	\$ 185,928	\$ 12,347
Purchased Professional and Technical Services	6,000		6,000	500	5,500
Other Purchased Services (400-500 series)	2,000		2,000	190	1,810
Supplies and Materials	6,000	(230)	5,770	3,990	1,780
Other Objects	600		600	245	355
Total Health Services	212,645		212,645	190,853	21,792
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	255,330	(36,987)	218,343	217,883	460
Purchased Professional - Educational Services	65,000	(11,000)	54,000	47,373	6,627
Supplies and Materials	4,500		4,500	1,140	3,360
Other Objects	80		80		80
Total Other Support Services - Speech, OT, PT and Related Services	324,910	(47,987)	276,923	266,396	10,527
Other Support Services Student - Extraordinary Services:					
Salaries	286,498	(14,735)	271,763	266,107	5,656
Supplies and Materials	2,500		2,500		2,500
Total Other Support Services Student - Extraordinary Services	288,998	(14,735)	274,263	266,107	8,156
Other Support Services - Guidance:					
Salaries	132,862	1,482	134,344	134,344	
Supplies and Materials	500		500	279	221
Total Other Support Services - Guidance	133,362	1,482	134,844	134,623	221

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	\$ 149,863	\$ 14,517	\$ 164,380	\$ 151,864	\$ 12,516
Salaries of Secretarial and Other Clerical Assistants	47,370		47,370	47,278	92
Purchased Professional - Educational Services	7,800		7,800	2,350	5,450
Other Purchased Professional and Technical Services	8,500		8,500	8,373	127
Other Purchased Services (400-500 series)	5,600		5,600	3,480	2,120
Supplies and Materials	4,400		4,400	2,783	1,617
Other Objects	2,000		2,000	1,395	605
Total Other Support Services - Child Study Team	225,533	14,517	240,050	217,523	22,527
Improvement of Instructional Services:					
Salaries	72,551		72,551	72,410	141
Total Improvement of Instructional Services	72,551		72,551	72,410	141
Educational Media Services/School Library:					
Salaries	69,296	(524)	68,772	68,772	
Salaries of Technology Coordinators	138,079		138,079	137,812	267
Other Purchased Services (400-500 series)	12,000	594	12,594	11,990	604
Supplies and Materials	2,000		2,000	1,030	970
Total Educational Media Services/School Library	221,375	70	221,445	219,604	1,841

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Purchased Professional - Educational Services	\$ 12,500	\$	\$ 12,500	\$ 12,235	\$ 265
Other Purchased Services (400-500 series)	8,000	\$ 2,407	10,407	2,210	8,197
Total Instructional Staff Training Services	20,500	2,407	22,907	14,445	8,462
Support Services - General Administration:					
Salaries	270,802	8,424	279,226	279,226	
Legal Services	25,000	28,131	53,131	27,629	25,502
Audit Fees	26,500		26,500	26,500	
Architectural/Engineering Services		7,540	7,540	7,539	1
Other Purchased Professional Services	5,000	175	5,175	5,175	
Purchased Technical Services	3,500	124	3,624	3,623	1
Communications/Telephone	30,000	9,200	39,200	28,324	10,876
BOE Other Purchased Services	7,000	(3,094)	3,906	3,906	
Other Purchased Services		8,820	8,820	8,562	258
Miscellaneous Purchased Services (400-500 series)	1,300	(1,300)			
General Supplies	3,145	(2,020)	1,125		1,125
BOE In-House Training/Meeting Supplies	1,125	2,010	3,135	2,694	441
Judgements Against the School District	20,000	(18,200)	1,800		1,800
Miscellaneous Expenditures	3,700		3,700	3,501	199
BOE Membership Dues and Fees	6,000		6,000	5,555	445
Total Support Services - General Administration	403,072	39,810	442,882	402,234	40,648

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 205,468	\$ 41,571	\$ 247,039	\$ 205,069	\$ 41,970
Salaries of Other Professional Staff	110,000		110,000	110,000	
Salaries of Secretarial and Clerical Assistants	92,921		92,921	92,742	179
Purchased Professional and Technical Services	14,800		14,800	14,632	168
Other Purchased Services (400-500 series)	9,700	1,749	11,449	9,352	2,097
Supplies and Materials	3,150	(20)	3,130	1,369	1,761
Other Objects	1,900		1,900	1,690	210
Total Support Services - School Administration	437,939	43,300	481,239	434,854	46,385
Central Services:					
Salaries	236,976		236,976	236,584	392
Purchased Professional Services	5,800		5,800	3,030	2,770
Miscellaneous Purchased Services (400-500 series)	14,900	(115)	14,785	4,616	10,169
Supplies and Materials	3,600	325	3,925	3,353	572
Other Objects		1,190	1,190	1,190	
Miscellaneous Expenditures	1,400	(1,400)			
Total Central Services	262,676		262,676	248,773	13,903
Administrative Technology Services:					
Other Objects		25,770	25,770		25,770
Total Administrative Technology Services		25,770	25,770		25,770

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Required Maintenance for School Facilities:					
Salaries	\$ 92,370	\$ 2,317	\$ 94,687	\$ 94,540	\$ 147
Cleaning, Repair and Maintenance Services	178,445	(17,400)	161,045	117,383	43,662
Travel		1,700	1,700	1,150	550
General Supplies	21,060	(4,606)	16,454	13,708	2,746
Other Objects	6,325	7,956	14,281	12,360	1,921
Total Required Maintenance for School Facilities	298,200	(10,033)	288,167	239,141	49,026
Custodial Services:					
Salaries	311,975	(2,317)	309,658	303,867	5,791
Salaries of Non-Instructional Aides	66,210		66,210	54,016	12,194
Other Purchased Property Services	20,300	(7,300)	13,000	7,172	5,828
Cleaning, Repair, and Maintenance Services	13,400	6,900	20,300	20,300	
Insurance	81,499		81,499	80,708	791
General Supplies	44,201	21,125	65,326	65,300	26
Energy (Gasoline)		2,000	2,000	963	1,037
Energy (Natural Gas)	78,382		78,382	78,382	
Energy (Electricity)	119,338		119,338	119,338	
Other Objects	2,000	(2,000)			
Total Custodial Services	737,305	18,408	755,713	730,046	25,667

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Security:					
Salaries	\$ 2,500		\$ 2,500	\$ 2,500	
Purchased Professional and Technical Services	94,000	300	94,300	59,565	\$ 34,735
Cleaning, Repair, & Maintenance Services	24,482	600	25,082	22,767	2,315
General Supplies	11,420	(9,275)	2,145	2,144	1
Total Security	<u>132,402</u>	<u>(8,375)</u>	<u>124,027</u>	<u>86,976</u>	<u>37,051</u>
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) Regular	2,135		2,135	2,065	70
Other Purchased Professional and Technical Services		5,000	5,000	5,000	
Construction Services:					
Between Home and School - Vendors	375,000	53,600	428,600	428,600	
Other than Between Home and School - Vendors	6,000		6,000	1,805	4,195
Special Ed Students - ESC's & CTSA's	210,000	(5,054)	204,946	182,966	21,980
Aid in Lieu Payments - Non-Public Schools	18,000		18,000	10,000	8,000
Total Student Transportation Services	<u>611,135</u>	<u>53,546</u>	<u>664,681</u>	<u>630,436</u>	<u>34,245</u>

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Unallocated Benefits:					
Unemployment Compensation	\$ 37,000		\$ 37,000	\$ 26,566	\$ 10,434
Workmen's Compensation	72,994	(500)	72,494	70,055	2,439
Health Benefits	1,700,506	(102,102)	1,598,404	1,501,848	96,556
Tuition Reimbursement	32,200	(11,580)	20,620	20,119	501
Other Employee Benefits	128,500	3,375	131,875	118,715	13,160
Social Security Contributions	130,000	600	130,600	130,557	43
Other Retirement Contributions - PERS	158,000	(5,946)	152,054	152,054	
Other Retirement Contributions - Regular	26,656	(2,280)	24,376	11,039	13,337
Total Unallocated Benefits	2,285,856	(118,433)	2,167,423	2,030,953	136,470
Undistributed Expenditures - Food Service:					
Enterprise Fund - Expenses	16,000		16,000	13,918	2,082
Total Undistributed Expenditures - Food Service	16,000		16,000	13,918	2,082
On-Behalf Contributions (Non-Budgeted):					
On-Behalf TPAF Pension Contributions				1,133,427	(1,133,427)
On-Behalf TPAF Non-Contributory Insurance				19,958	(19,958)
On-Behalf TPAF Post Retirement Medical Benefits				420,480	(420,480)
On-Behalf TPAF Long-Term Disability Insurance				1,127	(1,127)
Reimbursed TPAF Social Security Contributions				433,017	(433,017)
Total On-Behalf Contributions				2,008,009	(2,008,009)
Total Undistributed Expenditures	6,903,459	(253)	\$ 6,903,206	8,230,021	(1,326,815)
Total Expenditures - Current Expense	12,675,278		12,675,278	13,721,431	(1,046,153)

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Capital Outlay:					
Equipment:					
Instruction:					
Grades 1-5	\$ 83,000		\$ 83,000	\$ 69,342	\$ 13,658
Undistributed Expenditures:					
Required Maintenance for School Facilities	43,000		43,000	12,338	30,662
Security	88,000		88,000	74,801	13,199
Total Equipment	214,000		214,000	156,481	57,519
Facilities Acquisition and Construction:					
Architectural/Engineering Services	40,000		40,000	40,000	
Construction Services	70,000		70,000	69,648	352
Assessment for Debt Service - SDA Funding	11,855		11,855	11,855	
Total Facilities Acquisition and Construction	121,855		121,855	121,503	352
Total Capital Outlay	335,855		335,855	277,984	57,871
Total Expenditures	13,011,133		13,011,133	13,999,415	(988,282)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(737,824)		(737,824)	470,948	1,208,772

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1	\$ 1,917,244		\$ 1,917,244	\$ 1,917,244	
Fund Balance, June 30	<u>\$ 1,179,420</u>	<u>\$ -0-</u>	<u>\$ 1,179,420</u>	<u>\$ 2,388,192</u>	<u>\$ 1,208,772</u>

Recapitulation:

Restricted Fund Balance:	\$ 535,585
Excess Surplus	445,000
Excess Surplus - Designated for Subsequent Year's Expenditures	1,068,401
Capital Reserve	
Assigned Fund Balance:	51,116
For Subsequent Year's Expenditures	335
Year End Encumbrances	<u>287,755</u>
Unassigned Fund Balance	<u>2,388,192</u>
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments not recognized on GAAP Basis	<u>(47,271)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 2,340,921</u>

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 180,857	\$ 57,332	\$ 238,189	\$ 201,903	\$ (36,286)
Local Sources		3,773	3,773	4,664	891
Total Revenues	180,857	61,105	241,962	206,567	(35,395)
EXPENDITURES:					
Instruction					
General Supplies	58,263	12,920	71,183	71,034	149
Total Instruction	58,263	12,920	71,183	71,034	149
Support Services					
Purchased Professional - Technical Services	102,594	923	103,517	76,457	27,060
Other Purchased Services	10,000	1,343	11,343	9,804	1,539
Supplies and Materials	10,000	1,509	11,509	7,897	3,612
Total Support Services	122,594	3,775	126,369	94,158	32,211
Facilities Acquisition and Construction Services:					
Instructional Equipment		44,410	44,410	41,375	3,035
Total Facilities Acquisition and Construction Services		44,410	44,410	41,375	3,035
Total Expenditures	180,857	61,105	241,962	206,567	35,395
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

FAIRFIELD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,470,363	\$ 206,567
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		3,035
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	41,839	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(47,271)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 14,464,931</u>	<u>\$ 209,602</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,999,415	\$ 206,567
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		<u>3,035</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 13,999,415</u>	<u>\$ 209,602</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

FAIRFIELD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

FAIRFIELD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	IDEA Part B,		Elementary and Secondary Education Act		CARES Grant	NJSIG Safety Grant	Totals June 30, 2020
	Basic	Preschool	Title I	Title IV			
REVENUE:							
Federal Sources	\$ 87,204	\$ 3,949	\$ 43,857	\$ 19,899	\$ 35,277	\$ 4,664	\$ 201,903
Local Sources							4,664
Total Revenue	87,204	3,949	43,857	19,899	35,277	4,664	206,567
EXPENDITURES:							
Instruction:							
General Supplies	8,712		43,857	13,801		4,664	71,034
Total Instruction	8,712		43,857	13,801		4,664	71,034
Support Services:							
Purchased Professional -							
Technical Services	64,740			11,717			76,457
Other Purchased Services	9,525	279					9,804
Supplies and Materials	4,227	3,670					7,897
Total Support Services	78,492	3,949		11,717			94,158
Facilities Acquisition:							
Instructional Equipment				6,098	35,277		41,375
Total Facilities Acquisition				6,098	35,277		41,375
Total Expenditures	\$ 87,204	\$ 3,949	\$ 43,857	\$ 19,899	\$ 35,277	\$ 4,664	\$ 206,567

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS
(NOT APPLICABLE)

FIDUCIARY FUNDS

FAIRFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Agency</u>		<u>Totals</u>
	<u>Payroll</u>	<u>Student Activities</u>	
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 6,338	\$ 41,190	\$ 47,528
Total Assets	<u>6,338</u>	<u>41,190</u>	<u>47,528</u>
<u>LIABILITIES:</u>			
Interfund Payable - General Fund	6,338		6,338
Due to Student Groups		41,190	41,190
Total Liabilities	<u>\$ 6,338</u>	<u>\$ 41,190</u>	<u>\$ 47,528</u>

FAIRFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOT APPLICABLE

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

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 41,147	\$ 36,759	\$ 36,716	\$ 41,190
Total Assets	<u>\$ 41,147</u>	<u>\$ 36,759</u>	<u>\$ 36,716</u>	<u>\$ 41,190</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 41,147	\$ 36,759	\$ 36,716	\$ 41,190
Total Liabilities	<u>\$ 41,147</u>	<u>\$ 36,759</u>	<u>\$ 36,716</u>	<u>\$ 41,190</u>

FAIRFIELD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>June 30, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
SCHOOLS:				
Winston S. Churchill School	\$ 23,605	\$ 16,388	\$ 14,451	\$ 25,542
Adlai E. Stevenson School	17,542	20,371	22,265	15,648
	<u>\$ 41,147</u>	<u>\$ 36,759</u>	<u>\$ 36,716</u>	<u>\$ 41,190</u>

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

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 123,141	\$ 8,397,912	\$ 8,514,715	\$ 6,338
Total Assets	<u>\$ 123,141</u>	<u>\$ 8,397,912</u>	<u>\$ 8,514,715</u>	<u>\$ 6,338</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 115,860	\$ 3,763,762	\$ 3,879,622	
Net Payroll		4,634,045	4,634,045	
Interfund Payable - General Fund	<u>7,281</u>	<u>105</u>	<u>1,048</u>	<u>\$ 6,338</u>
Total Liabilities	<u>\$ 123,141</u>	<u>\$ 8,397,912</u>	<u>\$ 8,514,715</u>	<u>\$ 6,338</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Balance June 30, 2019	Matured	Balance June 30, 2020
			Outstanding		Interest Rate	Balance			
			Date	Amount					
2002 School Bonds	5/1/2002	\$ 1,200,000	12/1/2020	\$ 80,000	4.75%	\$ 240,000	\$ 80,000	\$ 160,000	
			12/1/2021	80,000					4.75%
						<u>\$ 240,000</u>	<u>\$ 80,000</u>	<u>\$ 160,000</u>	

FAIRFIELD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOT APPLICABLE

FAIRFIELD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Final to Actual
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 40,599	\$ 40,599	\$ 40,599	
Interest on Investments			3	\$ 3
Total Revenue	<u>40,599</u>	<u>40,599</u>	<u>40,602</u>	<u>3</u>
EXPENDITURES:				
Regular Debt Service:				
Interest	9,480	9,480	9,480	
Redemption of Principal	80,000	80,000	80,000	
Total Regular Debt Service	<u>89,480</u>	<u>89,480</u>	<u>89,480</u>	
Total Expenditures	<u>89,480</u>	<u>89,480</u>	<u>89,480</u>	
Fund Balance, July 1	<u>48,881</u>	<u>48,881</u>	<u>48,881</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3</u>	<u>\$ 3</u>
<u>Recapitulation:</u>				
Restricted			<u>\$ 3</u>	<u>\$ 3</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,786,248	\$ 5,014,792	\$ 5,135,600	\$ 5,159,835	\$ 5,954,422	\$ 6,357,873	\$ 7,168,636	\$ 7,412,201	\$ 7,199,573	\$ 6,860,678
Special Education	1,648,812	1,551,694	1,648,215	1,708,647	1,677,704	2,185,110	2,394,523	2,281,485	1,423,930	1,932,360
Other Special Education	381,848	475,982	593,897	553,730	745,287	636,496	832,853	944,978	1,080,272	1,076,142
Other Instruction						124,675	170,149	205,500	201,169	186,281
Support Services:										
Tuition						228,441	190,133		17,320	22,720
Student & Instruction Related Services	1,238,375	1,473,284	1,590,375	1,485,298	1,665,215	1,631,895	1,356,886	1,600,983	2,006,868	1,939,594
General & Business Administrative Services	486,661	486,480	531,004	474,601	497,986	447,705	469,307	553,570	547,904	534,134
School Administrative Services	397,491	417,125	441,325	500,631	603,042	627,866	693,929	551,977	580,610	667,926
Central Services					3,119	303,010	272,290	359,888	353,815	362,811
Administrative Technology Services							4,779	2,225		
Plant Operations And Maintenance	892,979	1,195,945	1,168,796	1,090,468	1,104,453	1,112,433	1,284,650	1,262,544	1,118,327	1,273,132
Pupil Transportation	601,912	639,095	640,052	689,318	670,923	601,724	593,135	584,773	649,304	650,872
Business and Other Support Services	203,912	235,239	240,591	245,246	287,224					
Capital Outlay						11,855				
Special Schools							38,786	28,469	24,765	21,021
Interest On Long-Term Debt	59,476	55,220	46,999	42,148	37,100	30,347				
Total Governmental Activities Expenses	\$ 10,697,714	\$ 11,544,856	\$ 12,036,854	\$ 11,949,922	\$ 13,246,475	\$ 14,299,430	\$ 15,470,056	\$ 15,788,594	\$ 15,203,857	\$ 15,527,671
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 24,500	\$ 22,500	\$ 20,000	\$ 25,000	\$ 21,000	\$ 25,000	\$ 97,107	\$ 165,408	\$ 99,108	\$ 111,718
Operating Grants and Contributions	1,045,130	1,331,785	1,644,037	1,490,683	2,736,663	3,397,663	4,165,300	4,609,867	3,915,179	3,931,785
Capital Grants and Contributions	329,560	218,132			4,222		(3,206)			
Total Governmental Activities Program Revenues	\$ 1,399,190	\$ 1,572,417	\$ 1,664,037	\$ 1,515,683	\$ 2,761,885	\$ 3,422,663	\$ 4,262,407	\$ 4,772,069	\$ 4,014,287	\$ 4,043,503

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

	Fiscal Year Ending June 30.										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expenses)/Revenue:											
Governmental Activities	\$ (9,298,524)	\$ (9,972,439)	\$ (10,372,817)	\$ (10,434,239)	\$ (10,484,590)	\$ (10,876,767)	\$ (11,207,649)	\$ (11,016,525)	\$ (11,189,570)	\$ (11,484,168)	
Total District-Wide Net Expense	\$ (9,298,524)	\$ (9,972,439)	\$ (10,372,817)	\$ (10,434,239)	\$ (10,484,590)	\$ (10,876,767)	\$ (11,207,649)	\$ (11,016,525)	\$ (11,189,570)	\$ (11,484,168)	
General Revenues and Other Changes in Net Position:											
Governmental Activities:											
Property Taxes Levied for General Purposes, Net	\$ 9,600,585	\$ 9,768,596	\$ 9,858,894	\$ 10,056,071	\$ 10,257,192	\$ 10,487,978	\$ 10,708,159	\$ 11,102,556	\$ 11,378,705	\$ 11,662,035	
Taxes Levied for Debt Service	141,560	140,693	147,723	142,873	142,867	147,447	141,772	145,801	93,220	40,599	
Federal and State Aid not Restricted	5,490	8,949	8,949	11,079	22,316	1,145	274	1,651			
Investment Earnings	13,690	1,695									
Miscellaneous Income	8,560	11,589	44,058	39,573	49,723	44,487	56,916	47,860	190,344	148,293	
Total Governmental Activities General Revenue and Other Changes in Net Position	9,769,885	9,922,573	10,059,624	10,249,596	10,472,098	10,681,057	10,907,121	11,297,868	11,662,269	11,850,927	
Change in Net Position:											
Governmental Activities	\$ 471,361	\$ (49,866)	\$ (313,193)	\$ (184,643)	\$ (12,492)	\$ (195,710)	\$ (300,528)	\$ 281,343	\$ 472,699	\$ 366,759	
Total District-Wide Change in Net Position	\$ 471,361	\$ (49,866)	\$ (313,193)	\$ (184,643)	\$ (12,492)	\$ (195,710)	\$ (300,528)	\$ 281,343	\$ 472,699	\$ 366,759	

Source: Fairfield Township School District Financial Reports.

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

	June 30,										
	2011	2012	2013	2013	2013	2015	2016	2017	2018	2019	2020
General Fund:											
Restricted	\$1,027,590	\$ 771,105	\$ 605,542	\$ 407,115	\$ 440,743	\$ 478,380	\$ 478,380	\$ 352,885	\$ 924,493	\$1,593,284	\$2,048,986
Committed		7,499	19,150		48,849						
Assigned	47,217	125,071	11,931	73,612	115,407	47,521	47,521	136,497	51,987	12,941	51,451
Unassigned	116,284	62,307	82,395	79,313		221,200	221,200	173,693	230,669	269,180	240,484
Total General Fund	\$1,191,091	\$ 965,982	\$ 719,018	\$ 560,040	\$ 604,999	\$ 747,101	\$ 747,101	\$ 663,075	\$1,207,149	\$1,875,405	\$2,340,921
All Other Governmental Funds:											
Restricted	\$ 583,800	\$ 254,798	\$ 254,415	\$ 254,415	\$ 254,415	\$ 134,602	\$ 134,602	\$ 134,602	\$ 48,881	\$ 48,881	\$ 3
Committed									131,984		
Total All Other Governmental Funds	\$ 583,800	\$ 254,798	\$ 254,415	\$ 254,415	\$ 254,415	\$ 134,602	\$ 134,602	\$ 134,602	\$ 180,865	\$ 48,881	\$ 3
Total Governmental Funds:											
Restricted	1,027,590	771,105	859,957	661,530	695,158	612,982	612,982	352,885	973,374	1,642,165	2,048,989
Committed	583,800	262,297	19,150		48,849			134,602	131,984		
Assigned	47,217	125,071	11,931	73,612	115,407	47,521	47,521	136,497	51,987	12,941	51,451
Unassigned	116,284	62,307	82,395	79,313		221,200	221,200	173,693	230,669	269,180	240,484
Total Governmental Funds:	\$1,774,891	\$1,220,780	\$ 973,433	\$ 814,455	\$ 859,414	\$ 881,703	\$ 881,703	\$ 797,677	\$1,388,014	\$1,924,286	\$2,340,924

Source: Fairfield Township School District Financial Reports.

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

UNAUDITED
(Modified Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
For the Fiscal Year Ending June 30,										
Revenues										
Tax Levy	\$ 9,742,145	\$ 9,909,289	\$ 10,006,617	\$ 10,198,944	\$ 10,400,059	\$ 10,635,425	\$ 10,849,931	\$ 11,248,357	\$ 11,471,925	\$ 11,702,634
Tuition Charges	24,500	22,500	20,000	25,000	21,000	25,000	149,341	197,901	110,371	119,193
Interest Earnings - Capital Reserve	13,690	1,695								
Miscellaneous	13,906	13,730	43,200	40,857	53,945	46,987	7,559	18,405	182,854	145,482
State Sources	1,164,035	1,363,575	1,493,703	1,339,665	1,639,080	1,671,177	1,668,304	2,076,691	2,337,594	2,542,888
Federal Sources	210,799	184,201	156,795	160,813	153,815	190,798	170,810	186,570	185,495	204,938
Total Revenue	11,169,075	11,494,990	11,720,315	11,765,279	12,267,899	12,569,387	12,845,945	13,727,924	14,288,239	14,715,135
Expenditures										
Instruction										
Regular Instruction	4,685,942	4,865,311	5,114,932	5,161,779	5,301,155	3,771,546	3,615,422	3,809,433	4,000,399	3,849,600
Special Education Instruction	1,658,130	1,546,647	1,642,068	1,709,692	1,529,658	1,215,102	1,265,519	1,221,560	846,559	1,124,158
Other Instruction	381,417	475,724	593,897	553,299	667,988	420,788	514,279	570,375	672,979	685,879
Support Services:										
Tuition	1,232,887	1,465,888	1,591,195	1,492,564	1,539,039	1,163,828	1,047,644	1,092,419	1,413,851	1,381,961
Student/Instruction Related Services	486,173	485,081	530,797	474,601	462,901	381,594	370,477	421,061	424,081	402,234
General Administrative Services	381,520	408,828	433,477	493,855	532,931	381,192	367,186	322,415	348,013	434,854
School Administrative Services	208,057	234,539	240,609	245,295	262,820	246,833	190,392	251,118	254,958	248,773
Other Administrative Services	601,912	1,191,976	990,926	915,153	902,324	824,979	1,037,439	1,001,486	1,030,557	1,056,163
Plant Operations And Maintenance	893,291	639,095	640,052	689,318	668,910	590,271	560,176	552,354	628,638	630,436
Pupil Transportation										
Unallocated Benefits						3,188,141	3,419,658	3,760,737	3,937,875	4,038,962
Undistributed Expenditures							8,612	9,212	11,742	13,918
Capital Outlay	889,965	593,689	41,986	45,828	106,604	92,679	105,578	26,341	71,775	319,359
Debt Service:										
Principal	85,000	90,000	100,000	100,000	105,000	115,000	205,000	80,000	80,000	80,000
Interest And Other Charges	56,560	52,323	47,723	42,873	37,866	32,448	27,836	16,920	13,220	9,480
Total Expenditures	11,560,854	12,049,101	11,967,662	11,924,257	12,117,196	12,652,842	12,929,971	13,137,587	13,751,967	14,298,497
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(391,779)	(554,111)	(247,347)	(158,978)	150,703	(83,455)	(84,026)	\$ 13,137,587	536,272	416,638

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

	For the Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses):										
Transfers In					\$ 119,813	\$ 91,064	\$ 588	\$ (131,984)		
Transfers Out					(119,813)	(91,064)	(588)	131,984		
Total Other Financing Sources (Uses)										
Net Change In Fund Balances	\$ (391,779)	\$ (554,111)	\$ (247,347)	\$ (158,978)	\$ 150,703	\$ (83,455)	\$ (84,026)	\$ 13,137,587	\$ 536,272	\$ 416,638
Debt Service As A Percentage Of Noncapital Expenditures	1.34%	1.33%	1.24%	1.24%	1.18%	1.17%	1.80%	0.74%	0.68%	0.63%

Source: Fairfield Township School District Financial Reports.

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Refunds	Rentals	Other	Total
2011	\$ 13,690	\$ 24,500	\$ 7,912		\$ 648	\$ 46,750
2012	1,695	22,500	8,310		3,279	35,784
2013	242	20,000	28,689		11,781	60,712
2014	8,894	25,000	30,329		350	64,573
2015	7,174	21,000	31,370		11,179	70,723
2016		25,000		\$ 40,109	4,378	69,487
2017		97,107		52,234	4,682	154,023
2018	1,963	165,408		32,493	13,404	213,268
2019	14,733	99,108	26,586	11,263	137,762	289,452
2020	21,810	111,718	35,545	7,475	83,460	260,008

Source: Fairfield Township School District Financial Reports.

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

Year Ended Dec. 31,	Vacant Land	Residential		Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
		Farm Regular	Farm Qualified										
2010	\$ 50,823,000	\$ 1,317,526,000	\$ 492,900	\$ 47,500	\$ 775,320,000	\$ 938,752,800	\$ 16,500,000	\$ 3,099,462,200	\$ 10,901,748	\$ 3,110,363,948	\$ 0.310	\$ 3,125,008,280	
2011	48,359,400	1,320,103,100	492,900	55,900	781,577,300	921,611,600	16,500,000	3,088,700,200	10,130,737	3,098,830,937	0.321	3,004,475,056	
2012	* 40,010,500	1,105,701,000	424,200	33,300	692,955,600	823,057,500	15,000,000	2,677,182,100	10,025,440	2,687,207,540	0.372	2,962,755,685	
2013	38,877,100	1,108,782,600	424,200	33,300	665,905,200	817,502,000	15,000,000	2,646,524,400	7,898,040	2,654,422,440	0.384	2,783,791,725	
2014	38,420,800	1,111,492,100	424,200	33,300	653,979,100	802,744,600	15,000,000	2,622,094,100	7,402,303	2,629,496,403	0.395	2,591,005,944	
2015	35,777,700	1,119,961,500	424,200	33,300	650,582,100	791,236,800	15,000,000	2,613,015,600	7,466,353	2,620,481,953	0.406	2,648,934,593	
2016	36,133,900	1,123,687,800	452,200	27,600	627,499,880	779,629,900	15,000,000	2,582,431,280	6,669,400	2,589,100,680	0.419	3,041,679,929	
2017	34,274,500	1,130,908,200	452,200	27,600	612,516,480	775,968,500	15,000,000	2,569,147,480	7,003,818	2,576,151,298	0.437	2,915,051,007	
2018	36,442,200	1,139,996,200	452,200	27,600	610,677,980	773,692,800	15,000,000	2,576,288,980	7,336,353	2,583,625,333	0.444	2,887,300,037	
2019	34,096,900	1,151,402,600	452,200	27,600	620,482,280	771,772,400	22,995,600	2,601,229,580	6,875,879	2,608,105,459	0.449	3,183,326,152	

* Revaluation/Reassessment Year

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b Tax rates are per \$100 of assessed valuation.

Source: Fairfield Township Tax Assessor.

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

Year Ended December 31,	Fairfield Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Debt Service ^b	Total Direct	West Essex Regional School District	Fairfield Township	Essex County	
2010	\$ 0.305	\$ 0.005	\$ 0.310	\$ 0.440	\$ 0.400	\$ 0.410	\$ 1.560
2011	0.027	0.005	0.321	0.468	0.416	0.422	1.627
2012	* 0.367	0.005	0.372	0.525	0.503	0.486	1.886
2013	0.378	0.006	0.384	0.529	0.512	0.512	1.937
2014	0.389	0.006	0.395	0.538	0.526	0.497	1.956
2015	0.401	0.005	0.406	0.554	0.544	0.515	2.019
2016	0.414	0.005	0.419	0.616	0.571	0.597	2.203
2017	0.431	0.006	0.437	0.609	0.564	0.581	2.191
2018	0.438	0.006	0.444	0.620	0.561	0.560	2.185
2019	0.447	0.002	0.449	0.673	0.557	0.590	2.269

* Revaluation/Reassessment Year

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

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

Source: Fairfield Township Tax Collector and School Business Administrator.

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

	2019		2010			
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer		Taxable Assessed Value
Breit Industrial Fair Prop, LLC		\$ 43,168,300	1.68%	AMB-AMS	\$ 35,481,700	1.85%
GRE Greenbrook Property, LLC		21,692,000	0.84%	Associates NF, LLC	27,200,000	1.41%
Fairfield Hotel Property Owner, LLC		20,400,000	0.79%	CRG 300, LLC	20,157,500	1.05%
Kyocera Mita America, Inc.		20,000,000	0.78%	Kyocera Mita America, Inc	18,511,800	0.96%
Marshall Field/Target Corp T-1175		18,900,000	0.73%	Individual Taxpayer #1	17,571,400	0.91%
Skyline Properties LLC		18,052,500	0.70%	Fairfield BAB Group, LLC	17,250,000	0.90%
LMR USA LLC		18,000,000	0.70%	700 Route #46	16,400,000	0.85%
Calandra Development		15,827,000	0.61%	RRAMC	15,500,000	0.80%
Fairfield Executive Inn		14,900,000	0.58%	Hollywood Associates	11,850,000	0.61%
LMAN LNT LLC		14,191,200	0.55%	Skyline Properties	11,701,000	0.61%
Total		\$ 205,131,000	7.96%		\$ 191,623,400	9.95%

Note: Revaluation of real property was effective in 2012.

Source: Fairfield Township Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 9,742,145	\$ 9,742,145	100.00%	\$ -0-
2012	9,909,289	9,909,289	100.00%	-0-
2013	10,006,617	10,006,617	100.00%	-0-
2014	10,198,944	10,198,944	100.00%	-0-
2015	10,400,059	10,400,059	100.00%	-0-
2016	10,635,425	10,635,425	100.00%	-0-
2017	10,849,931	10,849,931	100.00%	-0-
2018	11,248,357	11,248,357	100.00%	-0-
2019	11,471,925	11,471,925	100.00%	-0-
2020	11,702,634	11,702,634	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities General Obligation Bonds	Total District	Percentage of Personal Income ^a	Per Capita ^a
2011	\$ 1,115,000	\$ 1,115,000	0.28%	\$ 150
2012	1,025,000	1,025,000	0.25%	137
2013	925,000	925,000	0.22%	124
2014	825,000	825,000	0.19%	110
2015	720,000	720,000	0.16%	96
2016	605,000	605,000	0.13%	81
2017	400,000	400,000	0.08%	53
2018	320,000	320,000	0.06%	43
2019	240,000	240,000	0.05%	32
2020	160,000	160,000	0.03%	21

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

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

Source: Fairfield Township School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2011	\$ 1,115,000	\$ 1,115,000	0.04%	\$ 150
2012	1,025,000	1,025,000	0.03% *	137
2013	925,000	925,000	0.03%	124
2014	825,000	825,000	0.03%	110
2015	720,000	720,000	0.03%	96
2016	605,000	605,000	0.02%	81
2017	400,000	400,000	0.02%	53
2018	320,000	320,000	0.01%	43
2019	240,000	240,000	0.01%	32
2020	160,000	160,000	0.01%	21

* - Revaluation year

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

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

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Fairfield Township School District Financial Reports.

FAIRFIELD BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
West Essex Regional High School	\$ 8,270,000	25.00%	\$ 2,067,500
Township of Fairfield	3,481,000	100.00%	<u>3,481,000</u>
			5,548,500
Overlapping Debt Appropriated to the Municipality			
Essex County	529,414,378	3.44%	<u>18,190,772</u>
Subtotal, Overlapping Debt			23,739,272
Township of Fairfield School District			<u>160,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 23,899,272</u></u>

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

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

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

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 76,409,385	\$ 74,879,899	\$ 72,329,443	\$ 68,971,880	\$ 66,531,417
Total Net Debt Applicable to Limit	<u>1,115,000</u>	<u>1,025,000</u>	<u>925,000</u>	<u>825,000</u>	<u>720,000</u>
Legal Debt Margin	<u>\$ 75,294,385</u>	<u>\$ 73,854,899</u>	<u>\$ 71,404,443</u>	<u>\$ 68,146,880</u>	<u>\$ 65,811,417</u>
Total Net Debt Applicable to the Limit Limit As a Percentage of Debt	1.46%	1.37%	1.28%	1.20%	1.08%

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 68,152,750	\$ 71,389,946	\$ 73,288,525	\$ 73,974,931	\$ 76,368,679
Total Net Debt Applicable to Limit	<u>605,000</u>	<u>400,000</u>	<u>320,000</u>	<u>240,000</u>	<u>160,000</u>
Legal Debt Margin	<u>\$ 67,547,750</u>	<u>\$ 70,989,946</u>	<u>\$ 72,968,525</u>	<u>\$ 73,734,931</u>	<u>\$ 76,208,679</u>
Total Net Debt Applicable to the Limit Limit As a Percentage of Debt	0.89%	0.56%	0.44%	0.32%	0.21%

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized valuation basis
	2019 \$3,183,326,152
	2018 3,127,841,416
	2017 2,853,073,919
	<u>\$9,164,241,487</u>
Average Equalized Valuation of Taxable Property	\$3,054,747,162
Debt Limit (2.5% of average equalization value) ^a	76,368,679
Net Bonded School Debt	<u>160,000</u>
Legal Debt Margin	<u>\$ 76,208,679</u>

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

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

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

<u>Year</u>	<u>Population^a</u>	<u>Essex County Per Capita Personal Income^c</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Unemployment Rate^d</u>
2011	7,456	\$ 54,078	\$ 403,205,568	7.70%
2012	7,486	54,783	410,105,538	7.30%
2013	7,474	55,369	413,827,906	7.50%
2014	7,484	57,817	432,702,428	4.60%
2015	7,495	60,131	450,681,845	5.70%
2016	7,498	61,287	459,529,926	4.30%
2017	7,502	63,554	476,782,108	4.40%
2018	7,492	67,459	505,402,828	4.20%
2019	7,474	67,459 *	504,188,566 ***	3.30%
2020	7,474 **	67,459 *	504,188,566 ***	N/A

* - Latest Essex County per capita personal income available (2018) was used for calculation purposes.

** - Latest population data available (2019) was used for calculation purposes.

*** - Latest per capital personal income available (2018) and latest population data available (2019) was used for calculation purposes.

N/A - Information Not Available for this year

Sources:

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

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

	2019			2010			Percentage of Total Employment
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment	
St. Barnabas Health Care System		31,683	8.99%	Verizon Communication	17,996	N/A	N/A
Rutgers University-Newark Campus		15,500	4.40%	Continental Airlines	13,752	N/A	N/A
Verizon		15,000	4.26%	PSE&G	10,500	N/A	N/A
New Jersey Transit		11,500	3.26%	Prudential Financial	8,143	N/A	N/A
Public Service Electric & Gas		10,000	2.84%	Horizon Blue Cross Blue Shield	5,000	N/A	N/A
Prudential Ins. Co. of America		9,500	2.70%	JP Morgan Chase	4,764	N/A	N/A
Montclair State University		7,900	2.24%	Automatic Data Processing	4,739	N/A	N/A
Newark Board of Education		7,050	2.00%	Roche	3,266	N/A	N/A
Gateway Group One		6,250	1.77%	KPMG	2,197	N/A	N/A
Automatic Data Processing		5,649	1.60%	Ricoh American Corp	1,375	N/A	N/A
		<u>120,032</u>	<u>34.07%</u>		<u>71,732</u>	<u>N/A</u>	<u>N/A</u>
County Labor Force		<u>352,334</u>					

Note - Principal employers are that of Essex County.

N/A - Information not available

Source: Essex County Economic Development Corporation.

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

<u>Function/Program</u>	<u>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>	<u>2020</u>
Instruction:										
Regular	50.0	51.0	50.1	52.0	52.0	52.0	53.0	51.0	60.5	54.0
Special Education	32.0	33.0	29.0	31.0	31.0	31.0	27.0	32.0	12.0	12.0
Other Special Education	4.0	4.0	3.0	4.0	4.0	5.0	5.0	6.0	9.5	7.0
Support Services:										
Student & Instruction Related Services	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	7.5	10.5
General Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	3.5
School Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.5
Central Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5
Plant Operations and Maintenance	7.5	7.5	7.5	6.5	6.5	6.5	6.5	6.5	12.0	12.0
Total	107.5	109.5	103.6	108.5	108.5	109.5	106.5	110.5	112.5	107.0

Source: Fairfield Township School District personnel records.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	690	\$ 10,529,329	\$ 15,260	1.92%	56	12.4	694.2	666.1	-5.77%	95.95%
2012	699	11,313,089	16,185	6.06%	56	12.3	690.5	665.7	-0.53%	96.41%
2013	692	11,777,953	17,020	5.16%	56	12.3	691.1	662.9	0.09%	95.92%
2014	644	11,735,556	18,223	7.07%	58	11.1	645.0	616.4	-6.67%	95.57%
2015	625	11,867,726	18,988	4.20%	59	10.6	627.2	599.1	-2.76%	95.52%
2016	621	12,412,715	19,988	5.27%	60	10.8	648.4	615.5	3.37%	94.93%
2017	659	12,591,557	19,107	-4.41%	72	9.2	663.0	629.5	2.25%	94.95%
2018	681	13,014,326	19,111	0.02%	67	10.3	688.8	655.3	3.89%	95.14%
2019	670	13,586,972	20,279	6.11%	74	9.1	674.2	641.9	-2.12%	95.21%
2020	686	13,889,658	20,247	-0.16%	74	9.4	695.7	673.5	3.18%	96.81%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment.
This Cost Per Pupil may be different from other Cost Per Pupil Calculations.

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

<u>District Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Stevenson										
Square Feet	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
Capacity (Students)	450	450	450	450	450	450	450	450	450	450
Enrollment	389	394	382	350	335	339	374	424	402	397
Churchill										
Square Feet	38,350	38,350	38,350	38,350	38,350	38,350	38,350	38,350	38,350	38,350
Capacity (Students)	400	400	400	400	400	400	400	400	400	400
Enrollment	301	305	310	294	290	282	285	257	268	289

Number of Schools at June 30, 2020:

Elementary = 2

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

Source: Fairfield Township School District Facilities Office.

FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:
 Required Maintenance for School Facilities
 11-000-261-XXX

School Facilities *	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Stevenson Elementary School	\$ 44,260	\$ 328,613	\$ 33,606	\$ 26,491	\$ 15,093	\$ 32,233	\$ 82,060	\$ 57,569	\$ 50,657	\$ 134,149
Churchill Elementary School	72,065	40,614	44,059	42,864	11,859	33,128	81,924	101,816	119,062	104,992
	<u>\$ 116,325</u>	<u>\$ 369,227</u>	<u>\$ 77,665</u>	<u>\$ 69,355</u>	<u>\$ 26,952</u>	<u>\$ 65,361</u>	<u>\$ 163,984</u>	<u>\$ 159,385</u>	<u>\$ 169,719</u>	<u>\$ 239,141</u>

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

Source: Fairfield Township School District records.

FAIRFIELD BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package - NJSIG		
Property - Real and Personal Property (fund limit)	\$ 500,000	\$ 5,000
General Liability	31,000,000	N/A
Electronic Data Processing	625,000	1,000
Equipment Breakdown	100,000,000	5,000
Commercial Crime - Employee Dishonesty	250,000	1,000
Auto Liability	31,000,000	N/A
Auto Physical Damage	Actual Cash Value	1,000
School Board Legal Liability - NJSIG		
Errors and Omissions	31,000,000	5,000
Worker's Compensation - NJSIG		
Employers Liability	2,000,000	N/A
Disease (each employee)	2,000,000	N/A
Disease (policy limit)	2,000,000	N/A
Public Official Bonds - Various Insurers		
Business Administrator / Board Secretary (NJSIG)	200,000	1,000
Treasurer of School Monies - (Western Surety)	200,000	1,000
Student Accident Insurance - Bollinger		
Base Limit	1,000,000	N/A
Catastrophic Limit	1,000,000	N/A
Voluntary Limit	500,000	N/A
Pollution Liability - Zurich through NJSIG		
Each Pollution Event Limit	1,000,000	50,000
Aggregate Limit	11,000,000	N/A

Source: Fairfield Township School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fairfield Township School District, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2020.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members of
the Board of Education
Fairfield Board of Education
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

November 20, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Fairfield Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on the District's major state programs for the fiscal year ended June 30, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

November 20, 2020
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

John J. Mooney

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

FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance 6/30/2019 (Accounts Receivable)	Due to Grantor 6/30/2019	Cash Received	Budgetary Expenditures	Adjustment	Balance 6/30/2020 (Accounts Receivable)	Due to Grantor 6/30/2020	Amount Provided to Subrecipient
U.S. Department of Education												
Passed-through State Department of Education:												
Elementary and Secondary Education Act:												
Title I	84.010	NCLB-1465-17	7/1/16-6/30/17	\$40,308		\$ 64					\$ 64	
Title I	84.010	ESEA-1465-19	7/1/18-9/30/19	46,917	\$ (6,634)		\$ 6,638	\$ (4)		\$ (7,954)		
Title I	84.010	ESEA-1465-20	7/1/19-9/30/20	43,857			35,899	(43,853)				
Total Title I					(6,634)	64	42,537	(43,857)		(7,954)	64	
Title II	84.367	NCLB-1465-18	7/1/17-6/30/18	7,852		477					477	
Title II	84.367	ESEA-1465-19	7/1/18-9/30/19	12,000	(45)		45					
Title II	84.367	ESEA-1465-20	7/1/19-9/30/20	11,757			11,717	(11,717)				
Total Title II					(45)	477	11,762	(11,717)			477	
Title IV	84.424	ESEA-1465-19	7/1/18-9/30/19	13,081	(3,035)		3,035					
Title IV	84.424	ESEA-1465-20	7/1/19-9/30/20	20,000			19,899	(19,899)				
Total Title IV					(3,035)		22,934	(19,899)				
Total Title IV CARES Act:												
COVID 19 - CARES												
Emergency Relief Grant	84.425D	CARES-1465-20	3/13/20-9/30/22	35,277				(35,277)		(35,277)		
Total Elementary and Secondary Education Act:					(9,714)	541	77,233	(110,750)		(43,231)	541	
Special Education Cluster:												
I.D.E.A. Part B, Preschool	84.173	IDEA-1465-18	7/1/17-6/30/18	9,477		1,479					1,479	
I.D.E.A. Part B, Preschool	84.173	IDEA-1465-19	7/1/18-9/30/19	9,678	(4,465)		4,465					
I.D.E.A. Part B, Preschool	84.173	IDEA-1465-20	7/1/19-9/30/20	10,648				(3,949)		(3,949)		
Total I.D.E.A. Preschool					(4,465)	1,479	4,465	(3,949)		(3,949)	1,479	
I.D.E.A. Part B, Basic	84.027	IDEA-1465-18	7/1/17-6/30/18	127,154		15,530					15,530	
I.D.E.A. Part B, Basic	84.027	IDEA-1465-19	7/1/18-9/30/19	134,334	(62,701)		62,314		\$ 387	(67,035)		
I.D.E.A. Part B, Basic	84.027	IDEA-1465-20	7/1/19-9/30/20	178,773			20,169	(87,204)				
Total I.D.E.A. Basic					(62,701)	15,530	82,483	(87,204)		(67,035)	15,530	
Total Special Education Cluster					(67,166)	17,009	86,948	(91,153)		(70,984)	17,009	
Total Special Revenue/U.S. Department of Education					(76,880)	17,550	164,181	(201,903)		(114,215)	17,550	
Total Federal Financial Awards					\$ (76,880)	\$ 17,550	\$ 164,181	\$ (201,903)	\$ 387	\$ (114,215)	\$ 17,550	\$ -0-

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

FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 6/30/2019	Cash Received	Budgetary Expenditures	Balance 6/30/2020		MEMO	
							GAAP (Accounts Receivable)	Budgetary (Accounts Receivable)	Cumulative Total Expenditures	
NJ Department of Education:										
Special Education Aid	19-495-034-5120-089	7/1/18 - 6/30/19	\$ 291,435	\$ (26,932)	\$ 291,435	\$ (433,017)	\$ (21,345)	\$	\$ 291,435	
Transportation Aid	19-495-034-5120-014	7/1/18 - 6/30/19	21,731	(13,764)	21,731	(341,251)	(32,099)		21,731	
Security Aid	19-495-034-5120-084	7/1/18 - 6/30/19	12,368	(1,143)	12,368	(148,937)	(14,009)		12,368	
Extraordinary Aid	19-495-034-5120-044	7/1/18 - 6/30/19	127,691	(61,019)	127,691	(12,368)	(1,163)		127,691	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19 - 6/30/20	433,017		411,672	(37,755)	(37,755)		433,017	
Special Education Aid	20-495-034-5120-089	7/1/19 - 6/30/20	341,251		309,152	(1,133,427)	(1,133,427)		341,251	
Transportation Aid	20-495-034-5120-014	7/1/19 - 6/30/20	148,937		134,928	(148,937)	(14,009)		148,937	
Security Aid	20-495-034-5120-084	7/1/19 - 6/30/20	12,368		11,205	(12,368)	(1,163)		12,368	
Extraordinary Aid	20-495-034-5120-044	7/1/19 - 6/30/20	37,755		1,133,427	(37,755)	(37,755)		37,755	
On-Behalf TPAF Pension Contributions	20-495-034-5094-001	7/1/19 - 6/30/20	1,133,427		1,133,427	(1,133,427)	(1,133,427)		1,133,427	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-002	7/1/19 - 6/30/20	19,958		19,958	(19,958)	(19,958)		19,958	
On-Behalf TPAF Post Retirement Medical Benefits	20-495-034-5094-004	7/1/19 - 6/30/20	420,480		420,480	(420,480)	(420,480)		420,480	
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19 - 6/30/20	1,127		1,127	(1,127)	(1,127)		1,127	
Total General Fund State Aid				(102,858)	2,895,174	(2,548,320)	(59,100)	(106,371)	3,001,546	
Total State Awards Subject to Single Audit Determination				\$ (102,858)	\$ 2,895,174	(2,548,320)	\$ (59,100)	\$ (106,371)	\$ 2,930,846	
Less: State Awards Not Subject to Single Audit Major Program Determination										
On-Behalf TPAF Pension System Contributions:										
On-Behalf TPAF Pension Contributions	20-495-034-5094-001	7/1/19 - 6/30/20				1,133,427			1,133,427	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-002	7/1/19 - 6/30/20				19,958			19,958	
On-Behalf TPAF Post Retirement Medical Benefits	20-495-034-5094-004	7/1/19 - 6/30/20				420,480			420,480	
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19 - 6/30/20				1,127			1,127	
Total State Awards Subject to Single Audit Major Program Determination						1,574,992			1,574,992	
						\$ (973,328)			\$ (973,328)	

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

FAIRFIELD BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Fairfield Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,432) for the General Fund and \$3,035 for the Special Revenue Fund. See exhibit C-3 for a reconciliation of the Budgetary Basis to the modified accrual basis of accounting for the general and special revenue funds.

FAIRFIELD BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,542,888	\$ 2,542,888
Special Revenue Fund	\$ 204,938		204,938
Total Financial Awards	<u>\$ 204,938</u>	<u>\$ 2,542,888</u>	<u>\$ 2,747,826</u>

Note 5: Relationship to Federal and State Financial Reports

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

Note 6: Other

T.P.A.F. Social Security Contributions represent the amount reimbursed by the State for the employer's share of social security contributions for T.P.A.F. members for the fiscal year ended June 30, 2020.

FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on the major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Circular.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 05-18 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following awards:

<u>State Program:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Awards:				
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 341,251	\$ 341,251
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	12,368	12,368

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District qualified as a "low-risk" auditee for state programs.

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

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

FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

FAIRFIELD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings/Recommendations:

The District had no prior year audit findings.