

**BOARD OF EDUCATION
TOWNSHIP OF FAIRFIELD SCHOOL DISTRICT
COUNTY OF CUMBERLAND
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

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

TABLE OF CONTENTS

	<u>Page No.</u>
Report of Independent Auditors	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Officials Bonds	2
Tuition Charges	2
District Internal Control Policies	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account and Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against those Federal Grants Awards	3
Classification of Expenditures	
General Classifications	3-4
Administrative Classifications	4
Board Secretary's Records	4
Certification of Income Tax Compliance	4
Treasurer's Records	5
Elementary and Secondary Education Act/Improving America's Schools Act as Reauthorized by the No Child Left Behind Act of 2001	
Other Special Federal and/or State Projects	5
T.P.A.F. Reimbursement	5
TPAF Reimbursement to the State for Federal Salary Expenditures	6
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	6-7
School Food Service	7-8
Student Body Activities	8
Application for State School Aid	8
Pupil Transportation	9
Facilities and Capital Assets	9
Testing for Lead of all Drinking Water in Edu. Facilities	9
Follow-up on Prior Year Findings	9-10
Acknowledgment	10
Schedule of Meal Count Activity	11-12
Net Cash Resource Schedule	13
Schedule of Audited Enrollments	14-16
Excess Surplus Calculation	17-18
Audit Recommendations Summary	19-20

NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association
Certified Public Accountants*

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

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with generally accepted audit standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of Fairfield School District in the County of Cumberland for the year ended June 30, 2017, and have issued our report thereon dated November 15, 2017.

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

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the Township of Fairfield School District, for the fiscal year ended June 30, 2017 and is intended for the information of the School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



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

November 15, 2017

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

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

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

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

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Janecia Smith	School Business Administrator	\$100,000

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

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings and invoices to sending districts for the decreases and increases in per pupil costs in accordance with N.J.A.C. 6A:23-17.1(f)3. There were no students enrolled on a tuition basis in the 2016-17 school year.

District Internal Control Policies

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

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Payroll Account and Position Control Roster

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

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

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

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

Finding 2017-1

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

Recommendation

Procedures to maintain the payroll agency ledger should be revised, in order to assure that the ledger is properly monitored and analyzed for accuracy. In addition, this task should be assigned to personnel that are properly trained and supervised.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2017 for proper classification of orders as reserve for encumbrances or accounts payable.

District personnel performed an analysis of outstanding purchase orders at June 30, 2017 and properly prepared the separate listings of purchase orders, comprising the balance sheet account balances for accounts payable and reserve for encumbrances. No blanket orders were noted in our test.

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

Classification of Expenditures

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Classification of Expenditures (Continued)

As a result of the procedures performed, a transaction error rate of 19% was noted and additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

Finding 2017-2

During our test of transactions, it was noted that the district misclassified expenditures, as such, adjustments were submitted and reflected in the financial statements.

Recommendation

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

B. Administrative Classification Findings

None

Board Secretary's Records

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

Finding 2017-3

Various budget transfers were not properly reflected in the Board Minutes.

Recommendation

Procedures to record budget transfers in the Board Minutes should be reviewed and revised, in order to assure all transfers are reflected in the Board Minutes.

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury was not filed by the March 15 due date.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Treasurer's Records – Board Secretary's Office

Board Secretary personnel prepared cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A.18A:17-9.

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

The Treasury reports were filed in a timely manner.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001 (NCLB)

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

The study of compliance for the E.S.E.A. did not indicate any areas of noncompliance and/or questionable costs.

The district's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

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

Finding 2017-4

Title I salaries were not properly recorded in the Special Revenue Fund, resulting in difficulty in identifying District charges to payroll and the subsidiary ledgers. This includes the allocation of payroll charges between the Special Revenue Fund and General fund as budget amendments were approved.

Recommendation:

Procedures to record and report Title I grant salaries should be reviewed, revised and implemented, in order to assure that the wage allocation worksheet is updated based on amended budgets.

Other Special Federal and/or State Projects

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects. The business office is in the process of analyzing various accounts receivable and deferred revenue balances reflected as of June 30, 2017.

T.P.A.F. Reimbursement

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

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001 (NCLB) (Continued)

TPAF Reimbursement to the State for Federal Salary Expenditures

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

SCHOOL PURCHASING PROGRAM

Contracts and Agreements Requiring Advertisement for Bids

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

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

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800 for 2016-17.

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

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

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

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

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

SCHOOL PURCHASING PROGRAM

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

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

School Food Service

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The district/charter school/renaissance school project utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract does not contain any operating results guarantee.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources exceeded three months average expenditures.

Finding 2017-5

Net cash resources exceeded three months average expenditures.

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.

SCHOOL PURCHASING PROGRAM (CONT'D)

School Food Service (Cont'd)

During the 2016-17 year, the District participated in the Community Eligibility Program (CEP), which allowed the School to offer breakfast and lunch free of charge to on-roll students. Although all children in a CEP school are eligible for receipt of a free meal, the CEP school is still required to maintain equivalent meal count records as those schools that are not participating in CEP. The equivalent meal count records were reviewed for completeness and accuracy. The number of meals claimed was compared to the number of valid household surveys on file and/or to the list of directly certified students, times the number of operating days, on a school by school basis. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required procedures for household surveys were completed and available for review. No exceptions were noted.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

The school district did provide the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

Student Body Activities

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

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

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with the exception of one student being counted as special education before their IEP implementation date and one student was left off the list of LEP students. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS eligibility summary report with the exception of one student not found on the attendance register. The County Summary was compared to and agreed with the District's DRTRS summary report. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Facilities and Capital Assets

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

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

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

Fixed asset records were updated as of June 30, 2017 through contracting with an outside vendor. Our audit procedures revealed several instances of misclassified items within the asset report that have been reported in the classification of expenditures section of the Management Report.

Testing for Lead of all Drinking Water in Educational Facilities

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

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

Follow-Up on Prior Years' Findings

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

Finding: 2016-1

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

Finding: 2016-2

Numerous adjustments to the general ledger were required to be submitted as part of the audit.

Follow-Up on Prior Years' Findings (Cont'd)

Finding: 2016-5

Title I salaries were not properly recorded in the Special Revenue Fund, resulting in difficulty in identifying district charges to payroll and the subsidiary ledgers. This includes allocation of payroll charges between the grant fund and general fund as budget amendments were approved.

Finding 2016-7

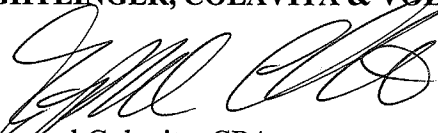
Net cash resources exceeded three months average expenditures.

Acknowledgment

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA

A handwritten signature in black ink, appearing to read 'Raymond Colavita', written over a faint, illegible typed name.

Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

SCHEDULE OF MEAL COUNT ACTIVITY
FAIRFIELD TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM (b)
National School Lunch (Severe Need Rate)	Paid	6,690	6,690	6,690	-	0.32	-
	Reduced				-		-
	Free	87,566	87,566	87,566	-	3.18	-
	TOTAL	94,256	94,256	94,256	-		-
National School Lunch	HHFKA - PB Lunch Only	94,256	94,256	94,256	-	0.06	-
School Breakfast (Severe Need Rate)	Paid	6,282	6,282	6,282	-	0.29	-
	Reduced				-		-
	Free	82,205	82,205	82,205	-	2.04	-
	TOTAL	88,487	88,487	88,487	-		-
After School Snack Program		3,227	3,227	3,227	-	0.86	-
Total Net Overclaim							-

SCHEDULE OF MEAL COUNT ACTIVITY

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-STATE

ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
State Reimbursement - National School Lunch (Regular Rate)	Paid	6,690	6,690	6,690	-	0.040	-
	Reduced						
	Free	87,566	87,566	87,566	-	0.055	-
	TOTAL	94,256	94,256	94,256	-		

Total Net Overclaim

-

NET CASH RESOURCE SCHEDULE

**Net cash resources did exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2017
Fairfield Township School District**

<u>Net Cash Resources:</u>			Food Service B - 4/5	
CAFR	*	Current Assets		
B-4		Cash & Cash Equiv.	\$ 270,830	
B-4		Due from Other Gov'ts	24,420	
B-4		Accounts Receivable	86,936	
B-4		Investments		
CAFR		Current Liabilities		
B-4		Less Accounts Payable	(62,558)	
B-4		Less Accruals		
B-4		Less Due to Other Funds		
B-4		Less Deferred Revenue	<u>(6,293)</u>	
		Net Cash Resources	<u>\$ 313,335.00</u>	(A)

Net Adj. Total Operating Expense:

B-5		Tot. Operating Exp.	493,139	
B-5		Less Depreciation	<u>(8,017)</u>	
		Adj. Tot. Oper. Exp.	<u>\$ 485,122.00</u>	(B)

Average Monthly Operating Expense:

	B / 10	<u>\$ 48,512.20</u>	(C)
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Three times monthly Average:

	3 X C	<u>\$ 145,536.60</u>	(D)
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TOTAL IN BOX A	\$	313,335.00	
LESS TOTAL IN BOX D	\$	145,536.60	
NET	\$	<u>167,798.40</u>	
From above:			
A is greater than D, cash exceeds 3 X average monthly operating expenses.			
D is greater than A, cash does not exceed 3 X average monthly operating expenses.			

* Inventories are not to be included in total current assets.

SCHEDULE OF AUDITED ENROLLMENTS

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

	2017-2018						PRIVATE SCHOOLS FOR HANDICAPPED									
	APPLICATION FOR STATE SCHOOL AID						SAMPLE FOR VERIFICATION						PRIVATE SCHOOLS FOR HANDICAPPED			
	Reported On A.S.S.A. On Roll		Reported On Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported On A.S.S.A. as			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample for Verification	Sample Verified	Sample Errors
Full Day Preschool 3 Year Olds	57.0		57.0					18		18						
Full Day Preschool 4 Year Olds	48.0		48.0					15		15						
Full Day Kindergarten	58.0		58.0					25		25						
One	79.0		79.0					15		15						
Two	47.0		48.0		(1)			18		18						
Three	57.0		57.0					16		16						
Four	52.0		52.0					17		17						
Five	55.0		55.0					9		9						
Six	30.0		30.0					11		11						
Seven	34.0		34.0					14		14						
Eight	46.0		46.0													
Nine																
Ten																
Eleven																
Twelve																
Subtotal	563.0	0.0	564.0		(1)	0		158		158		0				
Special Ed - Elementary	40.0		39.0		1			13		13			1	1	1	
Special Ed - Middle	24.0		24.0					8		8						
Special Ed - High																
Subtotal	64.0	0.0	63.0		1			21		21		0	1	1	1	0
Totals	627.0	0.0	627.0		0	0		179		179		0	1	1	1	0
Percentage Error					0.00%	0.00%						0.00%	0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	Reported On A.S.S.A. as Low Income	Reported On Workpapers as Low Income	Errors	Sample Selected From Workpapers	Verified per Registers On Roll	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected From Workpapers	Verified per Registers On Roll	Sample Errors
Full Day Preschool 3 Year Olds												
Full Day Preschool 4 Year Olds												
Full Day Kindergarten	48	48		23	23		1	1		1	1	
One	51	51		24	24							
Two	44	44		21	21							
Three	41	41		20	20							
Four	39	39		19	19		1	1		1	1	
Five	52	52		25	25							
Six	26	26		12	12							
Seven	24	24		12	12							
Eight	29	29		14	14							
Nine												
Ten												
Eleven												
Twelve												
Subtotal	354	354	0	170	170	0	2	2	0	2	2	0
Special Ed - Elementary	21	21		10	10							
Special Ed - Middle	5	5		2	2							
Special Ed - High												
Subtotal	26	26	0	12	12	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	380	380	0	182	182	0	2	2	0	2	2	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Avg. Mileage - Regular Including Grade PK students	Avg. Mileage - Regular Excluding Grade PK students	Avg. Mileage - Special Ed with Special Needs
Reg. - Public Schools	282	282		140	139		4.7		
Reg. - Special Ed.							4.8		
AIL-Non Public	10	10		5	5		11.1		
Transported - Non-Public									
Special Needs - Public	10	10		5	5				
Totals	302	302	0	150	149	0			
Percentage Error					<u>0.00%</u>				

SCHEDULE OF AUDITED ENROLLMENTS

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On A.S.S.A. as NOT Low Income</u>	<u>Report On Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Full Day Preschool 3 Year Olds						
Full Day Preschool 4 Year Olds						
Full Day Kindergarten	2	2		2	2	
One	6	6		5	5	
Two	4	3	1	3	3	
Three	2	2		2	2	
Four	3	3		3	3	
Five						
Six						
Seven						
Eight	1	1		1	1	
Subtotal	18	17	1	16	16	0
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	0	0	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	18	17	1	16	16	0

Percentage Error

5.56%

0.00%

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR	\$	<u>7,906,041</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund			(B1a)
Transfer from Capital Reserve to Capital Projects Fund			(B1b)
Transfer from General Fund to SRF for PreK-Regular			(B1c)
Transfer from General Fund to SRF for PreK-Inclusion			(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security		<u>926,326</u>	(B2a)
Assets Acquired Under Capital Leases			(B2b)
Adjusted 16-17 General Fund Expenditures [(B)+(B1s)-(B2s)]		<u>6,979,715</u>	(B3)
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]		<u>139,594</u>	(B4)
Enter Greater of (B4) or \$250,000		<u>250,000</u>	(B5)
Increased by: Allowable Adjustment*		<u>15,199</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]			\$ <u>265,199</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-17 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>808,054</u>	(C)
Decreased by:			
Year-end Encumbrances			(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures			(C2) Capital
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**		<u>334,638</u>	(C3) Surplus
Other Restricted Fund Balances****		<u>40,346</u>	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures		<u>30,130</u>	(C5) Other
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's July 1, 2017 - August - 1, 2017			(C6) *****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]			\$ <u>402,940</u> (U1)

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 3

Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 137,741 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	334,638	(C3)
Reserved Excess Surplus ***[(E)]	<u>137,741</u>	(E)
Total Excess Surplus [(C3) + (E)]	\$ <u>472,379</u>	(D)

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.

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

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-Back	_____	(I)
Extraordinary Aid	<u>12,589</u>	(J1)
Additional Nonpublic School Transportation Aid	<u>2,610</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	_____	(J3)
Family Crisis Transportation Aid	_____	(J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$ <u>15,199</u>	(K)

- ** This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amounts must agree to the June 30, 2017 CAFR and must agree to Audit Summary Worksheet Line 90030.
- **** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance and Regulatory Compliance prior to September 30.
- ***** Increase in Assigned Fund Balance - Unreserved - Designated for Subsequent Year's expenditures July 1, 2017 to August 1, 2017 resulting from decrease in state aid after adoption of 2017-18 district budget. Refer to Commissioner's Broadcast and to page 1-4.2 of this Audit Program.

Detail of Other Restricted Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$ _____	
Sale/lease-back reserve	_____	
Capital reserve	<u>30,346</u>	
Maintenance reserve	<u>10,000</u>	
Emergency Reserve	_____	
Tuition reserve	_____	
School Bus Advertising 50% Fuel Offset Reserve - Current Year	_____	
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	_____	
Impact Aid General Fund Reserve (Sections 8007 and 8008)	_____	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____	
Other state/government mandated reserve	_____	
[Other Restricted Fund Balance not noted above] ****	_____	
Total Other Restricted Fund Balance	\$ <u>40,346</u>	(C4)