

**FAIRFIELD BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Fairfield, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Fairfield Board of Education**

**Fairfield, New Jersey**

**For The Fiscal Year Ended June 30, 2015**

**Prepared by**

**Business Office**

**FAIRFIELD BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-v
Organizational Chart	vi
Roster of Officials	vii
Consultants and Advisors	viii

**FINANCIAL SECTION**

Independent Auditor's Report	1-3
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	4-12
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Position	13
A-2 Statement of Activities	14

**B. Fund Financial Statements**

*Governmental Funds*

B-1 Balance Sheet	15-16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	18

*Proprietary Funds*

B-4 Statement of Net Position – N/A	19
B-5 Statement of Revenues, Expenses, and Changes in Net Position – N/A	19
B-6 Statement of Cash Flows – N/A	19

*Fiduciary Funds*

B-7 Statement of Fiduciary Net Position	20
B-8 Statement of Changes in Fiduciary Net Position	21

<b>Notes to the Financial Statements</b>	22-50
--	-------

**FAIRFIELD BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	51-55
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Not Applicable	56
C-2	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual – Special Revenue Fund	57

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

C-3	Required Supplementary Information – Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual - Notes to the Required Supplementary Information	58
-----	--	----

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)**

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	59
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	60
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	61
	Notes to Required Supplementary Information – Part III	62

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules – Not Applicable**

**E. Special Revenue Fund**

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	63
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis – N/A	64

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures	65
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	66
F-2a	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis – Replace Roof in Stevenson School	67
F-2b	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis – Stevenson School Toilet Room Renovations	68

**FAIRFIELD BOARD OF EDUCATION  
TABLE OF CONTENTS**

	<u>Page</u>
<b>G. Proprietary Funds</b>	
<i>Enterprise Fund</i>	
G-1 Combining Statement of Net Position – Not Applicable	69
G-2 Combining Statement of Revenues, Expenses and Changes in Net Position – Not Applicable	69
G-3 Combining Statement of Cash Flows – Not Applicable	69
<b>H. Fiduciary Funds</b>	
H-1 Combining Statement of Net Position	70
H-2 Combining Statement of Changes in Net Position – Not Applicable	71
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	71
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	72
<b>I. Long-Term Debt</b>	
I-1 Schedule of Bonds Payable	73
I-2 Schedule of Intergovernmental Loans Payable – N/A	74
I-3 Debt Service Fund Budgetary Comparison Schedule	75
<b>J.</b>	<b>STATISTICAL SECTION (Unaudited)</b>
J-1 Net Position by Component	76
J-2 Changes in Net Position	77
J-3 Fund Balances – Governmental Funds	78
J-4 Changes in Fund Balances - Governmental Funds	79
J-5 General Fund Other Local Revenues by Source	80
J-6 Assessed Value and Actual Value of Taxable Property	81
J-7 Directing and Overlapping Property Tax Rates	82
J-8 Principal Property Taxpayers	83
J-9 Property Tax Levies and Collections	84
J-10 Ratios of Outstanding Debt by Type	85
J-11 Ratios of Net General Bonded Debt Outstanding	86
J-12 Computation of Direct and Overlapping Outstanding Debt	87
J-13 Legal Debt Margin Information	88
J-14 Demographic Statistics	89
J-15 Principal Employers	90
J-16 Full-Time Equivalent District Employees by Function/Program	91
J-17 Operating Statistics	92
J-18 School Building Information	93
J-19 Schedule of Required Maintenance for School Facilities	94
J-20 Schedule of Insurance	95

**FAIRFIELD BOARD OF EDUCATION  
TABLE OF CONTENTS**

Page

**SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards-Independent Auditor's Report	96-97
K-2	Report on Compliance for each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 04-04	98-100
K-3	Schedule of Expenditures of Federal Awards	101
K-4	Schedule of Expenditures of State Financial Assistance	102
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	103-104
K-6	Schedule of Findings and Questioned Costs	105-108
K-7	Summary Schedule of Prior Year Findings	109

## **INTRODUCTORY SECTION**

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT**

*Office of the Board of Education*

*15 Knoll Road, Fairfield, New Jersey 07004*

*Phone: 973-227-1340*

*www.fpsk6.org*

*Facsimile: 973-227-4303*

November 21, 2015

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

Dear Board Members:

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Fairfield School District (District) for the fiscal year ended June 30, 2015. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of my knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Fairfield School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- o The introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District.
- o The Financial Section begins with the independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements including Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- o The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;
- o The Single Audit Section – the District is required to undergo an annual single audit in conformity with the provisions of the State Treasury Circular letter 15-08 OMB, "Single Audit Policy of Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, is included in the single audit section of this report.

## SCHOOL DISTRICT ORGANIZATION

The Fairfield School District is one of almost 600 school districts in the state of New Jersey and one of 27 school districts in Essex County. This school District provides education to local children in grades pre-kindergarten through sixth. The approximately 633 students enrolled in the Fairfield School District attend one of the two elementary schools. An elected five member Board of Education (the "Board") serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money. The Superintendent is the Chief Executive Officer of the School District, responsible to the Board of total educational and support operations. The Board Secretary is the Chief Financial Officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey Law.

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

## ECONOMIC CONDITION AND OUTLOOK

The economic condition of the district is strong as it has the maximum \$250,000 in allowable surplus funds still set aside for unanticipated emergencies. The township's ratables have dwindled, however, due to veteran staff retirements and favorable energy and health benefit costs, the district is still able to operate successfully within the 2% local tax levy cap without asking voters to exceed that amount. The District completed the 2014-2015 fiscal year with an average daily enrollment of 627.2 students. Set forth below is a summary of the District's average daily enrollment and the percent change from the prior year for the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2014-2015	627.2	-2.76%
2013-2014	645.0	-6.6%
2012-2013	691.1	+0.08%
2011-2012	690.5	-0.53%
2010-2011	694.2	-0.57%
2009-2010	736.7	+0.10%
2008-2009	735.9	+0.4%
2007-2008	732.4	+3.1%
2006-2007	710.0	-4.6%
2005-2006	744.5	+1.8%

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.

## EDUCATIONAL PROGRAM

The Fairfield School District continues to focus on Language Arts Literacy, Reading and Writing, during the 2014-2015 school year. This continuing initiative included hiring a reading specialist, who worked with teachers and students to hone reading and writing skills. Common practices were established, so that as students move into each grade level, they are familiar with routines and writing prompts. The Kindergarten -2<sup>nd</sup> grade students are utilizing Foundations, a program designed for decoding. The Kindergarten-3<sup>rd</sup> grade students are utilizing Ready-Gen for reading. The Kindergarten – 6<sup>th</sup> grade students are utilizing Empowering Writers and Achieve 3000. The Kindergarten through 6<sup>th</sup> grade curriculum was revised in the summer of 2015. The District continues to reinforce the Everyday Math (K-5) and Connected Math (Gr. 6) programs and offers ongoing professional development for all teachers. These programs offer our students a spiraling curriculum in higher order mathematical and thinking skills. Ongoing professional development and support materials are critical components of all academic areas. Both our reading series and our mathematics programs address the Common Core Standards and will have a positive impact on student achievement.

The mission of the Fairfield School District is to provide an environment which cultivates lifetime learners and their individual abilities, respects differences, and nurtures responsibility and cooperation. The Fairfield staff and administration strive to create an atmosphere of communication and partnership. 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 Common Core Standards that balances technology and creativity, and fosters critical thinking; to develop self-esteem and a respect for others and a lifetime love of learning through a positive learning environment, for our students.

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

The Fairfield School District places student performance as our highest priority. The District offers courses for general education, gifted and talented, as well as special education. We have replaced programs such as Study Island and Net-Trekker with Achieve 3000 (grades 2-6), to increase student achievement.

In March 2015 the New Jersey Department of Education released its Taxpayers' Guide to Education Spending (Formerly known as the Comparative Spending Guide) for all school districts in the State for the 2012-13 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 budgets \$17,241 per pupil.

For the past five years our district has budgeted the following money per pupil:

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
\$15,260	\$16,185	\$17,020	\$18,223	\$18,988

## **MAJOR INITIATIVES**

Major educational program initiatives for the 2014-2015 school year included bringing in a reading specialist to work with teachers in the area of Language Arts Literacy. For the instructional staff, professional development opportunities and funding was significantly expanded in the area of language arts. The District continued to support technology initiatives by purchasing more Smart Boards, additional laptop computers and 2 new computer labs, in addition to the existing ones. We will use Achieve 3000 for grades 2 -6, and have implemented the Measure of Academic Progress testing in grades 1-6 during the school year.

### *Financial Information*

## **INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure 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 structure is in place to insure compliance with applicable laws and regulations related to those programs. The internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, 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.

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. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

## **CASH MANAGEMENT**

The investment policy of the District is guided in large part by state statutes as details in "Notes to the Financial Statements". 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.

## **RISK MANAGEMENT**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. A schedule of insurance coverage is found on J-20.

## **INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants. The accounting firm of Lerch, Vinci & Higgins, LLP has been selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the State Treasury Circular Letter 15-08 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **Acknowledgements**

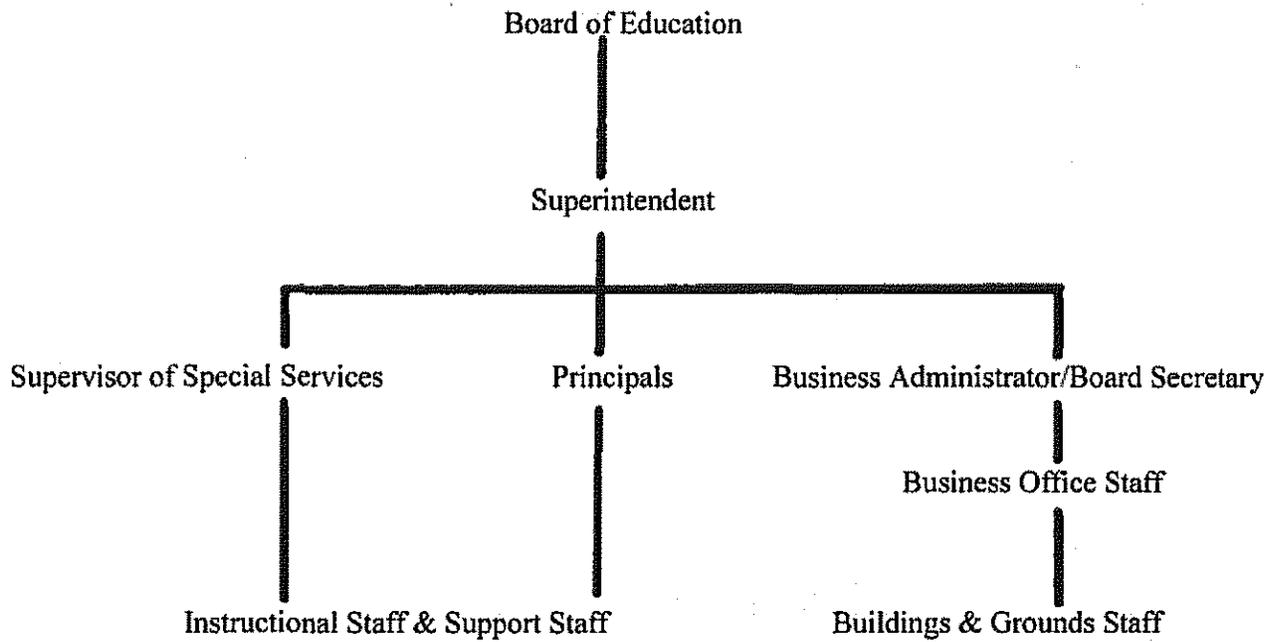
We would like to express our appreciation to the members of the Fairfield School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully Submitted,



Ms. Susan Ciccotelli  
Superintendent of Schools

Fairfield Board of Education  
Organizational Chart  
(Unit Control)



FAIRFIELD TOWNSHIP BOARD OF EDUCATION

FAIRFIELD, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2015

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires-January</u></b>
Mr. Brian Egan, President	2018
Mr. Pasquale Freda, Vice President	2016
Mrs. Stacy Aschenbach	2017
Mr. Thomas E. Patierno	2016
Mrs. Andrea Jandoli	2018

**Other Officials**

Ms. Susan Ciccotelli	Superintendent of Schools
Mr. William Stepka	Business Administrator/Board Secretary
Mr. J. John McCluskey	Treasurer of School Monies

FAIRFIELD TOWNSHIP BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

JUNE 30, 2015

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
Certified Public Accountants  
17-17 Route 208  
Fair Lawn, New Jersey 07410

**Attorney**

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

**Architect**

Gianforcaro Architects – Engineers – Planners  
555 East Main Street  
Chester, New Jersey 07930

**Official Depository**

TD Bank  
436 Hollywood Avenue  
Fairfield, New Jersey 07004

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

---

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Fairfield Board of Education  
Fairfield, 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 Fairfield Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the 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 of material misstatement.

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

## *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 Fairfield Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Fairfield Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

## *Other Information*

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

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

The introductory section, financial schedules and statistical section have 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 them.

**Other Reporting Required by *Government Auditing Standards***

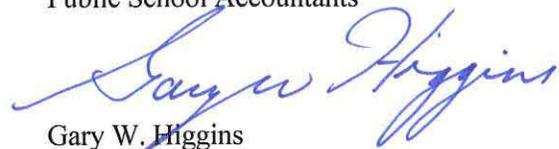
In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2015 on our consideration of the Fairfield Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fairfield Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Gary W. Higgins

Public School Accountant

PSA Number CS00814

Fair Lawn, New Jersey  
November 21, 2015

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FAIRFIELD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

The discussion and analysis of the Fairfield Board of Education's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter and the financial statements themselves to enhance their understanding of the District's financial performance.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,127,049 (net position).
- General revenues accounted for \$10,472,098 or 79 percent of all revenues. Program specific revenues in the form of charges for services, capital grants and contributions and operating grants and contributions accounted for \$2,761,885 or 21 percent of total revenues of \$13,233,983.
- Total net position of governmental activities amounted to \$1,127,049 as of June 30, 2015.
- The District had \$13,196,260 in expenses related to governmental activities; only \$2,761,885 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10,472,098 were adequate enough to provide for these programs.
- Among governmental funds, the General Fund had \$11,861,252 in revenues and \$11,816,293 in expenditures. The General Fund's fund balance increased \$44,959 over the fiscal year ended June 30, 2014.

**FAIRFIELD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

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

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Fairfield Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's most significant funds. In the case of the Fairfield Board of Education, the General Fund is by far the most significant fund.

**Reporting the District as a Whole**

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2015?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the District has one distinct kind of activity:

- Governmental Activities – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.

**FAIRFIELD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

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

**Fund Financial Statements**

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General, Special Revenue, Capital Projects and Debt Service Funds.

**Governmental Funds**

The District's activities are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end available for spending in the future years. These funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Notes to the 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.

**FAIRFIELD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

**The District as a Whole**

The *Statement of Net Position* provides the perspectives of the District as a whole, showing assets, deferred outflows of resources, liabilities and deferred inflows of resources and the difference between them (net position). Net position may serve over time as a useful indicator of a government's financial position.

Table 1 provides a summary of the District's net position as of June 30, 2015 and 2014.

**Table 1**  
**Net Position**

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
Current Assets	\$ 872,465	\$ 823,628	\$ 872,465	\$ 823,628
Capital Assets	4,113,941	4,206,415	4,113,941	4,206,415
<b>Total Assets</b>	<u>4,986,406</u>	<u>5,030,043</u>	<u>4,986,406</u>	<u>5,030,043</u>
<b>Deferred Outflow of Resources</b>	<u>226,473</u>	<u>-</u>	<u>226,473</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>5,212,879</u>	<u>5,030,043</u>	<u>5,212,879</u>	<u>5,030,043</u>
Long-Term Liabilities	3,901,748	3,926,209	3,901,748	3,926,209
Other Liabilities	17,619	14,508	17,619	14,508
<b>Total Liabilities</b>	<u>3,919,367</u>	<u>3,940,717</u>	<u>3,919,367</u>	<u>3,940,717</u>
<b>Deferred Inflow of Resources</b>	<u>166,463</u>	<u>-</u>	<u>166,463</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>4,085,830</u>	<u>3,940,717</u>	<u>4,085,830</u>	<u>3,940,717</u>
Net Position				
Net Investment in Capital Assets	3,563,941	3,586,415	3,563,941	3,586,415
Restricted	630,577	510,576	630,577	510,576
Unrestricted	<u>(3,067,469)</u>	<u>(3,007,665)</u>	<u>(3,067,469)</u>	<u>(3,007,665)</u>
<b>Total Net Position</b>	<u>\$ 1,127,049</u>	<u>\$ 1,089,326</u>	<u>\$ 1,127,049</u>	<u>\$ 1,089,326</u>

The District's combined net position were \$1,127,049 and \$1,089,326 (restated) at June 30, 2015 and 2014, respectively. This was an increase of 3 percent from the prior year. This increase is due to revenues exceeding expenses in the fiscal year ended June 30, 2015.

**FAIRFIELD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

Table 2 shows changes in net position for fiscal years ended June 30, 2015 and 2014.

**Table 2**  
**Changes in Net Position**

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for Services	\$ 21,000	\$ 25,000	\$ 21,000	\$ 25,000
Operating Grants and Contributions	2,736,663	1,490,683	2,736,663	1,490,683
Capital Grants and Contributions	4,222		4,222	
<b>General Revenues</b>				
Property Taxes	10,400,059	10,198,944	10,400,059	10,198,944
State Aid	22,316	11,079	22,316	11,079
Other	49,723	39,573	49,723	39,573
<b>Total Revenues</b>	<u>13,233,983</u>	<u>11,765,279</u>	<u>13,233,983</u>	<u>11,765,279</u>
<b>Expenses</b>				
<b>Instruction</b>				
Regular	5,946,598	5,159,835	5,946,598	5,159,835
Special Education	1,675,361	1,708,647	1,675,361	1,708,647
Other Instruction	744,118	553,730	744,118	553,730
<b>Support Services</b>				
Student and Instruction Related Services	1,648,642	1,485,298	1,648,642	1,485,298
General Administration Services	493,684	474,601	493,684	474,601
School Administration Services	595,840	500,631	595,840	500,631
Plant Operations and Maintenance	1,097,537	1,090,468	1,097,537	1,090,468
Pupil Transportation	670,156	689,318	670,156	689,318
Central Services	287,224	245,246	287,224	245,246
Interest on Debt	37,100	42,148	37,100	42,148
<b>Total Expenses</b>	<u>13,196,260</u>	<u>11,949,922</u>	<u>13,196,260</u>	<u>11,949,922</u>
<b>Change in Net Position</b>	37,723	(184,643)	37,723	(184,643)
<b>Net Position, Beginning of Year</b>	<u>1,089,326</u>	<u>3,961,185</u>	<u>1,089,326</u>	<u>3,961,185</u>
<b>Prior Period Adjustment</b>	<u>-</u>	<u>(2,687,216)</u>	<u>-</u>	<u>(2,687,216)</u>
<b>Net Position, End of Year</b>	<u>\$ 1,127,049</u>	<u>\$ 1,089,326</u>	<u>\$ 1,127,049</u>	<u>\$ 1,089,326</u>

**FAIRFIELD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

**Governmental Activities**

The District's total revenues were \$13,233,983 and \$11,765,279 for the years ended June 30, 2015 and 2014, respectively. Property taxes made up 78 and 87 percent of revenues for governmental activities for the Fairfield Board of Education for fiscal years ended June 30, 2015 and 2014, respectively. Federal, state and local grants accounted for another 21 and 12 percent of revenues for the years ended June 30, 2015 and 2014, respectively.

The total cost of all programs and services was \$13,196,260 and \$11,949,922 for the fiscal years ended June 30, 2015 and 2014, respectively. Instruction comprises 63 and 62 percent of governmental program expenses for the fiscal years ended June 30, 2015 and 2014, respectively. Support services expenses make up 36 and 38 percent of governmental expenses for the fiscal years ended June 30, 2015 and 2014, respectively. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Total and Net Cost of Services**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction				
Regular	\$ 5,946,598	\$ 5,159,835	\$ 4,694,544	\$ 4,607,970
Special Education	1,675,361	1,708,647	801,143	1,024,863
Other Instruction	744,118	553,730	570,393	482,247
Support Services				
Student and Instruction Related Services	1,648,642	1,485,298	1,419,557	1,379,025
General Administration Services	493,684	474,601	438,654	451,398
School Administration Services	595,840	500,631	490,659	459,801
Plant Operations and Maintenance	1,097,537	1,090,468	1,093,315	1,090,468
Pupil Transportation	670,156	689,318	652,915	671,749
Central Services	287,224	245,246	236,095	224,570
Interest on Debt	37,100	42,148	37,100	42,148
<b>Total</b>	<b><u>\$ 13,196,260</u></b>	<b><u>\$ 11,949,922</u></b>	<b><u>\$ 10,434,375</u></b>	<b><u>\$ 10,434,239</u></b>

The dependence of tax revenues and state subsidies for governmental activities is apparent.

**FAIRFIELD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$12,162,156 and \$11,765,279 and expenditures were \$12,117,196 and \$11,924,257 for the fiscal years ended June 30, 2015 and 2014, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule represents a summary of the revenues of the governmental funds for the fiscal years ending June 30, 2015 and 2014.

	<u>Year Ended</u>		Amount of Increase (Decrease)	Percent Change
	<u>2015</u>	<u>2014</u>		
Local Sources	\$ 10,475,004	\$ 10,264,801	\$ 210,203	2%
State Sources	1,533,337	1,339,665	193,672	14%
Federal Sources	<u>153,815</u>	<u>160,813</u>	<u>(6,998)</u>	-4%
<b>Total Revenues</b>	<b><u>\$ 12,162,156</u></b>	<b><u>\$ 11,765,279</u></b>	<b><u>\$ 396,877</u></b>	<b>3%</b>

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2015 and 2014.

	<u>Year Ended</u>		Amount of Increase (Decrease)	Percent Change
	<u>2015</u>	<u>2014</u>		
Current Expense:				
Instruction	\$ 7,498,801	\$ 7,424,770	\$ 74,031	1%
Support Services	4,368,925	4,310,786	58,139	1%
Capital Outlay	106,604	45,828	60,776	133%
Debt Service:				
Principal	105,000	100,000	5,000	5%
Interest on Other Charges	<u>37,866</u>	<u>42,873</u>	<u>(5,007)</u>	-12%
<b>Total Expenditures</b>	<b><u>\$ 12,117,196</u></b>	<b><u>\$ 11,924,257</u></b>	<b><u>\$ 192,939</u></b>	<b>2%</b>

**General Fund Budgeting Highlights**

The District's budget is prepared according to New Jersey Law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund is the General Fund.

**FAIRFIELD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

**General Fund Budgeting Highlights (Continued)**

During the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

**Capital Assets**

At the end of fiscal years 2015 and 2014, the District had \$4,113,941 and \$4,206,415 invested in land, land improvements, buildings, site improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation decreased \$92,474 from fiscal year 2014 to fiscal year 2015. Table 4 shows capital assets net of depreciation at June 30, 2015 and 2014.

**Table 4**  
**Capital Assets**

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 308,000	\$ 308,000	\$ 308,000	\$ 308,000
Land Improvements	193,233	193,233	193,233	193,233
Buildings and Building Improvements	8,054,458	7,992,564	8,054,458	7,992,564
Machinery and Equipment	<u>780,623</u>	<u>735,913</u>	<u>780,623</u>	<u>735,913</u>
	9,336,314	9,229,710	9,336,314	9,229,710
Less Accumulated Depreciation	<u>(5,222,373)</u>	<u>(5,023,295)</u>	<u>(5,222,373)</u>	<u>(5,023,295)</u>
Total	<u>\$ 4,113,941</u>	<u>\$ 4,206,415</u>	<u>\$ 4,113,941</u>	<u>\$ 4,206,415</u>

**Long-Term Liabilities**

At June 30, 2015 and 2014 (Restated), the District had \$3,901,748 and \$3,926,209 of long-term liabilities, respectively. Of this amount, \$388,482 and \$413,993 is for compensated absences, \$720,000 and \$825,000 of bonds payable, and \$2,793,266 and \$2,687,216 of pension liability as of June 30, 2015 and 2014, respectively.

***FAIRFIELD BOARD OF EDUCATION  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015***

**For the Future**

The Fairfield Board of Education is in sound financial condition. The internal controls are in place to ensure continued compliance with all applicable laws, administrative codes, and State Board of Education regulations and directives.

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. This is evidenced by the thorough budget planning and a steady and consistent local tax levy rate over the years.

**Contacting the District's Financial Management**

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

**FINANCIAL STATEMENTS**

**FAIRFIELD BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 479,861	\$ 479,861
Receivables, net		
Receivables from Other Governments	392,604	392,604
Capital Assets, net		
Not Being Depreciated	308,000	308,000
Being Depreciated	3,805,941	3,805,941
Total Assets	4,986,406	4,986,406
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Amounts on Net Pension Liability	226,473	226,473
Total Deferred Outflows of Resources	226,473	226,473
Total Assets and Deferred Outflows of Resources	5,212,879	5,212,879
<b>LIABILITIES</b>		
Accounts Payable	2,358	2,358
Payable to State Government	1,792	1,792
Unearned Revenue	8,900	8,900
Accrued Interest Payable	4,569	4,569
Noncurrent Liabilities		
Due within one year	238,020	238,020
Due beyond one year	3,663,728	3,663,728
Total Liabilities	3,919,367	3,919,367
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Amounts on Net Pension Liability	166,463	166,463
Total Deferred Inflows of Resources	166,463	166,463
Total Liabilities and Deferred Inflows of Resources	4,085,830	4,085,830
<b>NET POSITION</b>		
Net Investment in Capital Assets	3,563,941	3,563,941
Restricted For:		
Capital Projects	630,576	630,576
Debt Service	1	1
Unrestricted	(3,067,469)	(3,067,469)
Total Net Position	\$ 1,127,049	\$ 1,127,049

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

**FAIRFIELD BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>	<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
<b>Governmental Activities</b>						
Instruction						
Regular	\$ 5,946,598	\$ 21,000	\$ 1,231,054	\$ (4,694,544)	\$ (4,694,544)	
Special Education	1,675,361		874,218	(801,143)	(801,143)	
Other Instruction	744,118		173,725	(570,393)	(570,393)	
Support Services						
Student and Instruction Related Services	1,648,642		229,085	(1,419,557)	(1,419,557)	
General Administration Services	493,684		55,030	(438,654)	(438,654)	
School Administration Services	595,840		105,181	(490,659)	(490,659)	
Plant Operations and Maintenance	1,097,537			\$ (1,093,315)	(1,093,315)	
Pupil Transportation	670,156		17,241	(652,915)	(652,915)	
Business/Central Services/Info. Tech.	287,224		51,129	(236,095)	(236,095)	
Interest on Debt	37,100	-	-	(37,100)	(37,100)	
<b>Total Governmental Activities</b>	<u>13,196,260</u>	<u>21,000</u>	<u>2,736,663</u>	<u>(10,434,375)</u>	<u>(10,434,375)</u>	
<b>Total Primary Government</b>	<u>\$ 13,196,260</u>	<u>\$ 21,000</u>	<u>\$ 2,736,663</u>	<u>\$ (10,434,375)</u>	<u>\$ (10,434,375)</u>	
<b>General Revenues</b>						
Property Taxes Levied for General Purposes				10,257,192	10,257,192	
Property Taxes Levied for Debt Service				142,867	142,867	
State Aid - Unrestricted				22,316	22,316	
Miscellaneous Income				49,723	49,723	
<b>Total General Revenues</b>				<u>10,472,098</u>	<u>10,472,098</u>	
Change in Net Position				37,723	37,723	
Net Position, Beginning of Year (Restated)				<u>1,089,326</u>	<u>1,089,326</u>	
Net Position, End of Year				<u>\$ 1,127,049</u>	<u>\$ 1,127,049</u>	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**FUND FINANCIAL STATEMENTS**

**FAIRFIELD BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 432,604	\$ 10,661	\$ 36,596		\$ 479,861
Due from Other Funds	153,172			\$ 1	153,173
Receivables from Other Governments	19,224	153,815	219,565	-	392,604
	<u>605,000</u>	<u>164,476</u>	<u>256,161</u>	<u>1</u>	<u>1,025,638</u>
<b>Total Assets</b>					
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable		\$ 2,358			\$ 2,358
Payable to State Government		1,792			1,792
Due to Other Funds	\$ 1	153,172			153,173
Unearned Revenue	-	7,154	\$ 1,746	-	8,900
	<u>1</u>	<u>164,476</u>	<u>1,746</u>	<u>-</u>	<u>166,223</u>
<b>Total Liabilities</b>					
<b>Fund Balances</b>					
<b>Restricted</b>					
Capital Reserve	\$ 271,449				271,449
Capital Reserve - Designated for Subsequent Year's Expenditures	104,712				104,712
Excess Surplus	34,431				34,431
Excess Surplus - Designated for Subsequent Year's Expenditures	30,151				30,151
Capital Projects			254,415		254,415
Debt Service				\$ 1	1
<b>Assigned</b>					
Designated for Subsequent Year's Expenditures	1,526				1,526
Encumbrances	47,323				47,323
<b>Unassigned</b>					
General Fund	115,407	-	-	-	115,407
	<u>604,999</u>	<u>-</u>	<u>254,415</u>	<u>1</u>	<u>859,415</u>
<b>Total Fund Balances</b>					
<b>Total Liabilities and Fund Balances</b>	<u>\$ 605,000</u>	<u>\$ 164,476</u>	<u>\$ 256,161</u>	<u>\$ 1</u>	

**FAIRFIELD BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2015**

<b>Total Fund Balances (Exhibit B-1)</b>		859,415									
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>											
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,336,314 and the accumulated depreciation is \$5,222,373.</p>		4,113,941									
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Deferred Outflows of Resources</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%; text-align: right;">226,473</td> </tr> <tr> <td>Deferred Inflows of Resources</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">(166,463)</td> </tr> </table>	Deferred Outflows of Resources	\$	226,473	Deferred Inflows of Resources		(166,463)		60,010			
Deferred Outflows of Resources	\$	226,473									
Deferred Inflows of Resources		(166,463)									
<p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>		(4,569)									
<p>Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Bonds Payable</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%; text-align: right;">(720,000)</td> </tr> <tr> <td>Compensated Absences Payable</td> <td></td> <td style="text-align: right;">(388,482)</td> </tr> <tr> <td>Net Pension Liability</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">(2,793,266)</td> </tr> </table>	Bonds Payable	\$	(720,000)	Compensated Absences Payable		(388,482)	Net Pension Liability		(2,793,266)		(3,901,748)
Bonds Payable	\$	(720,000)									
Compensated Absences Payable		(388,482)									
Net Pension Liability		(2,793,266)									
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net position of governmental activities</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%; text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">1,127,049</td> </tr> </table>	Net position of governmental activities	\$	1,127,049								
Net position of governmental activities	\$	1,127,049									

**FAIRFIELD BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 10,257,192			\$ 142,867	\$ 10,400,059
Tuition	21,000				21,000
Miscellaneous	49,723	\$ 4,222	-	-	53,945
Total - Local Sources	<u>10,327,915</u>	<u>4,222</u>	<u>-</u>	<u>142,867</u>	<u>10,475,004</u>
State Sources	1,533,337				1,533,337
Federal Sources	-	153,815	-	-	153,815
Total Revenues	<u>11,861,252</u>	<u>158,037</u>	<u>-</u>	<u>142,867</u>	<u>12,162,156</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	5,301,155				5,301,155
Special Education Instruction	1,384,661	144,997			1,529,658
Other Instruction	667,988				667,988
Support Services					
Student and Instruction Related Services	1,530,221	8,818			1,539,039
General Administration Services	462,901				462,901
School Administration Services	532,931				532,931
Plant Operations and Maintenance	902,324				902,324
Pupil Transportation	668,910				668,910
Business/Central Services	262,820				262,820
Debt Service					
Principal				105,000	105,000
Interest and Other Charges				37,866	37,866
Capital Outlay	102,382	4,222	-	-	106,604
Total Expenditures	<u>11,816,293</u>	<u>158,037</u>	<u>-</u>	<u>142,866</u>	<u>12,117,196</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>44,959</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>44,960</u>
Net Change in Fund Balance	44,959	-	-	1	44,960
Fund Balance, Beginning of Year	<u>560,040</u>	<u>-</u>	<u>\$ 254,415</u>	<u>-</u>	<u>814,455</u>
Fund Balance, End of Year	<u>\$ 604,999</u>	<u>\$ -</u>	<u>\$ 254,415</u>	<u>\$ 1</u>	<u>\$ 859,415</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**FAIRFIELD BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 44,960

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.

Capital Outlay	\$	106,604	
Depreciation Expense		<u>(199,078)</u>	(92,474)

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Compensated Absences		25,511	
Increase in Pension Expense		<u>(46,040)</u>	(20,529)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. 105,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Decrease in Accrued Interest		<u>766</u>	
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Change in net position of governmental activities \$ 37,723

**FAIRFIELD BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015**

**NOT APPLICABLE**

**PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

**PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

**FAIRFIELD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2015**

	<b>Scholarship Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,562	\$ 106,206
Total Assets	<u>1,562</u>	<u>106,206</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings		81,988
Due to Student Groups	-	<u>24,218</u>
Total Liabilities	<u>-</u>	<u>\$ 106,206</u>
<b>NET POSITION</b>		
Held in Trust for Scholarship Awards and Other Purposes	<u>\$ 1,562</u>	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**FAIRFIELD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Scholarship Fund</b>
<b>ADDITIONS</b>	
Investment Earnings	
Interest	\$ <u>5</u>
Net Investment Earnings	<u>5</u>
Total Additions	<u>5</u>
<b>DEDUCTIONS</b>	
Scholarships Awarded	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Position	(495)
Net Position, Beginning of Year	<u>2,057</u>
Net Position End of Year	<u>\$ 1,562</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NOTES TO THE FINANCIAL STATEMENTS**

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Fairfield Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Fairfield Board of Education this includes general operations and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2015, the District adopted the following GASB statements :

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as governmental activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds. Fiduciary funds are excluded from the district-wide financial statements.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues. In the statement of net position, the governmental activities column (a) is presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

**Fund Financial Statements**

Separate fund financial statements are provided for governmental and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental funds, each reported as separate columns in the fund financial statements. The District considers all of its governmental funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

**Reclassifications**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

***3. Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings, Building Improvements and Land Improvements	50-100
Furniture and Equipment	5-20
Vehicles	18

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***4. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

***5. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***6. 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. *Long-Term Obligations*

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities type statement of net position.

8. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

*Capital Reserve - Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 original budget certified for taxes.

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**8. *Net Position/Fund Balance (Continued)***

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

*Capital Projects* – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

*Debt Service* – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

*Year-End Encumbrances* – Represents outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**2. *Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses (Continued)**

**3. *Tuition Revenues and Expenditures***

*Tuition Revenues* - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

*Tuition Expenditures* - Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. This budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 13, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$198,598. The increase was funded by additional state aid, grant awards appropriated and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 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 which are reappropriated and honored during the subsequent fiscal year.

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve**

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

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, 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 amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve 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 fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 256,161
Increased by:	
Deposits Approved by Board Resolution	<u>120,000</u>
Balance, June 30, 2015	<u>\$ 376,161</u>

The District has appropriated \$104,712 in the 2015/16 budget.

**C. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures 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 excess fund balance at June 30, 2015 is \$64,582. Of this amount, \$30,151 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$34,431 will be appropriated in the 2016/2017 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$587,629 and bank and brokerage firm balances of the Board's deposits amounted to \$674,901. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	<u>\$ 674,901</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2015 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 19,224	\$ 153,815	\$ 219,565	\$ 392,604
Gross Receivables	19,224	153,815	219,565	392,604
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 19,224</u>	<u>\$ 153,815</u>	<u>\$ 219,565</u>	<u>\$ 392,604</u>

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund		
Unencumbered Grant Draw Downs	\$	7,154
Capital Projects Fund		
Unrealized SDA Grant Revenue		<u>1,746</u>
	<u>\$</u>	<u>8,900</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 308,000	-	-	\$ 308,000
Total capital assets, not being depreciated	<u>308,000</u>	<u>-</u>	<u>-</u>	<u>308,000</u>
Capital assets, being depreciated:				
Land Improvements	193,233			193,233
Buildings and Improvements	7,992,564	\$ 61,894		8,054,458
Machinery and equipment	735,913	44,710	-	780,623
Total capital assets being depreciated	<u>8,921,710</u>	<u>106,604</u>	<u>-</u>	<u>9,028,314</u>
Less accumulated depreciation for:				
Land Improvements	(168,334)	(1,607)		(169,941)
Buildings and Building Improvements	(4,195,775)	(177,795)		(4,373,570)
Machinery and equipment	(659,186)	(19,676)	-	(678,862)
Total accumulated depreciation	<u>(5,023,295)</u>	<u>(199,078)</u>	<u>-</u>	<u>(5,222,373)</u>
Total capital assets, being depreciated, net	<u>3,898,415</u>	<u>(92,474)</u>	<u>-</u>	<u>3,805,941</u>
Government activities capital assets, net	<u>\$ 4,206,415</u>	<u>\$ (92,474)</u>	<u>\$ -</u>	<u>\$ 4,113,941</u>

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental activities:**

Instruction		
Regular		\$ 10,140
		<hr/>
Total Instruction		10,140
		<hr/>
Support Services		
Support Services-Students and Instructional Staff		1,659
School Administration		7,023
Operations and Maintenance of Plant		180,256
		<hr/>
Total Governmental Funds		188,938
		<hr/>
Total Depreciation Expense - Governmental Activities		\$ 199,078
		<hr/>

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2015, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 153,172
Capital Projects Fund	General Fund	<hr/> 1
		<hr/>
		\$ 153,173
		<hr/>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Operating Leases**

The District leases six (6) copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2015 were \$25,236. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ 25,236
2017	25,236
2018	25,236
2019	<u>12,618</u>
Total	<u>\$ 88,326</u>

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2015 are comprised of the following issues:

\$1,200,000, 2002 Bonds, due in annual installments of \$75,000 to \$80,000 through December 1, 2021, interest at 4.50% to 4.75%	\$550,000
\$500,000, 2003 Pension Bonds, due in annual installments of \$40,000 to \$45,000 through October 1, 2018, interest at 5.75%	<u>170,000</u>
Total	<u>\$720,000</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

**Governmental Activities:**

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 115,000	\$ 32,449	\$ 147,449
2017	115,000	26,774	141,774
2018	125,000	20,802	145,802
2019	125,000	14,514	139,514
2020	80,000	9,480	89,480
2021-2022	160,000	7,600	167,600
	<u>\$ 720,000</u>	<u>\$ 111,619</u>	<u>\$ 831,619</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 66,531,417
Less: Net Debt	<u>550,000</u>
Remaining Borrowing Power	<u>\$ 65,981,417</u>

**H. Other Long-Term Liabilities (Continued)**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, July 1, 2014 (Restated)	Additions	Reductions	Balance, June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 825,000		\$ 105,000	\$ 720,000	\$ 115,000
Compensated absences	413,993	\$ 40,544	66,055	388,482	
Net Pension Liability	<u>2,687,216</u>	<u>106,050</u>	<u>-</u>	<u>2,793,266</u>	<u>123,020</u>
Governmental activity Long-term liabilities	<u>\$ 3,926,209</u>	<u>\$ 146,594</u>	<u>\$ 171,055</u>	<u>\$ 3,901,748</u>	<u>\$ 238,020</u>

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey Schools Insurance Group (NJSIG). The Group is a risk sharing public entity pool, established for the purpose of insuring various risks.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

NJSIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 122,991	\$ 268,674	\$ 3,936
2014	106,364	197,183	4,869
2013	106,377	308,594	4,572

For fiscal years 2014/2015 and 2012/2013, the state contributed \$268,674 and \$308,594, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$197,183 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$385,440 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS)**

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$2,793,266 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share 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 governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .01491 percent, which was a decrease of .00085 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$169,031 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences Between Expected and Actual Experience		
Changes of Assumptions	\$ 87,835	
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments		\$ 166,463
Changes in Proportion and Differences Between		
District Contributions and Proportionate Share		
of Contributions	<u>138,638</u>	<u>-</u>
Total	<u>\$ 226,473</u>	<u>\$ 166,463</u>

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

Fiscal Year	
Ending	
<u>June 30.</u>	
2016	\$ 15
2017	15
2018	15
2019	15
2020	41,631
Thereafter	<u>18,319</u>
	<u>\$ 60,010</u>

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

*Actuarial Assumptions*

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 5 OTHER INFORMATION (Continued)**

**F. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

**PERS**

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

\* The municipal bond return rate used is 4.29%. 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.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	<b>1% Decrease <u>(4.39%)</u></b>	<b>Current Discount Rate <u>(5.39%)</u></b>	<b>1% Increase <u>(6.39%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,514,012</u>	<u>\$ 2,793,266</u>	<u>\$ 2,188,021</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2014. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/trasury/pensions](http://www.state.nj.us/trasury/pensions).

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,340,501 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$24,912,032. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**FAIRFIELD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

**TPAF**

Period of Projected Benefit

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 4.29%. 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.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<b>1% Decrease <u>(3.68)%</u></b>	<b>Current Discount Rate <u>(4.68)%</u></b>	<b>1% Increase <u>(5.68)%</u></b>
District's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 29,962,697</u>	<u>\$ 24,912,032</u>	<u>\$ 20,711,365</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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 above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$426,519, \$323,306 and \$348,941, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 RESTATEMENT**

On July 1, 2014, the Fairfield Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Fairfield Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$2,687,216. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$3,776,542 as originally reported to \$1,089,326 as adjusted for the effects of the change in accounting principle.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**FAIRFIELD BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Local Tax Levy	\$ 10,257,192		\$ 10,257,192	\$ 10,257,192	
Tuition	25,000		25,000	21,000	\$ (4,000)
Rents and Royalties	31,076		31,076	31,370	294
Miscellaneous Income	2,000	-	2,000	18,353	16,353
<b>Total Local Sources</b>	<b>10,315,268</b>	<b>-</b>	<b>10,315,268</b>	<b>10,327,915</b>	<b>12,647</b>
<b>State Sources</b>					
Categorical Special Education Aid	268,309		268,309	268,309	
Transportation Aid	17,428		17,428	17,428	
Security Aid	11,083		11,083	11,083	
Additional Adjustment Aid	1		1	1	
PARCC Readiness Aid	6,260		6,260	6,260	
Per Pupil Growth Aid	6,260		6,260	6,260	
Extraordinary Aid	33,740	\$ 72,003	105,743	105,743	
TPAF Pension-Post Retirement Medical Contribution (Non Budgeted)				426,519	426,519
TPAF Pension - Normal Costs (Non-Budgeted)				250,642	250,642
TPAF Pension - NCGI Premium (Non-Budgeted)				18,032	18,032
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	385,440	385,440
<b>Total State Sources</b>	<b>343,081</b>	<b>72,003</b>	<b>415,084</b>	<b>1,495,717</b>	<b>1,080,633</b>
<b>Total Revenues</b>	<b>10,658,349</b>	<b>72,003</b>	<b>10,730,352</b>	<b>11,823,632</b>	<b>1,093,280</b>
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Kindergarten	327,335	(29,829)	297,506	297,506	-
Grades 1-5	2,374,004	(24,344)	2,349,660	2,349,659	1
Grades 6-8	355,457	(1,217)	354,240	350,482	3,758
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	371,378	31,419	402,797	402,797	-
Other Purchased Services	175,085	6,700	181,785	175,662	6,123
General Supplies	139,880	20,069	159,949	150,623	9,326
Textbooks	2,250	39,343	41,593	38,255	3,338
Other Objects	2,000	-	2,000	525	1,475
<b>Total Regular Programs</b>	<b>3,747,389</b>	<b>42,141</b>	<b>3,789,530</b>	<b>3,765,509</b>	<b>24,021</b>
<b>Special Education</b>					
<b>Resource Room</b>					
Salaries of Teachers	505,438	-	505,438	505,437	1
General Supplies	1,400	-	1,400	244	1,156
<b>Total Resource Room</b>	<b>506,838</b>	<b>-</b>	<b>506,838</b>	<b>505,681</b>	<b>1,157</b>

**FAIRFIELD BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Autism					
Salaries of Teachers	\$ 195,742	\$ -	\$ 195,742	\$ 195,741	\$ 1
Other Salaries for Instruction	95,728	1,236	96,964	96,963	1
General Supplies	600	-	600	-	600
Total Autism	<u>292,070</u>	<u>1,236</u>	<u>293,306</u>	<u>292,704</u>	<u>602</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	68,470	-	68,470	68,470	-
Other Salaries for Instruction	23,320	318	23,638	23,637	1
General Supplies	350	7	357	356	1
Total Preschool Disabilities - Full-Time	<u>92,140</u>	<u>325</u>	<u>92,465</u>	<u>92,463</u>	<u>2</u>
Total Special Education	<u>891,048</u>	<u>1,561</u>	<u>892,609</u>	<u>890,848</u>	<u>1,761</u>
Basic Skills/Remedial Inst					
Salaries of Teachers	195,588	68,470	264,058	264,058	-
General Supplies	200	-	200	-	200
Textbooks	1,300	(346)	954	-	954
Total Basic Skills/Remedial Inst	<u>197,088</u>	<u>68,124</u>	<u>265,212</u>	<u>264,058</u>	<u>1,154</u>
Bilingual Education					
Salaries of Teachers	29,605	3,187	32,792	32,789	3
Total Bilingual Education	<u>29,605</u>	<u>3,187</u>	<u>32,792</u>	<u>32,789</u>	<u>3</u>
Summer School - Instruction					
Salaries of Teachers	66,000	-	66,000	65,999	1
Total Summer School - Instruction	<u>66,000</u>	<u>-</u>	<u>66,000</u>	<u>65,999</u>	<u>1</u>
Other Suppl/At-Risk Prog - Instruction					
Salaries of Reading Specialists	-	60,178	60,178	60,177	1
Total Other Suppl/At-Risk Prog - Instruction	<u>-</u>	<u>60,178</u>	<u>60,178</u>	<u>60,177</u>	<u>1</u>
Total Instruction	<u>4,931,130</u>	<u>175,191</u>	<u>5,106,321</u>	<u>5,079,380</u>	<u>26,941</u>
Undistributed Expenditures					
Instruction					
Tuition to Private Schools for Disabled w/ State	98,447	882	99,329	92,491	6,838
Total Undistributed Expenditures - Instruction	<u>98,447</u>	<u>882</u>	<u>99,329</u>	<u>92,491</u>	<u>6,838</u>

**FAIRFIELD BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 166,532	\$ (4,147)	\$ 162,385	\$ 162,384	\$ 1
Other Purchased Services	11,842	-	11,842	10,618	1,224
Supplies and Materials	3,760	562	4,322	2,711	1,611
Other Objects	155	-	155	-	155
Total Health Services	<u>182,289</u>	<u>(3,585)</u>	<u>178,704</u>	<u>175,713</u>	<u>2,991</u>
Other Support Serv. Students - Speech, OT, PT and Related Serv.					
Salaries	94,030	13,869	107,899	107,899	-
Purchased Professional-Educational Services	10,703	(8,903)	1,800	1,800	-
Supplies and Materials	1,600	391	1,991	1,990	1
Total Other Support Serv. Students -Speech, OT, PT and Related Services	<u>106,333</u>	<u>5,357</u>	<u>111,690</u>	<u>111,689</u>	<u>1</u>
Other Support Serv. Students - Extra. Svcs.					
Salaries	82,763	171	82,934	82,934	-
Purchased Professional-Educational Services	253,700	(6,927)	246,773	237,951	8,822
Supplies and Materials	750	38	788	776	12
Total Other Support Serv. Students - Extra Serv.	<u>337,213</u>	<u>(6,718)</u>	<u>330,495</u>	<u>321,661</u>	<u>8,834</u>
Guidance					
Salaries of Other Professional Staff	-	49,256	49,256	49,256	-
Total Guidance	<u>-</u>	<u>49,256</u>	<u>49,256</u>	<u>49,256</u>	<u>-</u>
Child Study Teams					
Salaries of Other Professional Staff	253,370	(5,363)	248,007	247,253	754
Salaries of Secretarial and Clerical Assistants	20,294	-	20,294	20,293	1
Other Objects	22,158	(8,722)	13,436	3,905	9,531
Total Child Study Teams	<u>295,822</u>	<u>(14,085)</u>	<u>281,737</u>	<u>271,451</u>	<u>10,286</u>
Educational Media Services/School Library					
Salaries	100,667	-	100,667	100,667	-
Salaries of Technology Coordinators	74,285	8,189	82,474	82,473	1
Other Purchases Services	4,050	25	4,075	4,041	34
Supplies and Materials	10,000	178	10,178	9,764	414
Other Objects	200	(25)	175	-	175
Total Educational Media Serv./School Library	<u>189,202</u>	<u>8,367</u>	<u>197,569</u>	<u>196,945</u>	<u>624</u>
Staff Training Services					
Other Purchased Services	48,000	26,151	74,151	74,150	1
Other Objects	3,500	2,320	5,820	5,820	-
Total Staff Training Services	<u>51,500</u>	<u>28,471</u>	<u>79,971</u>	<u>79,970</u>	<u>1</u>
Support Services General Administration					
Salaries	221,516	-	221,516	221,440	76
Legal Services	45,256	-	45,256	33,209	12,047
Audit Fees	16,725	740	17,465	17,465	-
Other Purchased Professional Services	11,495	(1,776)	9,719	4,540	5,179
Purchased Technical Services	9,800	1,290	11,090	10,090	1,000
Communications/Telephone	36,901	8,103	45,004	42,109	2,895
BOE - Other Purchased Services	9,975	1,995	11,970	11,719	251
Misc. Purchased Services	800	(93)	707	707	-
General Supplies	3,000	-	3,000	2,247	753
Miscellaneous Expenditures	3,250	1,628	4,878	4,854	24
BOE Membership Dues and Fees	5,555	-	5,555	5,555	-
Total Support Services General Administration	<u>364,273</u>	<u>11,887</u>	<u>376,160</u>	<u>353,935</u>	<u>22,225</u>

**FAIRFIELD BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principal/Asst. Principals	\$ 257,494	\$ (1,375)	\$ 256,119	\$ 256,118	\$ 1
Salaries of Secretarial and Clerical Assistants	99,910	809	100,719	99,910	809
Purchased Professional and Technical Services	12,825	2,056	14,881	14,735	146
Other Purchased Services	3,016	-	3,016	-	3,016
Supplies and Materials	3,600	608	4,208	4,038	170
Other Objects	500	(70)	430	75	355
Total Support Services School Administration	<u>377,345</u>	<u>2,028</u>	<u>379,373</u>	<u>374,876</u>	<u>4,497</u>
Central Services					
Salaries	171,766	(11,208)	160,558	160,558	-
Purchased Professional Services	9,150	12,339	21,489	21,114	375
Miscellaneous Purchased Services	3,144	955	4,099	3,785	314
Supplies and Materials	4,000	47	4,047	3,090	957
Other Objects	3,488	-	3,488	2,570	918
Total Central Services	<u>191,548</u>	<u>2,133</u>	<u>193,681</u>	<u>191,117</u>	<u>2,564</u>
Required Maint. For School Facilities					
Cleaning, Repair and Maint. Services	48,500	-	48,500	26,335	22,165
General Supplies	4,000	-	4,000	617	3,383
Total Required Maint. Of School Facilities	<u>52,500</u>	<u>-</u>	<u>52,500</u>	<u>26,952</u>	<u>25,548</u>
Custodial Services					
Salaries	365,111	(6,829)	358,282	356,058	2,224
Other Purchased Property Services	87,198	30,976	118,174	91,312	26,862
Insurance	66,400	(6,550)	59,850	59,513	337
General Supplies	45,000	448	45,448	42,440	3,008
Energy (Natural Gas)	70,000	(14,534)	55,466	53,694	1,772
Energy (Electricity)	105,000	28,480	133,480	127,541	5,939
Other Objects	1,575	530	2,105	2,105	-
Total Custodial Services	<u>740,284</u>	<u>32,521</u>	<u>772,805</u>	<u>732,663</u>	<u>40,142</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	39,495	-	39,495	39,495	-
Other Purchased Prof. and Technical Services	3,750	-	3,750	3,500	250
Contracted Services - Aid in Lieu	10,608	1,768	12,376	12,376	-
Contracted Services (Bet. Home and Sch) - Vendors	436,066	5,920	441,986	441,986	-
Contracted Services (Other than Between Home and School) - Vendors	1,650	509	2,159	1,958	201
Contracted Services (Spl. Ed. Students) - Joint Agmts.	127,744	29,980	157,724	153,404	4,320
Total Student Transportation Services	<u>619,313</u>	<u>38,177</u>	<u>657,490</u>	<u>652,719</u>	<u>4,771</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	100,000	16,759	116,759	114,490	2,269
Other Retirement Contributions - PERS	141,084	(18,093)	122,991	122,991	-
Other Retirement Contributions - Regular	7,630	3,937	11,567	11,566	1
Unemployment Compensation	24,500	773	25,273	25,272	1
Workmen's Compensation	57,500	4,399	61,899	59,143	2,756
Health Benefits	1,760,925	(192,042)	1,568,883	1,560,124	8,759
Tuition Reimbursement	20,000	-	20,000	20,000	-
Other Employee Benefits	400	-	400	279	121
Total Unallocated Benefits - Employee Benefits	<u>2,112,039</u>	<u>(184,267)</u>	<u>1,927,772</u>	<u>1,913,865</u>	<u>13,907</u>

**FAIRFIELD BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
TPAF Pension-Post Retirement Medical Contribution (Non Budgeted)				\$ 426,519	\$ (426,519)
TPAF Pension - Normal Costs (Non-Budgeted)				250,642	(250,642)
TPAF Pension - NCGI Premium (Non-Budgeted)				18,032	(18,032)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	385,440	(385,440)
Total Undistributed Expenditures	\$ 5,718,108	\$ (29,576)	\$ 5,688,532	\$ 6,625,936	\$ (937,404)
Total Expenditures - Current Expenditures	10,649,238	145,615	10,794,853	11,705,316	(910,463)
<b>Capital Outlay</b>					
<b>Equipment</b>					
Grades 1-5	67,600	(3,956)	63,644	44,708	18,936
Undist. Expend. - Required Maintenance for School Facilities	50,459	3,956	54,415	54,414	1
Total Equipment	118,059	-	118,059	99,122	18,937
<b>Facilities Acquisition and Construction Services</b>					
Assessment for Debt Service on SDA Funding	11,855	-	11,855	11,855	-
Total Facilities Acquisition and Construction Services	11,855	-	11,855	11,855	-
Total Capital Outlay	129,914	-	129,914	110,977	18,937
Total Expenditures	10,779,152	145,615	10,924,767	11,816,293	(891,526)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(120,803)	(73,612)	(194,415)	7,339	201,754
Fund Balance, Beginning of Year	732,253	-	732,253	732,253	-
Fund Balance, End of Year	\$ 611,450	\$ (73,612)	\$ 537,838	\$ 739,592	\$ 201,754
<b>Recapitulation of Fund Balance</b>					
<b>Restricted:</b>					
Capital Reserve Account				\$ 271,449	
Capital Reserve Account - Designated for Subsequent Year's Expenditures				104,712	
Reserved for Excess Surplus -Designated for Subsequent Year's Expenditures				30,151	
Reserved for Excess Surplus				34,431	
<b>Assigned:</b>					
Designated for Subsequent Year's Expenditures				1,526	
Reserved for Encumbrances				47,323	
<b>Unassigned</b>					
				250,000	
Reconciliation to Governmental Funds Statements (GAAP):				739,592	
Less: State Aid Payments Not Recognized on GAAP Basis				(134,593)	
Fund Balance Per Governmental Funds (GAAP)				\$ 604,999	

**FAIRFIELD BOARD OF EDUCATION  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**NOT APPLICABLE**

**FAIRFIELD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 113,700	\$ 40,115	\$ 153,815	\$ 153,815	
State	300	1,492	1,792	-	\$ (1,792)
Local	-	11,376	11,376	4,222	(7,154)
Total Revenues	<u>114,000</u>	<u>52,983</u>	<u>166,983</u>	<u>158,037</u>	<u>(8,946)</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	107,700	27,930	135,630	135,630	
General Supplies	300	15,471	15,771	9,367	6,404
Total Instruction	<u>108,000</u>	<u>43,401</u>	<u>151,401</u>	<u>144,997</u>	<u>6,404</u>
Support Services					
Purchased Professional/Educational Services	6,000	5,360	11,360	8,818	2,542
Total Support Services	<u>6,000</u>	<u>5,360</u>	<u>11,360</u>	<u>8,818</u>	<u>2,542</u>
Facilities Acquisition and Construction Services					
Non Instructional Equipment	-	4,222	4,222	4,222	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>4,222</u>	<u>4,222</u>	<u>4,222</u>	<u>-</u>
Total Expenditures	<u>114,000</u>	<u>52,983</u>	<u>166,983</u>	<u>158,037</u>	<u>8,946</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**FAIRFIELD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	(C-1) \$ 11,823,632	(C-2)	\$ 158,037
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (prior year)	172,213		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	<u>(134,593)</u>		<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 11,861,252</u>		 <u>\$ 158,037</u>
 <b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 11,816,293	(C-2)	\$ 158,037
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 11,816,293</u>		 <u>\$ 158,037</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**FAIRFIELD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Two Fiscal Years \***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01491 %	0.01406 %
District's Proportionate Share of the Net Pension Liability (Asset)	2,793,266	2,687,216
District's Covered-Employee Payroll	984,013	996,819
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	284%	270%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FAIRFIELD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 122,991	\$ 106,364
Contributions in Relation to the Contractually Required Contributions	<u>122,991</u>	<u>106,364</u>
Contribution Deficiency (Excess)	-	-
District's Covered- Employee Payroll	984,013	996,819
Contributions as a Percentage of Covered-Employee Payroll	12.50%	10.67%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FAIRFIELD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**TEACHERS PENSION AND ANNUITY FUND  
Last Two Fiscal Years \***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.04661 %	0.04775 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>24,912,032</u>	<u>24,136,701</u>
Total	\$ 24,912,032	\$ 24,136,701
District's Covered-Employee Payroll	4,676,920	4,776,026
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FAIRFIELD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Change of Benefit Terms:**

None.

**Change of Assumptions:**

The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**FAIRFIELD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>NCLB Title II A</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>Safety Grant</u>	<u>Total</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 8,818	\$ 135,630	\$ 9,367		\$ 153,815
Local	-	-	-	\$ 4,222	4,222
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	<u>\$ 8,818</u>	<u>\$ 135,630</u>	<u>\$ 9,367</u>	<u>\$ 4,222</u>	<u>\$ 158,037</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition		\$ 135,630			135,630
Supplies	-	-	\$ 9,367	-	9,367
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Instruction	<u>-</u>	<u>135,630</u>	<u>9,367</u>	<u>-</u>	<u>144,997</u>
Support Services					
Purchased Professional/Educational Services	\$ 8,818	-	-	-	8,818
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Support Services	<u>8,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,818</u>
Facilities Acquisition and Construction Services					
Non Instructional Equipment	-	-	-	\$ 4,222	4,222
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,222</u>	<u>4,222</u>
Total Expenditures	<u>\$ 8,818</u>	<u>\$ 135,630</u>	<u>\$ 9,367</u>	<u>\$ 4,222</u>	<u>\$ 158,037</u>

**FAIRFIELD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**FAIRFIELD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Year</u>	<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Cancelled Appropriation</u>	<u>Expenditures to Date Prior Years</u>	<u>Current Year</u>	<u>Unexpended Balance, June 30, 2015</u>
2010	Replace Roof on Stevenson School	\$ 1,495,852	\$ (377,480)	\$ 881,676		\$ 236,696
2012	Stevenson School Toilet Room Renovations	188,300		183,936		4,364
	Other	15,101	-	-	-	15,101
		<u>\$ 1,699,253</u>	<u>\$ (377,480)</u>	<u>\$ 1,065,612</u>	<u>\$ -</u>	<u>\$ 256,161</u>
				Balance, June 30, 2015		\$ 256,161
				Unrealized Revenue		(1,746)
				Fund Balance, June 30, 2015 (GAAP)		<u>\$ 254,415</u>

**FAIRFIELD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Fund Balance - Beginning of Year	\$ <u>256,161</u>
Fund Balance - End of Year	\$ <u>256,161</u>
Reconciliation of Governmental Fund Statements (GAAP)	
Fund Balance Per Governmental Funds (Budgetary)	\$ 256,161
Less: Unearned Revenue (GAAP Basis)	<u>1,746</u>
Fund Balance (Deficit) - End of Year - GAAP Basis	<u>\$ 254,415</u>

**FAIRFIELD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
REPLACE ROOF IN STEVENSON SCHOOL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfers from Capital Reserve	\$ 765,772		\$ 765,772	\$ 765,772
State Sources - SDA Grant	352,600	-	352,600	352,600
Total Revenues	<u>1,118,372</u>	<u>-</u>	<u>1,118,372</u>	<u>1,118,372</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction	809,500		809,500	998,372
Purchased Professional Technical Services	72,176	-	72,176	120,000
Total Expenditures and other Financing Sources	<u>881,676</u>	<u>-</u>	<u>881,676</u>	<u>1,118,372</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 236,696</u>	<u>\$ -</u>	<u>\$ 236,696</u>	<u>\$ -</u>

(1) Unavailable

## Additional Project Information:

Project Number	#1465-005-09-0ZNB
Grant Date	6/23/2010
Original Authorized Cost	1,825,200
Reduction of Authorized Cost	706,828
Revised Authorized Cost	1,118,372

Percentage Increase over Original Authorized  
Cost

Percentage Completion	100%
Original Target Completion Date	9/1/2010
Revised Target Completion Date	9/1/2010

**FAIRFIELD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
STEVENSON SCHOOL TOILET ROOM RENOVATIONS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfers from Capital Reserve	\$ 112,980		\$ 112,980	\$ 112,980
State Sources - SDA Grant	75,320	-	75,320	75,320
<b>Total Revenues</b>	<u>188,300</u>	<u>-</u>	<u>188,300</u>	<u>188,300</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Construction	170,949	-	170,949	174,300
Purchased Professional Technical Services	12,987	-	12,987	14,000
<b>Total Expenditures and other Financing Sources</b>	<u>183,936</u>	<u>-</u>	<u>183,936</u>	<u>188,300</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 4,364</u>	<u>\$ -</u>	<u>\$ 4,364</u>	<u>\$ -</u>

(1) Unavailable

## Additional Project Information:

Project Number	#1465-005-10-1001
Grant Date	2/17/2012
Original Authorized Cost	188,300
Additional Authorized Cost	-
Revised Authorized Cost	188,300

Percentage Increase over Original Authorized  
Cost

Percentage Completion	100%
Original Target Completion Date	6/30/2012
Revised Target Completion Date	6/30/2012

**ENTERPRISE FUND**

**EXHIBIT G-1**

**FAIRFIELD BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOT APPLICABLE

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOT APPLICABLE

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**FIDUCIARY FUNDS**

**FAIRFIELD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT ASSETS AND LIABILITIES  
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 24,218	\$ 81,988	\$ 106,206
Total Assets	<u>\$ 24,218</u>	<u>\$ 81,988</u>	<u>\$ 106,206</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings Due to Student Groups	\$ 24,218	\$ 81,988 -	\$ 81,988 24,218
Total Liabilities	<u>\$ 24,218</u>	<u>\$ 81,988</u>	<u>\$ 106,206</u>

**FAIRFIELD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2015</u>
Elementary Schools				
Winston Churchill School	\$ 13,353	\$ 36,577	\$ 34,249	\$ 15,681
Adalia E. Stevenson School	<u>7,883</u>	<u>28,982</u>	<u>28,328</u>	<u>8,537</u>
 Total All Schools	 <u>\$ 21,236</u>	 <u>\$ 65,559</u>	 <u>\$ 62,577</u>	 <u>\$ 24,218</u>

**FAIRFIELD BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Balance, July 1, <u>2014</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2015</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 58,286	\$ 3,084,803	\$ 3,061,101	\$ 81,988
Accrued Salaries and Wages	<u>-</u>	<u>4,141,524</u>	<u>4,141,524</u>	<u>-</u>
 Total	 <u>\$ 58,286</u>	 <u>\$ 7,226,327</u>	 <u>\$ 7,202,625</u>	 <u>\$ 81,988</u>

**LONG-TERM DEBT**

**FAIRFIELD BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
2002 School Bonds	5/1/2002	\$ 1,200,000	12/1/2015	\$ 75,000	4.50%			
			12/1/2016	75,000	4.50%			
			12/1/2017	80,000	4.60%			
			12/1/2018	80,000	4.65%			
			12/1/2019	80,000	4.70%			
			12/1/2020	80,000	4.75%			
			12/1/2021	80,000	4.75%	\$ 620,000	\$ 70,000	\$ 550,000
Pension Series 2003	4/14/2003	500,000	10/1/2015	40,000	5.75%			
			10/1/2016	40,000	5.75%			
			10/1/2017	45,000	5.75%			
			10/1/2018	45,000	5.75%	205,000	35,000	170,000
					<u>\$ 825,000</u>	<u>\$ 105,000</u>	<u>\$ 720,000</u>	

**FAIRFIELD BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

**FAIRFIELD BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 142,867	-	\$ 142,867	\$ 142,867	-
Total Revenues	<u>142,867</u>	<u>-</u>	<u>142,867</u>	<u>142,867</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	105,000		105,000	105,000	
Interest	<u>37,867</u>	<u>-</u>	<u>37,867</u>	<u>37,866</u>	<u>1</u>
Total Expenditures	<u>142,867</u>	<u>-</u>	<u>142,867</u>	<u>142,866</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<u>Recapitulation of Balance</u>					
Available for Subsequent Years Expenditures				<u>\$ 1</u>	

## STATISTICAL SECTION

This part of the Fairfield Board of Education'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 government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

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

**FAIRFIELD BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
						(1)				
<b>Governmental activities</b>										
Net Investment in Capital Assets	\$ 2,021,423	\$ 2,301,207	\$ 2,338,503	\$ 2,381,110	\$ 2,157,665	\$ 3,555,560	\$ 3,770,962	\$ 3,678,701	\$ 3,586,415	\$ 3,563,941
Restricted	807,345	17,470	1,566	1,050,000	1,079,562	258,052	511,220	510,837	510,576	630,577
Unrestricted	(268,187)	(141,907)	914,841	166,628	644,681	510,632	(7,804)	(228,353)	(320,449)	(3,067,469)
<b>Total governmental activities net position</b>	<u>\$ 2,560,581</u>	<u>\$ 2,176,770</u>	<u>\$ 3,254,910</u>	<u>\$ 3,597,738</u>	<u>\$ 3,881,908</u>	<u>\$ 4,324,244</u>	<u>\$ 4,274,378</u>	<u>\$ 3,961,185</u>	<u>\$ 3,776,542</u>	<u>\$ 1,127,049</u>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 2,021,423	\$ 2,301,207	\$ 2,338,503	\$ 2,381,110	\$ 2,157,665	\$ 3,555,560	\$ 3,770,962	\$ 3,678,701	\$ 3,586,415	\$ 3,563,941
Restricted	807,345	17,470	1,566	1,050,000	1,079,562	258,052	511,220	510,837	510,576	630,577
Unrestricted	(268,187)	(141,907)	914,841	166,628	644,681	510,632	(7,804)	(228,353)	(320,449)	(3,067,469)
<b>Total district net position</b>	<u>\$ 2,560,581</u>	<u>\$ 2,176,770</u>	<u>\$ 3,254,910</u>	<u>\$ 3,597,738</u>	<u>\$ 3,881,908</u>	<u>\$ 4,324,244</u>	<u>\$ 4,274,378</u>	<u>\$ 3,961,185</u>	<u>\$ 3,776,542</u>	<u>\$ 1,127,049</u>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

**FAIRFIELD BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 4,011,910	\$ 4,406,234	\$ 4,414,171	\$ 4,487,725	\$ 4,712,777	\$ 4,786,248	\$ 5,014,792	\$ 5,135,600	\$ 5,159,835	\$ 5,946,598
Special education	1,178,200	1,896,565	1,836,382	1,567,998	1,825,210	1,648,812	1,551,694	1,648,215	1,708,647	1,675,361
Other special education	273,692	147,563	203,548	319,498	372,002	381,848	475,982	593,897	553,730	744,118
Support Services:										
Student & instruction related services	1,415,422	1,255,658	1,269,760	1,275,326	1,195,790	1,238,375	1,473,284	1,590,375	1,485,298	1,648,642
General administration	416,595	1,033,695	375,334	343,283	454,077	486,661	486,480	531,004	474,601	493,684
School Administration services	380,020	232,499	338,389	384,178	394,120	397,491	417,125	441,325	500,631	595,840
Plant operations and maintenance	912,276	979,702	807,570	910,988	969,531	892,979	1,195,945	1,168,796	1,090,468	1,097,537
Pupil transportation	765,645	691,809	731,148	924,915	764,729	601,912	639,095	640,052	689,318	670,156
Business/Central Services/Info. Tech	166,883	254,691	258,232	193,386	209,616	203,912	235,239	240,591	245,246	287,224
Special Schools										
Interest on long-term debt	57,542	78,008	67,550	64,013	60,066	59,476	55,220	46,999	42,148	37,100
Unallocated depreciation	306,586									
Total governmental activities expenses	<u>9,884,771</u>	<u>10,976,424</u>	<u>10,302,084</u>	<u>10,471,310</u>	<u>10,957,918</u>	<u>10,697,714</u>	<u>11,544,856</u>	<u>12,036,854</u>	<u>11,949,922</u>	<u>13,196,260</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Tuition	39,938	147,250	162,168	122,989	30,535	24,500	22,500	20,000	25,000	21,000
Operating grants and contributions	994,640	1,559,453	1,526,855	1,304,022	1,409,370	1,045,130	1,331,785	1,644,037	1,490,683	2,736,663
Capital Grants and Contributions					23,110	329,560	218,132	-	-	4,222
Total governmental activities program revenues	<u>1,034,578</u>	<u>1,706,703</u>	<u>1,689,023</u>	<u>1,427,011</u>	<u>1,463,015</u>	<u>1,399,190</u>	<u>1,572,417</u>	<u>1,664,037</u>	<u>1,515,683</u>	<u>2,761,885</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (8,850,193)	\$ (9,269,721)	\$ (8,613,061)	\$ (9,044,299)	\$ (9,494,903)	\$ (9,298,524)	\$ (9,972,439)	\$ (10,372,817)	\$ (10,434,239)	\$ (10,434,375)
Total district-wide net expense	<u>\$ (8,850,193)</u>	<u>\$ (9,269,721)</u>	<u>\$ (8,613,061)</u>	<u>\$ (9,044,299)</u>	<u>\$ (9,494,903)</u>	<u>\$ (9,298,524)</u>	<u>\$ (9,972,439)</u>	<u>\$ (10,372,817)</u>	<u>\$ (10,434,239)</u>	<u>\$ (10,434,375)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 8,003,267	\$ 8,324,601	\$ 8,746,549	\$ 9,137,080	\$ 9,456,878	\$ 9,600,585	\$ 9,768,596	\$ 9,858,894	\$ 10,056,071	\$ 10,257,192
Taxes levied for debt service	158,678	151,461	127,156	137,963	147,315	141,560	140,693	147,723	142,873	142,867
Unrestricted grants and contributions	487,319	140,117	154,754	34,210	35,053	5,490	8,949	8,949	11,079	22,316
Investment earnings		101,830	60,403	23,508	31,251	13,690	1,695	-	-	-
Miscellaneous income	102,237	48,979	560,339	54,366	108,576	8,560	11,589	40,712	39,573	49,723
Donated Capital Assets	-	-	-	-	-	-	-	3,346	-	-
Total governmental activities	<u>8,751,501</u>	<u>8,766,988</u>	<u>9,649,201</u>	<u>9,387,127</u>	<u>9,779,073</u>	<u>9,769,885</u>	<u>9,922,573</u>	<u>10,059,624</u>	<u>10,249,596</u>	<u>10,472,098</u>
Total district-wide	<u>\$ 8,751,501</u>	<u>\$ 8,766,988</u>	<u>\$ 9,649,201</u>	<u>\$ 9,387,127</u>	<u>\$ 9,779,073</u>	<u>\$ 9,769,885</u>	<u>\$ 9,922,573</u>	<u>\$ 10,059,624</u>	<u>\$ 10,249,596</u>	<u>\$ 10,472,098</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (98,692)	\$ (502,733)	\$ 1,036,140	\$ 342,828	\$ 284,170	\$ 471,361	\$ (49,866)	\$ (313,193)	\$ (184,643)	\$ 37,723
Total district	<u>\$ (98,692)</u>	<u>\$ (502,733)</u>	<u>\$ 1,036,140</u>	<u>\$ 342,828</u>	<u>\$ 284,170</u>	<u>\$ 471,361</u>	<u>\$ (49,866)</u>	<u>\$ (313,193)</u>	<u>\$ (184,643)</u>	<u>\$ 37,723</u>

**FAIRFIELD BOARD OF EDUCATION  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Unaudited)  
(modified accrual basis of accounting)**

	2006	2007	2008	2009	Fiscal Year Ended June 30,		2012	2013	2014	2015
					2010	2011				
General Fund										
Reserved	\$ 842,790	\$ 437,668	\$ 1,424,596	\$ 1,797,371	\$ 957,751					
Unreserved	144,834	204,063	224,851	177,721	130,779					
Restricted						\$ 1,027,590	\$ 771,105	\$ 605,542	\$ 407,115	\$ 440,743
Committed							7,499	19,150		
Assigned						47,217	125,071	11,931	73,612	48,849
Unassigned	-	-	-	-	-	116,284	62,307	82,395	79,313	115,407
<b>Total general fund</b>	<b>\$ 987,624</b>	<b>\$ 641,731</b>	<b>\$ 1,649,447</b>	<b>\$ 1,975,092</b>	<b>\$ 1,088,530</b>	<b>\$ 1,191,091</b>	<b>\$ 965,982</b>	<b>\$ 719,018</b>	<b>\$ 560,040</b>	<b>\$ 604,999</b>
All Other Governmental Funds										
Reserved	\$ 1,565				\$ 809,500					
Unreserved	(93,010)	\$ 33,556	\$ 17,652		268,640					
Restricted	-	-	-	-	-	\$ 583,800	\$ 254,798	\$ 254,415	\$ 254,415	\$ 254,415
<b>Total all other governmental funds</b>	<b>\$ (91,445)</b>	<b>\$ 33,556</b>	<b>\$ 17,652</b>	<b>\$ -</b>	<b>\$ 1,078,140</b>	<b>\$ 583,800</b>	<b>\$ 254,798</b>	<b>\$ 254,415</b>	<b>\$ 254,415</b>	<b>\$ 254,415</b>

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required

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

**(Unaudited)**

*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 8,161,945	\$ 8,476,062	\$ 8,873,705	\$ 9,275,043	\$ 9,604,193	\$ 9,742,145	\$ 9,909,289	\$ 10,006,617	\$ 10,198,944	\$ 10,400,059
Tuition	39,938	147,250	162,168	122,989	30,535	24,500	22,500	20,000	25,000	21,000
Interest earnings		101,830	60,403	23,508	31,251	13,690	1,695	-	-	-
Miscellaneous	102,237	173,979	560,339	55,396	112,675	13,906	13,730	43,200	40,857	53,945
State sources	1,280,358	1,699,570	1,552,282	1,179,949	1,224,429	1,164,035	1,363,575	1,493,703	1,339,665	1,533,337
Federal sources	201,601	-	129,327	157,283	239,005	210,799	184,201	156,795	160,813	153,815
<b>Total revenue</b>	<b>9,786,079</b>	<b>10,598,691</b>	<b>11,338,224</b>	<b>10,814,168</b>	<b>11,242,088</b>	<b>11,169,075</b>	<b>11,494,990</b>	<b>11,720,315</b>	<b>11,765,279</b>	<b>12,162,156</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	3,017,202	4,284,666	4,324,991	4,370,301	4,591,814	4,685,942	4,865,311	5,114,932	5,161,779	5,301,155
Special education instruction	896,220	1,841,526	1,830,055	1,562,298	1,816,092	1,658,130	1,546,647	1,642,068	1,709,692	1,529,658
Other	201,947	141,014	203,074	319,040	371,727	381,417	475,724	593,897	553,299	667,988
Support Services:										
Student & inst. related services	1,107,856	1,220,226	1,260,593	1,256,261	1,186,770	1,232,887	1,465,888	1,591,195	1,492,564	1,539,039
General administration services	327,372	1,023,633	377,045	336,845	449,524	486,173	485,081	530,797	474,601	462,901
School administration services	280,536	222,534	339,172	377,457	391,102	381,520	408,828	433,477	493,855	532,931
Other administration services	141,539	244,051	295,943	188,239	200,117	208,057	234,539	240,609	245,295	262,820
Plant operations and maintenance	772,468	960,896	794,564	904,224	764,729	601,912	1,191,976	990,926	915,153	902,324
Pupil transportation	648,077	689,915	731,148	924,915	963,361	893,291	639,095	640,052	689,318	668,910
Employee benefits	2,057,263									
Capital outlay	4,096	39,662	46,767	110,980	185,645	889,965	593,689	41,986	45,828	106,604
Debt service:										
Principal	65,000	75,000	75,000	75,000	85,000	85,000	90,000	100,000	100,000	105,000
Interest and other charges	79,703	76,460	68,060	64,529	60,685	56,560	52,323	47,723	42,873	37,866
<b>Total expenditures</b>	<b>9,599,279</b>	<b>10,819,583</b>	<b>10,346,412</b>	<b>10,490,089</b>	<b>11,066,566</b>	<b>11,560,854</b>	<b>12,049,101</b>	<b>11,967,662</b>	<b>11,924,257</b>	<b>12,117,196</b>
Excess (Deficiency) of revenues over (under) expenditures	186,800	(220,892)	991,812	324,079	175,522	(391,779)	(554,111)	(247,347)	(158,978)	44,960
<b>Other Financing sources (uses)</b>										
Bond Proceeds from Sale of Land										
Bond Principal										
Cancellation of Receivables from other Governments				(30)						
Repayment of ERIP Liability										
Collection of Mortgage Note Receivable	150,000									
Transfers in		163,884			1,095,120					
Transfers out	-	(163,884)	-	-	(1,095,120)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>(30)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 336,800</b>	<b>\$ (220,892)</b>	<b>\$ 991,812</b>	<b>\$ 324,049</b>	<b>\$ 175,522</b>	<b>\$ (391,779)</b>	<b>\$ (554,111)</b>	<b>\$ (247,347)</b>	<b>\$ (158,978)</b>	<b>\$ 44,960</b>
Debt service as a percentage of noncapital expenditures	1.51%	1.41%	1.39%	1.34%	1.34%	1.33%	1.24%	1.24%	1.20%	1.19%

\* Noncapital expenditures are total expenditures less capital outlay.

EXHIBIT J-5

FAIRFIELD BOARD OF EDUCATION  
 GENERAL FUND OTHER LOCAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Rental of Facilities</u>	<u>Refunds and Miscellaneous</u>	<u>Total</u>
2006	\$ 68,477	\$ 39,938	\$ 13,415	\$ 20,345	\$ 142,175
2007	101,830	147,250	7,609	41,370	298,059
2008	60,403	162,168	7,315	553,024	782,910
2009	23,508	122,989	11,091	43,305	200,893
2010	31,251	30,535	7,833	100,743	170,362
2011	13,690	24,500	7,912	648	46,750
2012	1,695	22,500	8,310	3,279	35,784
2013	242	20,000	28,689	11,781	60,712
2014	8,894	25,000	30,329	350	64,573
2015	7,174	21,000	31,370	11,179	70,723

Source: School District's Financial Statements

**FAIRFIELD BOARD OF EDUCATION**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate <sup>a</sup>
2006	\$ 26,889,000	\$ 636,472,300	\$ 481,200		\$ 425,368,300	\$ 461,083,000	\$ 11,701,000	\$ 1,561,994,800	\$ 6,031,200	\$ 1,568,026,000	\$ 2,393,673,899	\$ 0.540
2007	20,315,800	650,134,500	434,600	\$ 46,600	418,904,900	479,097,500	11,701,000	1,580,634,900	5,278,100	1,585,913,000	2,935,460,557	0.560
2008	23,548,300	656,158,400	241,600	46,600	397,923,400	476,087,700	11,701,000	1,565,707,000	5,617,500	1,571,324,500	3,033,568,912	0.590
2009 (A)	44,949,900	1,317,292,700	492,900	47,500	777,919,000	946,905,400	16,500,000	3,104,107,400	10,901,748	3,115,009,148	3,109,397,060	0.310
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	3,125,008,280	0.310
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	3,004,475,056	0.321
2012 (B)	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	2,962,755,685	0.372
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	2,783,791,725	0.384
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	2,591,005,944	0.395
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	2,648,934,593	0.406

N/A - Not available

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

Note (A) The Township undertook a reassessment of real property which became effective in 2009

Note (B) The Township undertook a reassessment of real property which became effective in 2012

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

Calendar Year	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates			Total
				Regional School District	Municipality	County	
2006	\$ 0.53	\$ 0.01	\$ 0.54	\$ 0.67	\$ 0.58	\$ 0.73	\$ 2.52
2007	0.55	0.01	0.56	0.74	0.61	0.72	2.63
2008	0.58	0.01	0.59	0.78	0.67	0.75	2.79
2009 (A)	0.305	0.005	0.31	0.40	0.36	0.39	1.46
2010	0.305	0.005	0.31	0.44	0.40	0.41	1.56
2011	0.0271	0.005	0.321	0.468	0.416	0.422	1.627
2012 (B)	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

Source: Tax Duplicate, Township of Fairfield

Note A - The Township undertook a reassessment of real property which became effective in 2009.

Note B - The Township undertook a reassessment of real property which became effective in 2012.

**FAIRFIELD BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
AMB Partners II, LP	\$ 31,019,700	1.18%	NOT AVAILABLE	
GRE Greenbrook Property	30,895,800	1.18%		
300 Fairfield Road, LLC	28,175,200	1.08%		
LMR USA, LLC	25,648,300	0.98%		
True North Fairfield Property	20,400,000	0.78%		
Hollywood Associates, LP	20,040,900	0.76%		
Kyocera	20,023,600	0.76%		
JHD Associates	19,177,500	0.73%		
Marshall Field (Target)	18,900,000	0.72%		
Skyline Properties LLC	18,052,500	0.69%		
	\$ 232,333,500	8.86%	\$ -	-

Source: Municipal Tax Assessor

**FAIRFIELD BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Local School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 8,161,945	\$ 8,161,945	100.00%	
2007	8,476,062	8,476,062	100.00%	
2008	8,873,705	8,873,705	100.00%	
2009	9,275,043	9,275,043	100.00%	
2010	9,604,193	9,604,193	100.00%	
2011	9,742,145	9,742,145	100.00%	
2012	9,909,289	9,909,289	100.00%	
2013	10,006,617	10,006,617	100.00%	
2014	10,198,944	10,198,944	100.00%	
2015	10,400,059	10,400,059	100.00%	

**FAIRFIELD BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Population	Per Capita
	Serial Bonds	Bond Anticipation Notes (BANS)	Total District		
2006	\$ 1,510,000	\$ 163,884	\$ 1,673,884	7,558	\$ 221
2007	1,435,000	-	1,435,000	7,481	186
2008	1,360,000	-	1,360,000	7,442	183
2009	1,285,000	-	1,285,000	7,447	173
2010	1,200,000	-	1,200,000	7,472	161
2011	1,115,000	-	1,115,000	7,507	149
2012	1,025,000	-	1,025,000	7,512	136
2013	925,000	-	925,000	7,531	123
2014	825,000	-	825,000	7,551 (1)	109
2015	720,000	-	720,000	7,551 (1)	95

(1) - estimated

Source: District records

**FAIRFIELD BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2006	\$ 1,510,000		\$ 1,510,000	0.10%	211
2007	1,435,000		1,435,000	0.09%	186
2008	1,360,000		1,360,000	0.09%	183
2009	1,285,000		1,285,000	0.04%	173
2010	1,200,000		1,200,000	0.04%	161
2011	1,115,000		1,115,000	0.04%	149
2012	1,025,000		1,025,000	0.04%	136
2013	925,000		925,000	0.03%	123
2014	825,000		825,000	0.03%	109
2015	720,000		720,000	0.03%	95

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**FAIRFIELD BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT  
FOR YEAR ENDED DECEMBER 31, 2014  
(Unaudited)**

	<u>Gross Debt</u>
Direct Debt: (1)	
West Essex Regional High School	\$ 6,625,572
Township of Fairfield School District	720,000
Township of Fairfield	<u>12,030,444</u>
	<u>19,376,016</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County (2);(A):	6,556,164
Essex County Utilities Authority (3) (A)	<u>1,143,862</u>
	<u>7,700,026</u>
 Total Direct and Overlapping Debt	 <u>\$ 27,076,042</u>

(A) The debt for this entity was apportioned to the Township of Fairfield by dividing the Municipality's 2014 equalized value by the total 2014 equalized value for Essex County.

Sources:

- (1) Township of Fairfield 2014 Annual Debt Statement
- (2) Essex County 2014 Annual Debt Statement
- (3) Essex County Utilities Authority 2014 audit

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

Legal Debt Margin Calculation for Fiscal Year 2014

	Equalized valuation basis	
	2012	2,778,312,682
	2013	2,580,212,928
	2014	2,625,244,393
		<u>\$ 7,983,770,003</u>
Average equalized valuation of taxable property		<u>\$ 2,661,256,668</u>
Debt limit (2.5 % of average equalization value)		\$ 66,531,417
Total Net Debt Applicable to Limit		<u>550,000</u>
Legal debt margin		<u>\$ 65,981,417</u>

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 56,121,674	\$ 63,032,157	\$ 70,103,457	\$ 74,880,193	\$ 76,725,807	\$ 76,409,385	\$ 74,879,899	\$ 72,329,443	\$ 68,971,880	\$ 66,531,417
Total net debt applicable to limit	<u>1,510,000</u>	<u>1,435,000</u>	<u>1,360,000</u>	<u>1,285,000</u>	<u>1,200,000</u>	<u>1,115,000</u>	<u>1,025,000</u>	<u>925,000</u>	<u>620,000</u>	<u>550,000</u>
Legal debt margin	<u>\$ 54,611,674</u>	<u>\$ 61,597,157</u>	<u>\$ 68,743,457</u>	<u>\$ 73,595,193</u>	<u>\$ 75,525,807</u>	<u>\$ 75,294,385</u>	<u>\$ 73,854,899</u>	<u>\$ 71,404,443</u>	<u>\$ 68,351,880</u>	<u>\$ 65,981,417</u>
Total net debt applicable to the limit as a percentage of debt limit	2.69%	2.28%	1.94%	1.72%	1.56%	1.46%	1.37%	1.28%	0.90%	0.83%

Source: Annual Debt Statements

**FAIRFIELD BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>School District Population</u>
2006	3.30%	\$ 47,603	7,558
2007	2.90%	49,962	7,481
2008	3.60%	51,038	7,442
2009	7.20%	49,750	7,447
2010	7.30%	51,422	7,472
2011	6.90%	53,597	7,507
2012	7.20%	54,318	7,512
2013	5.1%	54,606	7,531
2014	5.8%	54,606 (2)	7,551
2015	N/A	54,606 (2)	7,551 (2)

Source: United States Bureau of Census  
School District Records

(1) Represents per capita income of the County of Essex

(2) Estimated

N/A - not available

FAIRFIELD BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

	<u>2015</u>		<u>2006</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

**FAIRFIELD BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	52.0	53.0	52.0	52.0	51.0	50.0	51.0	50.1	52.0	52.0
Special education	31.0	31.0	32.0	32.0	32.0	32.0	33.0	29.0	31.0	31.0
Other instruction	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	4.0	4.0
Support Services:										
Student and instruction related services	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
General administration Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Central services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	7.0	7.0	7.5	7.5	7.5	7.5	7.5	7.5	6.5	6.5
Total	<u>107.0</u>	<u>108.0</u>	<u>108.5</u>	<u>109.5</u>	<u>108.5</u>	<u>107.5</u>	<u>109.5</u>	<u>103.6</u>	<u>108.5</u>	<u>108.5</u>

Source: District Personnel Records

FAIRFIELD BOARD OF EDUCATION  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2006	759.00	\$ 9,450,480	\$ 12,451	8.12%	57	13.3	N/A	N/A	744.5	708.9	1.81%	95.22%
2007	710.00	10,628,461	14,970	20.23%	58	12.3	N/A	N/A	710.0	683.5	-4.63%	96.27%
2008	729.00	10,156,585	13,932	-6.93%	58	12.6	N/A	N/A	732.4	704.5	3.15%	96.19%
2009	731.00	10,239,580	14,008	0.54%	58	12.6	N/A	N/A	735.9	710.4	0.48%	96.53%
2010	717.00	10,735,236	14,972	6.89%	57	12.6	N/A	N/A	736.7	718.0	0.11%	97.46%
2011	690.00	10,529,329	15,260	1.92%	56	12.3	N/A	N/A	694.2	666.1	-5.77%	95.95%
2012	699.00	11,313,089	16,185	6.06%	56	12.5	N/A	N/A	690.5	665.7	-0.54%	96.41%
2013	692.00	11,777,953	17,020	5.16%	56	12.5	N/A	N/A	691.1	662.9	0.09%	95.92%
2014	644.00	11,735,556	18,223	7.07%	58	11.2	N/A	N/A	645.0	616.4	-6.59%	95.57%
2015	625.00	11,867,726	18,988	4.20%	59	11.2	N/A	N/A	627.2	599.1	-2.76%	95.52%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.

FAIRFIELD BOARD OF EDUCATION  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>District Building</u></b>										
<b><u>Stevenson</u></b>										
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	409	409	417	427	416	389	394	382	350	359
<b><u>Churchill</u></b>										
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	308	308	312	311	292	301	305	310	294	287

Number of Schools at June 30, 2015

Elementary = 2

Source: District Records

**FAIRFIELD BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
FOR THE LAST TEN FISCAL YEARS**

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

	Project # (s)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>*School Facilities</b>											
Building A - Stevenson	N/A	\$ 107,798	\$ 93,289	\$ 52,869	\$ 48,157	\$ 82,481	\$ 44,260	\$ 328,613	\$ 33,606	\$ 26,491	\$ 15,093
Building B - Churchill	N/A	131,751	76,328	24,399	72,625	63,766	72,065	40,614	44,059	42,864	11,859
Grand Total		<u>\$ 239,549</u>	<u>\$ 169,617</u>	<u>\$ 77,268</u>	<u>\$ 120,782</u>	<u>\$ 146,247</u>	<u>\$ 116,325</u>	<u>\$ 369,227</u>	<u>\$ 77,665</u>	<u>\$ 69,355</u>	<u>\$ 26,952</u>

Source: School District Records

**FAIRFIELD BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2015  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible/ Retention</u>
School Package Policy		
Property - Blanket Building & Contents	\$ 22,260,666	\$ 5,000
Electronic Data Processing Equipment - Per Building	600,642	1,000
Comprehensive Crime Coverage	250,000	1,000
Comprehensive General Liability Per Occurrence - Pooled Aggregate	31,000,000	1,000
School District Legal Liability - Per Loss/Annual Aggregate - Pooled	31,000,000	5,000
Comprehensive Automobile Liability		
Business Auto Coverage - Pooled Aggregate	31,000,000	1,000/1,000
Umbrella Liability		
Excess Liability Policy	50,000,000	
Equipment Breakdown - Pooled Aggregate	100,000,000	5,000

Source: School District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

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

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Trustees  
Fairfield Board of Education  
Fairfield, 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Fairfield Board of Education’s basic financial statements and have issued our report thereon dated November 21, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fairfield Board of Education’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Fairfield Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Fairfield Board of Education’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 entity’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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

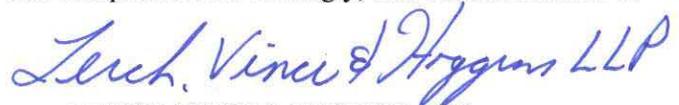
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fairfield Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

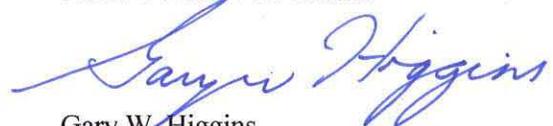
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Fairfield Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 21, 2015.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fairfield Board of Education'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 Fairfield Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 21, 2015



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Trustees  
Fairfield Board of Education  
Fairfield, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Fairfield Board of Education’s compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Fairfield Board of Education’s major state programs for the fiscal year ended June 30, 2015. The Fairfield Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Fairfield Board of Education’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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circular 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 Fairfield Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major State Program***

In our opinion, the Fairfield Board of Education 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, 2015.

### **Report on Internal Control Over Compliance**

Management of the Fairfield Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Fairfield Board of Education'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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fairfield Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 21, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Lerch, Vinci & Higgins LLP*  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

*Gary W. Higgins*  
Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 21, 2015

**FAIRFIELD BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	June 30, 2014			Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2015			Memo GAAP Receivable
					(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education Passed-through State Department of Education															
<u>Special Revenue Fund:</u>															
NCLB Title I A	84.010A	NCLB3630-14	7/1/13-6/30/14	\$ 11,035	\$ (11,035)			\$ 11,035							
NCLB Title II A	84.367A	NCLB3630-14	7/1/13-6/30/14	8,722	(8,722)			8,722							
NCLB Title II A	84.367A	NCLB3630-15	7/1/14-6/30/15	8,818					8,818			\$ (8,818)		\$ (8,818)	
I.D.E.A. Part B-Basic	84.027	FT3630-14	7/1/13-6/30/14	131,299	(131,299)			131,299							
I.D.E.A. Part B-Basic	84.027	FT3630-15	7/1/14-6/30/15	135,630					135,630			(135,630)		(135,630)	
I.D.E.A. Part B-Preschool	84.173	PS-3630-14	7/1/13-6/30/14	9,391	(9,391)			9,391							
I.D.E.A. Part B-Preschool	84.173	PS-3630-15	7/1/14-6/30/15	9,367					9,367			(9,367)		(9,367)	
Total U.S. Department of Education - Special Revenue					(160,447)	-	-	-	160,447	153,815	-	(153,815)	-	(153,815)	
Total					\$ (160,447)	\$ -	\$ -	\$ -	\$ 160,447	\$ 153,815	\$ -	\$ (153,815)	\$ -	\$ (153,815)	

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133

FAIRFIELD BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014				Refund of Prior Year Balances	June 30 2015			Memo			
				Unearned Revenue	(Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
Current Expense															
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	\$ 268,309		\$ (22,133)		\$ 22,133								
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	268,309				243,286	268,309		\$ (25,023)			\$	268,309	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	11,083		(914)		914								
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	11,083				10,949	11,083		(1,034)				11,083	
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	17,428		(1,438)		1,438								
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	17,428				15,803	17,428		(1,625)				17,428	
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1				1	1						1	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	6,260				5,676	6,260		(584)				6,260	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	6,260				5,676	6,260		(584)				6,260	
Extraordinary Sp. Ed. Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	147,728		(147,728)		147,728								
Extraordinary Sp. Ed. Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	105,743					105,743		(105,743)				105,743	
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	385,440				366,216	385,440		(19,224)		\$	(19,224)	385,440	
Reimbursed TPAF Social Security Contributions	14-495-034-5094-002	7/1/13-6/30/14	379,235		(18,500)		18,500								
On Behalf TPAF Pension System Contributions NCGI Premiums	15-495-034-5094-007	7/1/14-6/30/15					18,032	18,032						18,032	
On Behalf TPAF Pension System Contributions Normal Costs	15-495-034-5094-006	7/1/14-6/30/15					250,642	250,642						250,642	
On-Behalf TPAF Pension System Contribution (Post Retirement Medical)	15-100-034-5094-001	7/1/14-6/30/15					426,519	426,519						426,519	
<b>Total General Fund</b>					<b>(190,713)</b>		<b>1,532,613</b>	<b>1,495,717</b>		<b>(153,817)</b>			<b>(19,224)</b>	<b>1,495,717</b>	
<b>Special Revenue Fund</b>															
New Jersey Nonpublic Aid															
Auxiliary Services:															
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	1,792				1,792						\$	1,792	
Nursing Aid	14-100-034-5120-070	7/1/13-6/30/14	77			\$	77	\$	77						
Technology Aid	14-100-034-5120-373	7/1/13-6/30/14	20				20		20						
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	55				55		55						
<b>Total Special Revenue Fund</b>							<b>152</b>	<b>1,792</b>		<b>152</b>			<b>1,792</b>		
<b>Capital Projects Fund</b>															
NJ School Development Authority															
Educational Facilities and Financing Act Grant															
Stevenson School Toilet Renovations	1465-005-10-1001	7/1/11-6/30/12	75,320	\$	1,746	(75,320)				\$	1,746	(75,320)	\$	(75,320)	73,574
Churchill School Toilet Renovations	1465-005-10-1004	7/1/11-6/30/12	70,700			(70,700)						(70,700)		(70,700)	70,700
Churchill Window Replacement	1465-005-10-1005	7/1/11-6/30/12	73,545			(73,545)						(73,545)		(73,545)	73,545
<b>Total Capital Projects</b>					<b>1,746</b>	<b>(219,565)</b>					<b>1,746</b>	<b>(219,565)</b>		<b>(219,565)</b>	<b>217,819</b>
<b>Total State Financial Assistance</b>					<b>1,746</b>	<b>(410,278)</b>	<b>152</b>	<b>1,534,405</b>	<b>1,495,717</b>	<b>152</b>	<b>1,746</b>	<b>(373,382)</b>	<b>1,792</b>	<b>(238,789)</b>	<b>1,713,536</b>
<b>State Financial Assistance Not Subject to Single Audit Determination</b>															
General Fund															
On Behalf TPAF Pension System Contributions (NCGI Premiums)		7/1/14-6/30/15					(18,032)	(18,032)							(18,032)
On Behalf TPAF Pension System Contributions (Normal Costs)		7/1/14-6/30/15					(250,642)	(250,642)							(250,642)
On-Behalf TPAF Pension System Contribution (Post Retirement Medical)		7/1/14-6/30/15					(426,519)	(426,519)							(426,519)
<b>Total State Financial Assistance Subject to Single Audit</b>					<b>\$ 1,746</b>	<b>\$ (410,278)</b>	<b>\$ 152</b>	<b>\$ 839,212</b>	<b>\$ 800,524</b>	<b>\$ 152</b>	<b>\$ 1,746</b>	<b>\$ (373,382)</b>	<b>\$ 1,792</b>	<b>\$ (238,789)</b>	<b>\$ 1,018,343</b>

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Fairfield Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$37,620 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,533,337	\$ 1,533,337
Special Revenue Fund	\$ 153,815	-	153,815
Total Financial Assistance	<u>\$ 153,815</u>	<u>\$ 1,533,337</u>	<u>\$ 1,687,152</u>

**FAIRFIELD BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$385,440 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$268,674 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$426,519 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**FAIRFIELD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported
Noncompliance material to the basic financial statements noted?	_____ yes	_____ <u>X</u> no

**Federal Awards Section**

Not Applicable

FAIRFIELD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

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

(2) Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        X   None reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 04-04? \_\_\_\_\_ yes        X   no

Identification of major state programs:

15-495-034-5094-003  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Reimbursed TPAF Social Security Contributions  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dollar threshold used to distinguish between Type A and Type B programs:      \$300,000

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

**FAIRFIELD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

FAIRFIELD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable.

**CURRENT YEAR STATE AWARDS**

There are none.

**FAIRFIELD BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.