

FAIRFIELD BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Fairfield, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Fairfield Board of Education

Fairfield, New Jersey

For The Fiscal Year Ended June 30, 2010

Prepared by

Business Office

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INTRODUCTORY SECTION

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

Office of the Board of Education

15 Knoll Road, Fairfield, New Jersey 07004

Phone: 973-227-1340

Facsimile: 973-227-4303

October 25, 2010

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

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Fairfield School District (District) for the fiscal year ended June 30, 2010. 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 our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the 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:

- The introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District.
- The Financial Section begins with the independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- 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;
- The Single Audit Section – the District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1986 as amended, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular letter 04-04 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 600 school districts in the state of New Jersey and one of 27 school districts in Essex County. This school District provides education to 726 students in grades kindergarten through sixth. The 717 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

All new construction is closely monitored. The constituent community continues to have new housing and population growth particularly in the elementary grades. The District has passed a bond referendum to build additional school facilities. The construction was substantially completed in September, 2003. The growth within the elementary grades will have a significant impact on our school enrollments within a short period of time. The District completed the 2009-2010 fiscal year with an enrollment of 728 students.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2009-2010	736.7	+1.10%
2008-2009	735.9	+4%
2007-2008	732.4	+3.1%
2006-2007	710.0	-4.6%
2005-2006	744.5	+1.8%
2004-2005	731.3	+1.3%
2003-2004	721.9	+5.9%
2002-2003	681.6	-

The forecast for student enrollment in the next five years is estimated to be 760 total students.

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 implemented a new Language Arts Reading and Writing series during the 2009-2010 school year. This new series offers a more rigorous curriculum to students in the area of language arts literacy. The District continues to reinforce the Everyday Math (K-5) and Connected Math (Gr. 6) programs. 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 both programs. Both the reading series and our mathematics programs are aligned with the New Jersey Core Curriculum Content 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 NJCCCS, 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.

Articulation with West Essex Regional consortium districts continues to be a top priority. 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 a high priority on student performance. The District offers courses for regular, gifted and talented, as well as special education. We have incorporated programs such as Study Island and Net-Trekker to increase student achievement, along with MAP testing.

In March 2010 the New Jersey Department of Education released its Comparative Spending Guide for all school districts in the State for the 2009-10 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 spends \$12,499 per pupil while the median cost for similar districts is \$12,964.

The per pupil cost comparisons are not a one-year phenomena. For the past five years our district has spent the following:

<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
\$10,234	\$11,125	\$11,177	\$11,382	\$12,253

MAJOR INITIATIVES

The major educational program initiatives included the implementation of a new reading and writing series during the 2009-10 school year. Professional development was provided through the publisher of the series. A reading specialist was also secured to assist teachers with early reading intervention strategies. In conjunction with other sending districts, the Fairfield School District looked into the Measurement of Academic Progress, in order to improve student achievement.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or 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 Basic Financial Statements,” Note 2. 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 MANGEMENT

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 in J-20.

INDEPENDENT AUDIT

State statues 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 Single Audit Act of 1996, as amended, and the related U.S. Office of Management and Budget Circular, “Audits of State, Local Governments and Non-Profit Organizations” A-133 and the State Treasury Circular Letter 04-04 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 auditors’ 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,

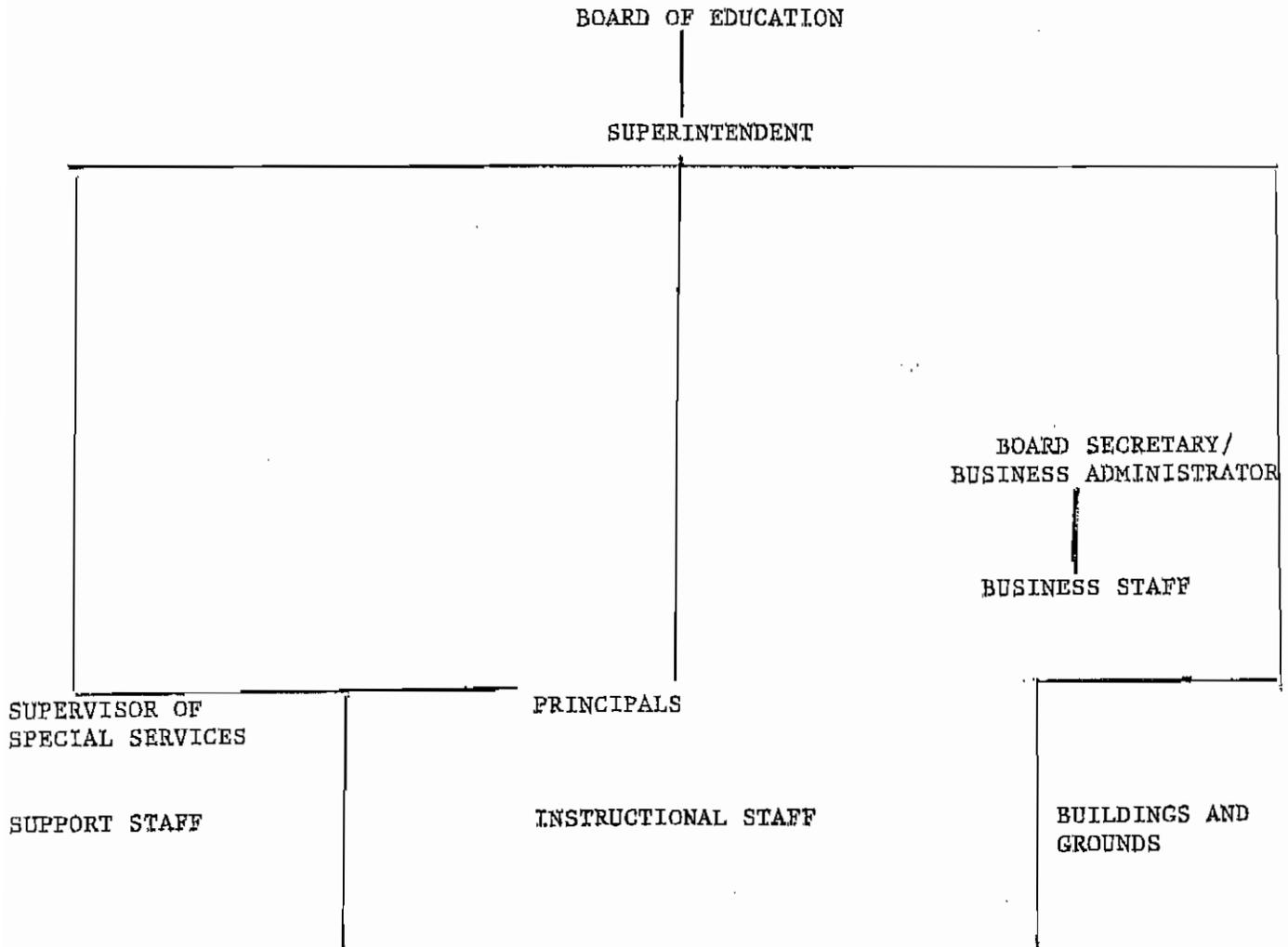


Dr. Mary A. Kildow
Superintendent of Schools



Mr. William Stepka
Business Administrator/Board Secretary

FARIFIELD BOARD OF EDUCATION
ORGANIZATIONAL CHART
(UNIT CONTROL)



**FAIRFIELD TOWNSHIP BOARD OF EDUCATION
FAIRFIELD, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2010**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Brian Egan, President		2011
Thomas E. Patierno, Vice President		2012
Alan Pierce		2011
Andrea Jandoli		2013
Pasquale Freda		2012
 <u>Other Officials</u>		
Dr. Mary A. Kildow	Superintendent	
William Stepka	Business Administrator/Board Secretary	
J. John McCluskey	Treasurer	

FAIRFIELD TOWNSHIP BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Jasinski, P.C.
Ten Park Place
Newark, New Jersey 07102

Architect

Gianforcaro Associates
555 East Main Street – Suite One
Chester, New Jersey 07930

Official Depositories

TD Bank
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Fairfield, New Jersey 07004

FINANCIAL SECTION

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PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

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

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, 2010, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

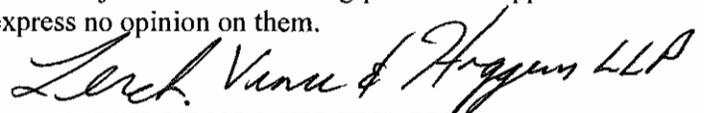
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fairfield Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

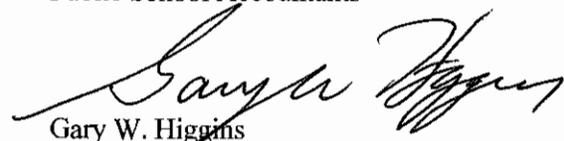
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield Board of Education as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 accompanying introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.


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


Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 25, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

FAIRFIELD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

The discussion and analysis of the Fairfield School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. 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, notes to the basic financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,881,908 (net assets).
- General revenues accounted for \$9,779,073 or 87 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 \$1,463,015 or 13 percent of total revenues of \$11,242,088.
- Total net assets of governmental activities amounted to \$3,881,908 as of June 30, 2010.
- The District had \$10,957,918 in expenses related to governmental activities; only \$1,464,659 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$9,779,073 were adequate enough to provide for these programs.
- Among governmental funds, the General Fund had \$10,828,267 in revenues and other financing sources/(uses) and \$10,619,709 in expenditures. The General Fund's Fund balance decreased \$886,562 over the fiscal year ended June 30, 2009.

FAIRFIELD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

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 School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole 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, 2010?" The *Statement of Net Assets* 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 and liabilities 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 assets and changes in those assets. This change in net assets 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 Assets 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, 2010

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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Notes to the Basic Financial Statements

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

FAIRFIELD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

The District as a Whole

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

Table 1 provides a summary of the District's net assets as of June 30, 2010 and 2009.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current Assets	\$ 2,911,955	\$ 2,041,605	\$ 2,911,955	\$ 2,041,605
Capital Assets	<u>3,321,570</u>	<u>3,245,424</u>	<u>3,321,570</u>	<u>3,245,424</u>
Total Assets	<u>6,233,525</u>	<u>5,287,029</u>	<u>6,233,525</u>	<u>5,287,029</u>
Long-Term Liabilities	1,634,386	1,669,804	1,634,386	1,669,804
Other Liabilities	<u>717,231</u>	<u>19,487</u>	<u>717,231</u>	<u>19,487</u>
Total Liabilities	<u>2,351,617</u>	<u>1,689,291</u>	<u>2,351,617</u>	<u>1,689,291</u>
Net Assets				
Invested in capital assets, net of related debt	2,157,665	2,381,110	2,157,665	2,381,110
Restricted	1,079,562	1,050,000	1,079,562	1,050,000
Unrestricted	<u>644,681</u>	<u>166,628</u>	<u>644,681</u>	<u>166,628</u>
Total Net Assets	<u>\$ 3,881,908</u>	<u>\$ 3,597,738</u>	<u>\$ 3,881,908</u>	<u>\$ 3,597,738</u>

The District's combined net assets were \$3,881,908 and \$3,597,738 at June 30, 2010 and 2009, respectively. This was an increase of 8 percent from the prior year. This increase is primarily due to an increase in revenue from property taxes.

FAIRFIELD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Table 2 shows changes in net assets for fiscal years ended June 30, 2010 and 2009

Table 2
Change in Net Assets

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues				
Program Revenues				
Charges for Services	\$ 30,535	\$ 122,989	\$ 30,535	\$ 122,989
Operating Grants and Contributions	1,409,370	1,304,022	1,409,370	1,304,022
Capital Grants and Contributions	23,110			
General Revenues				
Property Taxes	9,604,193	9,275,043	9,604,193	9,275,043
State Aid	35,053	34,210	35,053	34,210
Other	<u>139,827</u>	<u>77,874</u>	<u>139,827</u>	<u>77,874</u>
Total Revenues	<u>11,242,088</u>	<u>10,814,138</u>	<u>11,218,978</u>	<u>10,814,138</u>
Expenses				
Instruction				
Regular	4,712,777	4,487,725	4,712,777	4,487,725
Special Education	1,825,210	1,567,998	1,825,210	1,567,998
Other Instruction	372,002	319,498	372,002	319,498
Support Services				
Student and Instruction Related Services	1,195,790	1,275,326	1,195,790	1,275,326
General Administration Services	454,077	343,283	454,077	343,283
School Administration Services	394,120	384,178	394,120	384,178
Plant Operations and Maintenance	969,531	910,988	969,531	910,988
Pupil Transportation	764,729	924,915	764,729	924,915
Central Services	209,616	193,386	209,616	193,386
Interest on Debt	<u>60,066</u>	<u>64,013</u>	<u>60,066</u>	<u>64,013</u>
Total Expenses	<u>10,957,918</u>	<u>10,471,310</u>	<u>10,957,918</u>	<u>10,471,310</u>
Change in Net Assets	284,170	342,828	284,170	342,828
Net Assets, Beginning of Year	<u>3,597,738</u>	<u>3,254,910</u>	<u>3,597,738</u>	<u>3,254,910</u>
Net Assets, End of Year	<u>\$ 3,881,908</u>	<u>\$ 3,597,738</u>	<u>\$ 3,881,908</u>	<u>\$ 3,597,738</u>

FAIRFIELD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Governmental Activities

The nature of funding public schools primarily through property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. The District's total revenues were \$11,242,088 and \$10,814,138 for the years ended June 30, 2010 and 2009, respectively. Property taxes made up 86 percent of revenues for governmental activities for the Fairfield School District for fiscal years ended June 30, 2010 and 2009. Federal, state and local grants accounted for another 13 and 12 percent of revenues for the years ended June 30, 2010 and 2009, respectively.

The total cost of all programs and services was \$10,957,918 and \$10,471,310 for the fiscal years ended June 30, 2010 and 2009, respectively. Instruction comprises 63 and 61 percent of governmental program expenses for both years. Support services expenses make up 37 and 39 percent of governmental expenses for the fiscal years ended June 30, 2010 and 2009, 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Instruction				
Regular	\$ 4,712,777	\$ 4,487,725	\$ 4,271,161	\$ 3,884,438
Special Education	1,825,210	1,567,998	1,081,354	1,120,598
Other Instruction	372,002	319,498	334,384	319,033
Support Services				
Student and Instruction Related Services	1,195,790	1,275,326	1,137,683	1,077,107
General Administration Services	454,077	343,283	429,044	343,283
School Administration Services	394,120	384,178	368,507	384,178
Plant Operations and Maintenance	969,531	910,988	969,531	910,988
Pupil Transportation	764,729	924,915	633,557	747,275
Central Services	209,616	193,386	209,616	193,386
Interest on Debt	<u>60,066</u>	<u>64,013</u>	<u>60,066</u>	<u>64,013</u>
Total	<u>\$ 10,957,918</u>	<u>\$ 10,471,310</u>	<u>\$ 9,494,903</u>	<u>\$ 9,044,299</u>

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, 2010

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 \$11,242,088 and \$10,814,168 and expenditures were \$11,066,566 and \$10,490,089 for the fiscal years ended June 30, 2010 and 2009, 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, 2010 and 2009.

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2010	2009		
Local Sources	\$ 9,778,654	\$ 9,476,936	\$ 301,718	3%
State Sources	1,224,429	1,179,949	44,480	4%
Federal Sources	239,005	157,283	81,722	52%
 Total Revenues	 \$ 11,242,088	 \$ 10,814,168	 \$ 427,920	 4%

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2010 and 2009.

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2010	2009		
Current Expense:				
Instruction	\$ 6,779,633	\$ 6,251,639	\$ 527,994	8%
Undistributed Expenses	3,955,603	3,987,941	(32,338)	-1%
Capital Outlay	185,645	110,980	74,665	67%
Debt Service:				
Principal	85,000	75,000	10,000	13%
Interest on Other Charges	60,685	64,529	(3,844)	-6%
 Total Expenditures	 \$ 11,066,566	 \$ 10,490,089	 \$ 576,477	 5%

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 budget fund is the General Fund.

FAIRFIELD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

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, however, overexpenditures still occurred.

Capital Assets

At the end of fiscal years 2010 and 2009, the District had \$3,321,570 and \$3,245,424 invested in land, land improvements, buildings, site improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation increased \$76,146 from fiscal year 2009 to fiscal year 2010. Table 4 shows capital assets net of depreciation at June 30, 2010 and 2009.

Table 4
Capital Assets

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 308,000	\$ 308,000	\$ 308,000	\$ 308,000
Construction in Progress	57,776		57,776	
Land Improvements	185,265	163,565	185,265	163,565
Buildings and Building Improvements	6,475,101	6,371,102	6,475,101	6,371,102
Machinery and Equipment	<u>789,270</u>	<u>787,100</u>	<u>789,270</u>	<u>787,100</u>
	7,815,412	7,629,767	7,815,412	7,629,767
Less Accumulated Depreciation	<u>4,493,842</u>	<u>4,384,343</u>	<u>4,493,842</u>	<u>4,384,343</u>
Total	<u>\$ 3,321,570</u>	<u>\$ 3,245,424</u>	<u>\$ 3,321,570</u>	<u>\$ 3,245,424</u>

Long-Term Liabilities

At June 30, 2010 and 2009, the District had \$1,634,386 and \$1,669,804 of long-term liabilities, respectively. Of this amount, \$434,386 and \$384,804 is for compensated absences and \$1,200,000 and \$1,285,000 of bonds payable, respectively.

***FAIRFIELD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010***

For the Future

The Fairfield School District 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.

BASIC FINANCIAL STATEMENTS

**FAIRFIELD BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 2,070,880	\$ 2,070,880
Receivables, net		
Receivables from Other Governments	804,980	804,980
Deferred Bond Issuance Costs, Net	36,095	36,095
Capital Assets, net		
Not Being Depreciated	365,776	365,776
	2,955,794	2,955,794
Total Assets	6,233,525	6,233,525
LIABILITIES		
Payable to State Government	419	419
Unearned Revenue	708,771	708,771
Accrued Interest Payable	8,041	8,041
Noncurrent Liabilities		
Due within one year	135,000	135,000
Due beyond one year	1,499,386	1,499,386
	2,351,617	2,351,617
Total Liabilities	2,351,617	2,351,617
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	2,157,665	2,157,665
Restricted For:		
Capital Projects	1,077,932	1,077,932
Debt Service	1,630	1,630
Unrestricted	644,681	644,681
	644,681	644,681
Total Net Assets	\$ 3,881,908	\$ 3,881,908

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

**FAIRFIELD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Total</u>
<u>Governmental Activities</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Instruction	\$ 4,712,777		\$ 418,506	\$ 23,110	\$ (4,271,161)
Regular	1,825,210	\$ 30,535	713,321		(1,081,354)
Special Education	372,002		37,618		(334,384)
Other Instruction					
Support Services					
Student and Instruction Related Services	1,195,790		58,107		(1,137,683)
General Administration Services	454,077		25,033		(429,044)
School Administration Services	394,120		25,613		(368,507)
Plant Operations and Maintenance	969,531				(969,531)
Pupil Transportation	764,729		131,172		(633,557)
Business/Central Services/Info. Tech.	209,616				(209,616)
Interest on Debt	60,066	-	-	-	(60,066)
Total Governmental Activities	10,957,918	30,535	1,409,370	23,110	(9,494,903)
Total Primary Government	\$ 10,957,918	\$ 30,535	\$ 1,409,370	\$ 23,110	\$ (9,494,903)
General Revenues					
Property Taxes Levied for General Purposes					9,456,878
Property Taxes Levied for Debt Service					147,315
Investment Earnings					31,251
Miscellaneous Income					108,576
Unrestricted State Aids					35,053
Total General Revenues					9,779,073
Change in Net Assets					284,170
Net Assets, Beginning of Year					3,597,738
Net Assets, End of Year					\$ 3,881,908

FUND FINANCIAL STATEMENTS

**FAIRFIELD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,014,428		\$ 1,054,822	\$ 1,630	\$ 2,070,880
Due from Other Funds	74,102				74,102
Receivables from Other Governments	-	\$ 74,900	730,080	-	804,980
	<u>1,088,530</u>	<u>74,900</u>	<u>1,784,902</u>	<u>1,630</u>	<u>2,949,962</u>
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to State		\$ 419			\$ 419
Due to Other Funds		72,680	\$ 1,422		74,102
Deferred Revenue	-	1,801	706,970	-	708,771
	<u>-</u>	<u>74,900</u>	<u>708,392</u>	<u>-</u>	<u>783,292</u>
Total Liabilities					
Fund Balances					
Reserved for					
Encumbrances	\$ 178,923		809,500		988,423
Excess Surplus	371,161				371,161
Excess Surplus - Designated for Subsequent Year's Expenditures	306,104				306,104
Capital Reserve	1,422				1,422
Maintenance Reserve	100,141				100,141
Unreserved, Reported in					
Undesignated, Reported in					
General Fund	130,779				130,779
Capital Projects Fund	-	-	267,010	\$ 1,630	268,640
	<u>1,088,530</u>	<u>-</u>	<u>1,076,510</u>	<u>1,630</u>	<u>2,166,670</u>
Total Fund Balances					
Total Liabilities and Fund Balances	<u>\$ 1,088,530</u>	<u>\$ 74,900</u>	<u>\$ 1,784,902</u>	<u>\$ 1,630</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,815,412 and the accumulated depreciation is \$4,493,842. 3,321,570

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (8,041)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

Bonds Payable	\$ (1,200,000)	
Add: Deferred charge for Issuance Costs (to be amortized over the life of the debt)	36,095	
Compensated Absences	(434,386)	
		<u>(1,598,291)</u>

Net assets of governmental activities \$ 3,881,908

**FAIRFIELD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 9,456,878			\$ 147,315	\$ 9,604,193
Tuition	30,535				30,535
Interest	31,251				31,251
Miscellaneous	108,576	\$ 4,099	-	-	112,675
Total - Local Sources	<u>9,627,240</u>	<u>4,099</u>	<u>-</u>	<u>147,315</u>	<u>9,778,654</u>
Federal Sources		239,005			239,005
State Sources	1,201,027	292	23,110	-	1,224,429
Total Revenues	<u>10,828,267</u>	<u>243,396</u>	<u>23,110</u>	<u>147,315</u>	<u>11,242,088</u>
EXPENDITURES					
Current					
Regular Instruction	4,591,814				4,591,814
Special Education Instruction	1,577,988	238,104			1,816,092
Other Instruction	371,727				371,727
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,181,478	5,292			1,186,770
General Administration Services	449,524				449,524
School Administration Services	391,102				391,102
Plant Operations and Maintenance	963,361				963,361
Pupil Transportation	764,729				764,729
Business/Central Services	200,117				200,117
Debt Service					
Principal				85,000	85,000
Interest and Other Charges				60,685	60,685
Capital Outlay	127,869	-	57,776	-	185,645
Total Expenditures	<u>10,619,709</u>	<u>243,396</u>	<u>57,776</u>	<u>145,685</u>	<u>11,066,566</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>208,558</u>	<u>-</u>	<u>(34,666)</u>	<u>1,630</u>	<u>175,522</u>
OTHER FINANCING SOURCES (USES)					
Transfers In			1,095,120		1,095,120
Transfers Out	(1,095,120)	-	-	-	(1,095,120)
Total Other Financing Sources and Uses	<u>(1,095,120)</u>	<u>-</u>	<u>1,095,120</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(886,562)	-	1,060,454	1,630	175,522
Fund Balance, Beginning of Year	1,975,092	-	16,056	-	1,991,148
Fund Balance, End of Year	<u>\$ 1,088,530</u>	<u>\$ -</u>	<u>\$ 1,076,510</u>	<u>\$ 1,630</u>	<u>\$ 2,166,670</u>

The accompanying Notes to the Basic 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, 2010**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 175,522

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 capital outlay exceed depreciation in the current period.

Capital Outlay	\$	185,645
Depreciation Expense		<u>(109,499)</u>

76,146

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

Compensated Absences	(49,582)
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Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

85,000

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	619
Amortization of Deferred Charge on Issuance Costs	<u>(3,535)</u>

(2,916)

Change in net assets of governmental activities	<u>\$ 284,170</u>
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**FAIRFIELD BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

NOT APPLICABLE

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

**FAIRFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2010**

	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 4,024	\$ 74,461
Total Assets	<u>4,024</u>	<u>\$ 74,461</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 50,306
Due to Student Groups	<u>-</u>	<u>24,155</u>
Total Liabilities	<u>-</u>	<u>\$ 74,461</u>
NET ASSETS		
Held in Trust for Scholarship Awards and Other Purposes	<u>\$ 4,024</u>	

**FAIRFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Scholarship Fund
ADDITIONS	
Investment Earnings	
Interest	\$ <u>32</u>
Net Investment Earnings	<u>32</u>
Total Additions	<u>32</u>
DEDUCTIONS	
Scholarships Awarded	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Assets	(468)
Net Assets, Beginning of Year	<u>4,492</u>
Net Assets, End of Year	<u>\$ 4,024</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

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

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. 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.

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. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 and state financial programs, with the exception of grants for major capital projects.

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 major capital facilities.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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.

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the district-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits 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 and Payables

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".

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

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 2008-2009 and 2009-2010 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.

**FAIRFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. *Receivables and Payables*(Continued)

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is 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 revenues. 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 1st 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.

3. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental 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. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government 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

4. *Compensated Absences*

It is the District’s policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, sick leave and sabbatical leave benefits. A long-term liability of accumulated vacation, sick and sabbatical leave 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.

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

5. *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, statement of net assets. Issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. *Fund Equity*

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

Reserved for Encumbrances - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

Reserved for Excess Surplus – Designated for Subsequent Year’s Expenditures - This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2009 audited excess surplus that was appropriated in the 2010/2011 original budget certified for taxes.

Reserved for Excess Surplus – This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that is required to be appropriated in the 2011/2012 original budget certified for taxes.

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

Reserved for Maintenance Reserve – This reserve was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G9) for a thorough and efficient education.

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 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. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. 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 2009/2010. During 2009/2010 the Board increased the original budget by \$1,770,217. The increase was funded by additional grant awards 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 the 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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve Account

A capital reserve account was established by the District on October 17, 2001. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

**FAIRFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve Account (Continued)

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2010 is as follows:

Balance, July 1, 2009		\$ 950,000
Increases		
Interest Earned on Deposits	\$ 1,422	
Deposits Approved by Board Resolution	<u>145,120</u>	
		<u>146,542</u>
		1,096,542
Decreases		
Transfer by Resolution		<u>(1,095,120)</u>
Balance, June 30, 2010		<u>\$ 1,422</u>

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the 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, 2010 is \$677,265. Of this amount, \$306,104 was designated and appropriated in the 2010/2011 original budget certified for taxes and the remaining amount of \$371,161 will be appropriated in the 2011/2012 original budget certified from taxes.

**FAIRFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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 plus collateral in the amount to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess for all deposits not covered by the FDIC.

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, 2010, the book value of the Board's deposits was \$2,149,365 and bank balances of the Board's cash and deposits amounted to \$2,282,824. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 2,282,824</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, 2010, none of the Board's bank balances were exposed to custodial credit risk.

B. Receivables

Receivables as of year-end for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:			
Intergovernmental	\$ 74,900	\$ 730,080	\$ 804,980
	74,900	730,080	804,980
Gross Receivables			
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 74,900</u>	<u>\$ 730,080</u>	<u>\$ 804,980</u>

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 1,801
Capital Projects Fund	
Unencumbered grant draw downs	<u>706,970</u>
	<u>\$ 708,771</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 308,000			\$ 308,000
Construction in Progress	-	\$ 57,776	-	57,776
Total capital assets, not being depreciated	<u>308,000</u>	<u>57,776</u>	<u>-</u>	<u>365,776</u>
Capital assets, being depreciated:				
Land Improvements	163,565	21,700		185,265
Building and Improvements	6,371,102	103,999		6,475,101
Machinery and equipment	787,100	2,170	-	789,270
Total capital assets being depreciated	<u>7,321,767</u>	<u>127,869</u>	<u>-</u>	<u>7,449,636</u>
Less accumulated depreciation for:				
Land Improvements	(161,812)	(1,288)		(163,100)
Buildings and Building Improvements	(3,524,125)	(98,195)		(3,622,320)
Machinery and equipment	(698,406)	(10,016)	-	(708,422)
Total accumulated depreciation	<u>(4,384,343)</u>	<u>(109,499)</u>	<u>-</u>	<u>(4,493,842)</u>
Total capital assets, being depreciated, net	<u>2,937,424</u>	<u>18,370</u>	<u>-</u>	<u>2,955,794</u>
Government activities capital assets, net	<u>\$ 3,245,424</u>	<u>\$ 76,146</u>	<u>\$ -</u>	<u>\$ 3,321,570</u>

**FAIRFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental activities:

Instruction		
Regular		\$ 99,866
		<hr/>
Total Instruction		99,866
		<hr/>
Support Services		
Support Services-Students and Instructional Staff		2,574
General Administration		953
School Administration		1,452
Operations and Maintenance of Plant		4,654
		<hr/>
Total Governmental Funds		9,633
		<hr/>
Total Depreciation Expense - Governmental Activities		\$ 109,499

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2010 is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 72,680
General Fund	Capital Projects Fund	<hr/> 1,422
		<hr/>
		\$ 74,102

General Fund

The above balances are necessary to cover cash balances which were in an overdraft position or cash balances included in one fund which belong to another fund.

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

**FAIRFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. 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 to fund the District's unfunded pension obligation. 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, 2010 are comprised of the following issues:

\$1,200,000, 2002 School Bonds, due in annual installments of \$55,000 to \$80,000 through December 1, 2021, interest at 4.50% to 4.750%	\$ 865,000
\$500,000, Pension Series 2003, due in annual installments of \$30,000 to \$45,000 through October 1, 2018, interest at 5.50% to 5.750%	<u>335,000</u>
	<u>\$1,200,000</u>

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

Governmental Activities:

Year Ended June 30,	Serial Bonds		Total
	Principal	Interest	
2011	\$ 85,000	\$ 56,561	\$ 141,561
2012	90,000	52,323	142,323
2013	100,000	47,723	147,723
2014	100,000	42,873	142,873
2015	105,000	37,887	142,887
2016-2020	640,000	104,019	744,019
2021	<u>80,000</u>	<u>7,600</u>	<u>87,600</u>
	<u>\$ 1,200,000</u>	<u>\$ 348,986</u>	<u>\$ 1,548,986</u>

**FAIRFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2010 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 76,725,807
Less: Net Debt	<u>1,200,000</u>
Remaining Borrowing Power	<u>\$ 75,525,807</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance, <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2010</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 1,285,000		\$ 85,000	\$ 1,200,000	\$ 85,000
Compensated absences	<u>384,804</u>	<u>\$ 51,587</u>	<u>2,005</u>	<u>434,386</u>	<u>50,000</u>
Governmental activity Long-term liabilities	<u>\$ 1,669,804</u>	<u>\$ 51,587</u>	<u>\$ 87,005</u>	<u>\$ 1,634,386</u>	<u>\$ 135,000</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

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 School Board's Association Insurance Group. The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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 funds, 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 fund attributable to a membership year during which they were a member.

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

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.

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, 2010, 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 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, 2010, 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 government funds or the overall financial position of the District.

D. 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, 2010, the District has not estimated its arbitrage earnings due to the IRS, if any.

E. 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 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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.

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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 and are considered in the annual actuarial calculation of the required State contribution for the system.

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.

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, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. 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.

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100 percent of the required contribution. Such an employer was credited with the full payment and any such amounts were not to be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funding Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 billion.

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 limitations on the pattern of cost sharing between the employer and members in the future.

**FAIRFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the June 30, 2008 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 (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

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 5.5% for PERS, 5.5% for TPAF and 5.5% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for TPAF, which is a cost sharing plan with special funding situations, 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 years ended June 30, 2010, 2009 and 2008 the Board was required to contribute for PERS 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:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2010	\$ 86,187	\$ 16,415
2009	51,021	14,988
2008	37,477	282,540

During 2009/2010 and 2008/2009 school years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State only contributed \$16,415 and \$14,988 during 2009/2010 and 2009/2010, respectively, for the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$358,952 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

F. 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 cost sharing multiple employer defined benefit plans.

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, PDP-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 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 484 state and local participating employers and contributing entities for Fiscal Year 2009.

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 free 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 free 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 employer 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.

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.

Investment Valuation

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

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the State had a \$55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to \$19.8 billion for state active and retired members and \$36.1 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 is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in 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 contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2008, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

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, 2009, there were 84,590 retirees receiving post-retirement medical benefits and the State contributed \$837.7 million 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 free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

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 years ended June 30, 2010, 2009 and 2008 were \$308,298, \$285,939 and \$374,136, 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.

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, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 9,456,878		\$ 9,456,878	\$ 9,456,878	
Tuition	127,948		127,948	30,535	\$ (97,413)
Interest	31,534		31,534	31,251	(283)
Miscellaneous	-	-	-	108,576	108,576
Total Local Sources	<u>9,616,360</u>	<u>-</u>	<u>9,616,360</u>	<u>9,627,240</u>	<u>10,880</u>
State Sources					
Transportation Aid	207,272		207,272	134,726	(72,546)
Special Education Aid	275,563		275,563	179,116	(96,447)
Security Aid	54,902		54,902	35,686	(19,216)
Extraordinary Aid	65,450		65,450	93,894	28,444
TPAF Pension-Post Retirement Medical Contribution (Non Budgeted)				308,298	308,298
TPAF Pension - NCGI (Non-Budgeted)				16,415	16,415
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	358,952	358,952
Total State Sources	<u>603,187</u>	<u>-</u>	<u>603,187</u>	<u>1,127,087</u>	<u>523,900</u>
Total Revenues	<u>10,219,547</u>	<u>-</u>	<u>10,219,547</u>	<u>10,754,327</u>	<u>534,780</u>
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	356,120	\$ 9,648	365,768	365,768	
Grades 1-5	2,169,389	(36,320)	2,133,069	2,075,171	57,898
Grades 6-8	435,453	(51,522)	383,931	383,930	1
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	149,714	19,514	169,228	169,227	1
Other Purchased Services	65,000	(17,752)	47,248	42,685	4,563
General Supplies	235,000	1,863	236,863	182,575	54,288
Textbooks	130,000	14,809	144,809	144,807	2
Misc Dues & Fees	10,000	-	10,000	6,886	3,114
Total Regular Programs	<u>3,550,676</u>	<u>(59,760)</u>	<u>3,490,916</u>	<u>3,371,049</u>	<u>119,867</u>
Special Education Instruction					
Learning Language Disabilities					
Salaries of Teachers	109,000	33,475	142,475	142,475	
Other Salaries for Instruction	63,246	11,494	74,740	74,739	1
General Supplies	1,700		1,700	857	843
Textbooks	4,000	-	4,000	-	4,000
Total Learning Language Disabilities	<u>177,946</u>	<u>44,969</u>	<u>222,915</u>	<u>218,071</u>	<u>4,844</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, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room					
Salaries of Teachers	\$ 391,335	\$ 6,902	\$ 398,237	\$ 398,237	
Other Salaries for Instruction	3,279	11,435	14,714	14,714	
General Supplies	800	(1)	799	423	\$ 376
Textbooks	3,100	-	3,100	-	3,100
Total Resource Room	<u>398,514</u>	<u>18,336</u>	<u>416,850</u>	<u>413,374</u>	<u>3,476</u>
Autism					
Salaries of Teachers	75,492	(2,440)	73,052	73,051	1
Other Salaries for Instruction	49,503	(10,213)	39,290	39,289	1
General Supplies	1,000	(1)	999	-	999
Textbooks	1,000	-	1,000	-	1,000
Total Autism	<u>126,995</u>	<u>(12,654)</u>	<u>114,341</u>	<u>112,340</u>	<u>2,001</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	80,371	(8,045)	72,326	72,325	1
Other Salaries for Instruction	63,129	10,509	73,638	72,869	769
Purchased Professional Service - Educ. Services					
General Supplies	1,000	-	1,000	183	817
Total Preschool Disabilities - Full-Time	<u>144,500</u>	<u>2,464</u>	<u>146,964</u>	<u>145,377</u>	<u>1,587</u>
Basic Skills/Remedial Inst					
Salaries of Teachers	263,955	571	264,526	264,526	
General Supplies	900	596	1,496	969	527
Textbooks	1,000	-	1,000	-	1,000
Total Basic Skills/Remedial Inst	<u>265,855</u>	<u>1,167</u>	<u>267,022</u>	<u>265,495</u>	<u>1,527</u>
Bilingual Education					
Salaries of Teachers	4,609	1	4,610	4,609	1
Total Bilingual Education	<u>4,609</u>	<u>1</u>	<u>4,610</u>	<u>4,609</u>	<u>1</u>
Total Special Education	<u>1,118,419</u>	<u>54,283</u>	<u>1,172,702</u>	<u>1,159,266</u>	<u>13,436</u>
Total Instruction	<u>4,669,095</u>	<u>(5,477)</u>	<u>4,663,618</u>	<u>4,530,315</u>	<u>133,303</u>
Undistributed Expenditures					
Instruction					
Tuition to Private Schools for Disabled w/ State	446,320	-	446,320	310,561	135,759
Total Undistributed Expenditures - Instruction	<u>446,320</u>	<u>-</u>	<u>446,320</u>	<u>310,561</u>	<u>135,759</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, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 151,835	\$ 4,785	\$ 156,620	\$ 156,620	
Other Purchased Services	900		900	697	\$ 203
Supplies and Materials	6,000		6,000	5,992	8
Other Objects	150	-	150	-	150
Total Health Services	158,885	4,785	163,670	163,309	361
Other Support Serv. Students - Related Serv.					
Salaries	151,585	4,527	156,112	156,112	
Purchased Professional-Educational Services	1,000		1,000		1,000
Supplies and Materials	5,200	-	5,200	4,621	579
Total Other Support Serv. Students - Related Serv.	157,785	4,527	162,312	160,733	1,579
Other Support Serv. Students - Extra. Svcs.					
Salaries	61,950	3,273	65,223	65,126	97
Purchased Professional-Educational Services	236,353	(26,407)	209,946	107,569	102,377
Supplies and Materials	18,800	795	19,595	17,771	1,824
Total Other Support Serv. Students - Extra Serv.	317,103	(22,339)	294,764	190,466	104,298
Child Study Teams					
Salaries of Other Professional Staff	241,513	15,493	257,006	257,005	1
Salaries of Secretarial and Clerical Assistants	15,750		15,750	15,750	
Other Objects	2,200	(1)	2,199	1,950	249
Total Child Study Teams	259,463	15,492	274,955	274,705	250
Educational Media Services/School Library					
Salaries	111,714	1,094	112,808	112,808	
Other Purchases Services	1,000		1,000		1,000
Supplies and Materials	20,000		20,000	19,234	766
Other Objects	-	-	-	-	-
Total Educational Media Serv./School Library	132,714	1,094	133,808	132,042	1,766
Staff Training Services					
Other Purchased Services	20,000		20,000	13,807	6,193
Supplies and Materials	500		500	236	264
Other Objects	150	-	150	140	10
Total Staff Training Services	20,650	-	20,650	14,183	6,467
Support Services General Administration					
Salaries	139,639	39,453	179,092	179,091	1
Legal Services	75,000	29,885	104,885	96,287	8,598
Audit Fees	25,000		25,000	18,390	6,610
Other Purchased Professional Services	22,500		22,500	19,364	3,136
Purchased Technical Services	9,000		9,000	9,000	
Communications/Telephone	45,000	(9,936)	35,064	25,304	9,760
BOE - Other Purchased Services	10,000	1,417	11,417	11,290	127
Misc. Purchased Services	7,500	979	8,479	8,479	
General Supplies	5,500		5,500	2,751	2,749
Miscellaneous Expenditures	7,250		7,250	4,894	2,356
BOE Membership Dues and Fees	9,775	-	9,775	7,051	2,724
Total Support Services General Administration	356,164	61,798	417,962	381,901	36,061

**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, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principal/Asst. Principals	\$ 237,446	\$ (54,206)	\$ 183,240	\$ 183,240	
Salaries of Secretarial and Clerical Assistants	84,405	1	84,406	84,405	\$ 1
Purchased Professional and Technical Services	12,900	(1)	12,899	12,864	35
Other Purchased Services	7,300	1,235	8,535	4,801	3,734
Supplies and Materials	6,000	85	6,085	5,522	563
Other Objects	2,380	-	2,380	2,275	105
Total Support Services School Administration	350,431	(52,886)	297,545	293,107	4,438
Admin. Info. Technology					
Salaries	141,039	1	141,040	141,039	1
Purchased Professional Services	3,000	(1,278)	1,722	950	772
Other Purchased Services	4,000	417	4,417	3,728	689
Supplies and Materials	3,000	1,076	4,076	3,537	539
Other Objects	2,610	121	2,731	2,730	1
Total Admin. Info. Technology	153,649	337	153,986	151,984	2,002
Required Maint. For School Facilities					
Cleaning, Repair and Maint. Services	140,000	31,471	171,471	137,198	34,273
General Supplies	20,000	120	20,120	9,049	11,071
Total Required Maint. Of School Facilities	160,000	31,591	191,591	146,247	45,344
Custodial Services					
Salaries	329,968		329,968	307,722	22,246
Other Purchased Property Services	100,000	10,749	110,749	102,070	8,679
Insurance	70,876		70,876	58,639	12,237
General Supplies	60,000	238	60,238	32,434	27,804
Energy (Electricity)	140,000	7,713	147,713	146,975	738
Other Objects	2,000	-	2,000	1,182	818
Energy (Natural Gas)	90,000	(7,713)	82,287	63,075	19,212
Total Custodial Services	792,844	10,987	803,831	712,097	91,734
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	33,790		33,790	33,789	1
Contracted Services (Bet. Home and Sch) - Vendors	638,750	5,816	644,566	644,566	
Contracted Services (Other than Between Home and School) - Vendors	10,000		10,000	5,465	4,535
Contracted Services (Spl. Ed. Students) - Joint Agmts.	130,000	-	130,000	69,378	60,622
Total Student Transportation Services	812,540	5,816	818,356	753,198	65,158
Unallocated Benefits - Employee Benefits					
Social Security Contributions	115,000		115,000	98,546	16,454
Other Retirement Contributions - Regular	76,500	9,687	86,187	86,187	
Unemployment Compensation	17,500	769	18,269	18,269	
Workmen's Compensation	55,000	(769)	54,231	48,213	6,018
Health Benefits	1,420,183	(60,807)	1,359,376	1,323,223	36,153
Tuition Reimbursement	18,500		18,500	14,858	3,642
Other Employee Benefits	5,000	-	5,000	4,031	969
Total Unallocated Benefits - Employee Benefits	1,707,683	(51,120)	1,656,563	1,593,327	63,236

**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, 2010**

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
TPAF Pension-Post Retirement Medical Contribution (Non Budgeted)				\$ 308,298	\$ (308,298)
TPAF Pension - Normal Contribution (Non-Budgeted)				16,415	(16,415)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	358,952	(358,952)
Total Undistributed Expenditures	\$ 5,826,231	\$ 10,082	\$ 5,836,313	5,961,525	(125,212)
Total Expenditures - Current Expenditures	10,495,326	4,605	10,499,931	10,491,840	8,091
Capital Outlay					
Capital Projects					
Equipment - Undistributed - Student Services		75,999	75,999	75,999	
Construction Services		21,700	21,700	21,700	
Equipment- Grades 1-5	12,000	2,775	14,775		14,775
Equipment- Business Operations		60,880	60,880		60,880
Equipment- Operation & Maintenance	-	30,170	30,170	30,170	-
Total Capital Projects	12,000	191,524	203,524	127,869	75,655
Increase in Capital Reserve	-	145,120	145,120	-	145,120
Total Capital Outlay	12,000	336,644	348,644	127,869	220,775
Total Expenditures	10,507,326	341,249	10,848,575	10,619,709	228,866
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(287,779)	(341,249)	(629,028)	134,618	763,646
Other Financing Services (Uses)					
Transfers Out	-	(1,095,120)	(1,095,120)	(1,095,120)	-
Total Other Financing Sources (Uses)	-	(1,095,120)	(1,095,120)	(1,095,120)	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(287,779)	(1,436,369)	(1,724,148)	(960,502)	763,646
Fund Balance, Beginning of Year	2,196,697	-	2,196,697	2,196,697	-
Fund Balance, End of Year	\$ 1,908,918	\$ (1,436,369)	\$ 472,549	\$ 1,236,195	\$ 763,646

Reconciliation of Fund Balance

Reserved for Encumbrances	\$ 178,923
Maintenance Reserve Account	100,141
Capital Reserve Account	1,422
Reserved for Excess Surplus -Designated for Subsequent Years Expenditures	306,104
Reserved for Excess Surplus	371,161
Unreserved, Undesignated	278,444
Reconciliation to Governmental Funds Statements (GAAP):	1,236,195
Less: State Aid Payments Not Recognized on GAAP Basis	(147,665)
Fund Balance Per Governmental Funds (GAAP)	\$ 1,088,530

**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, 2010**

	<u>Original Bndget</u>	<u>Budget Adjustments</u>	<u>Final Bndget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 132,728	\$ 329,174	\$ 461,902	\$ 239,005	\$ (222,897)
State	1,037	(326)	711	292	(419)
Local	-	5,000	5,000	4,099	(901)
	<u>133,765</u>	<u>333,848</u>	<u>467,613</u>	<u>243,396</u>	<u>(224,217)</u>
Total Revenues					
EXPENDITURES					
Instruction					
Salaries	10,250	1,384	11,634	11,634	
Purchased Professional/Technical Services		4,850	4,850	2,021	2,829
Tuition	120,981	145,179	266,160	123,247	142,913
General Supplies	1,497	177,755	179,252	101,202	78,050
Other Objects	-	6	6	-	6
	<u>132,728</u>	<u>329,174</u>	<u>461,902</u>	<u>238,104</u>	<u>223,798</u>
Total Instruction					
Support Services					
Purchased Professional/Technical Services		5,000	5,000	5,000	-
Textbooks	340	(15)	325		325
General Supplies	697	(311)	386	292	94
	<u>1,037</u>	<u>4,674</u>	<u>5,711</u>	<u>5,292</u>	<u>419</u>
Total Support Services					
Total Expenditures	<u>133,765</u>	<u>333,848</u>	<u>467,613</u>	<u>243,396</u>	<u>224,217</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 Balanccs, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2010**

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 Funds 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.

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 10,754,327	(C-2)	\$ 243,396
Differenee - Budget to GAAP:				
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (prior year)		221,605		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)		<u>(147,665)</u>		<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		 <u>\$ 10,828,267</u>		 <u>\$ 243,396</u>
 Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	<u>\$ 10,619,709</u>	(C-2)	<u>\$ 243,396</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		 <u>\$ 10,619,709</u>		 <u>\$ 243,396</u>

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, 2010

	NCLB Title I A	NCLB Title III Carryover	NCLB Title IV Carryover	NCLB Title V Carryover	IDEA Part B Basic	IDEA Part B Preschool	IDEA Part B Basic ARRA	IDEA Part B Preschool ARRA	Non-Public Nursing	Safety Grant	Total
REVENUES											
Intergovernmental											
Federal	\$ 15,890	\$ 878	\$ 1,097	\$ 2,249	\$ 124,147	\$ 6,066	\$ 83,342	\$ 5,336			\$ 239,005
State	-	-	-	-	-	-	-	-	\$ 292		292
Local	-	-	-	-	-	-	-	-		\$ 4,099	4,099
Total Revenues	\$ 15,890	\$ 878	\$ 1,097	\$ 2,249	\$ 124,147	\$ 6,066	\$ 83,342	\$ 5,336	\$ 292	\$ 4,099	\$ 243,396

	NCLB Title I A	NCLB Title III Carryover	NCLB Title IV Carryover	NCLB Title V Carryover	IDEA Part B Basic	IDEA Part B Preschool	IDEA Part B Basic ARRA	IDEA Part B Preschool ARRA	Non-Public Nursing	Safety Grant	Total
EXPENDITURES											
Instruction											
Salaries	\$ 10,756	\$ 878	\$ 1,097								\$ 11,634
Purchased Professional/Technical Services	924										2,021
Tuition				\$ 2,249	\$ 123,247	\$ 900	\$ 83,342	\$ 5,336			123,247
General Supplies	4,210					1,066				\$ 4,099	101,202
Total Instruction	15,890	878	1,097	2,249	124,147	1,066	83,342	5,336		4,099	238,104
Support Services											
Purchased Professional/Technical Services						5,000			292		5,000
General Supplies											292
Total Support Services						5,000			292		5,292
Total Expenditures	\$ 15,890	\$ 878	\$ 1,097	\$ 2,249	\$ 124,147	\$ 6,066	\$ 83,342	\$ 5,336	\$ 292	\$ 4,099	\$ 243,396

**FAIRFIELD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**FAIRFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Year</u>	<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u> <u>Prior Years</u>	<u>Current Year</u>	<u>Unexpended</u> <u>Balance,</u> <u>June 30, 2010</u>
2010	To Replace Roof on Stevenson School	\$ 1,825,200		\$ 57,776	\$ 1,767,424
	Other	<u>16,056</u>	<u>-</u>	<u>-</u>	<u>16,056</u>
		<u>\$ 1,841,256</u>	<u>\$ -</u>	<u>\$ 57,776</u>	<u>\$ 1,783,480</u>
					Balance, June 30, 2010
					Unrealized Revenue
					<u>\$ 1,783,480</u> <u>(706,970)</u>
					Fund Balance, June 30, 2010 (GAAP)
					<u>\$ 1,076,510</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, 2010**

Revenues and Other Financing Sources	
SDA Grant	\$ 730,080
Transfer From Capital Reserve	<u>1,095,120</u>
Total Revenues and Other Financing Sources	<u>1,825,200</u>
Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	<u>57,776</u>
Total Expenditures and Other Financing Uses	<u>57,776</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,767,424
Fund Balance - Beginning of Year	<u>16,056</u>
Fund Balance - End of Year	<u>\$ 1,783,480</u>
Reconciliation of Governmental Fund Statements (GAAP)	
Fund Balance Per Governmental Funds (Budgetary)	\$ 1,783,480
Less: Unearned Revenue (GAAP Basis)	<u>706,970</u>
Fund Balance (Deficit) - End of Year - GAAP Basis	<u>\$ 1,076,510</u>

**FAIRFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO STEVENSON SCHOOL
FOR THE YEAR ENDED JUNE 30, 2010**

	<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		\$ 1,095,120	\$ 1,095,120	\$ 1,095,120
State Sources - SDA Grant	-	<u>730,080</u>	<u>730,080</u>	<u>730,080</u>
Total Revenues	<u>-</u>	<u>1,825,200</u>	<u>1,825,200</u>	<u>1,825,200</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction				1,705,200
Purchased Professional Technical Services	-	<u>57,776</u>	<u>57,776</u>	<u>120,000</u>
Total Expenditures and other Financing Sources	<u>-</u>	<u>57,776</u>	<u>57,776</u>	<u>1,825,200</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ 1,767,424</u>	<u>\$ 1,767,424</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
Additional Authorized Cost	-
Revised Authorized Cost	1,825,200
Percentage Increase over Original Authorized Cost	-
Percentage Completion	3%
Original Target Completion Date	9/1/2010
Revised Target Completion Date	9/1/2010

ENTERPRISE FUND

**FAIRFIELD BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

FIDUCIARY FUNDS

**FAIRFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 24,155	\$ 50,306	\$ 74,461
Total Assets	<u>\$ 24,155</u>	<u>\$ 50,306</u>	<u>\$ 74,461</u>
LIABILITIES			
Payroll Deductions and Withholdings Due to Student Groups	\$ 24,155	\$ 50,306 -	\$ 50,306 24,155
Total Liabilities	<u>\$ 24,155</u>	<u>\$ 50,306</u>	<u>\$ 74,461</u>

**FAIRFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010**

	<u>Balance, July 1, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2010</u>
Elementary Schools				
Winston Churchill School	\$ 8,535	\$ 37,670	\$ 34,901	\$ 11,304
Adalia E. Stevenson School	10,778	25,009	22,936	12,851
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	\$ 19,313	\$ 62,679	\$ 57,837	\$ 24,155
	<hr/>	<hr/>	<hr/>	<hr/>

**FAIRFIELD BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Balance, July 1, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2010</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 46,096	\$ 2,645,359	\$ 2,641,149	\$ 50,306
Accrued Salaries and Wages	114,933	3,973,436	4,088,368	-
Due to Other Funds	<u>-</u>	<u>223</u>	<u>223</u>	<u>-</u>
 Total	 <u>\$ 161,029</u>	 <u>\$ 6,619,018</u>	 <u>\$ 6,729,741</u>	 <u>\$ 50,306</u>

LONG-TERM DEBT

FAIRFIELD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2009</u>	<u>Retired</u>	<u>Balance, June 30, 2010</u>
2002 School Bonds	5/1/2002	\$ 1,200,000	12/1/2010	\$ 55,000	4.500%			
			12/1/2011	60,000	4.500%			
			12/1/2012	65,000	4.500%			
			12/1/2013	65,000	4.500%			
			12/1/2014	70,000	4.500%			
			12/1/2015	75,000	4.500%			
			12/1/2016	75,000	4.500%			
			12/1/2017	80,000	4.600%			
			12/1/2018	80,000	4.650%			
			12/1/2019	80,000	4.700%			
			12/1/2020	80,000	4.750%			
			12/1/2021	80,000	4.750%	\$ 920,000	\$ 55,000	\$ 865,000
Pension Series 2003	4/14/2003	500,000	10/1/2010	30,000	5.500%			
			10/1/2011	30,000	5.500%			
			10/1/2012	35,000	5.500%			
			10/1/2013	35,000	5.500%			
			10/1/2014	35,000	5.750%			
			10/1/2015	40,000	5.750%			
			10/1/2016	40,000	5.750%			
			10/1/2017	45,000	5.750%			
			10/1/2018	45,000	5.750%	\$ 365,000	30,000	335,000
						\$ 1,285,000	\$ 85,000	\$ 1,200,000

**FAIRFIELD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

**FAIRFIELD BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 147,315	-	\$ 147,315	\$ 147,315	-
Total Revenues	<u>147,315</u>	<u>-</u>	<u>147,315</u>	<u>147,315</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	85,000		85,000	85,000	
Interest	62,315	-	62,315	60,685	\$ 1,630
Total Expenditures	<u>147,315</u>	<u>-</u>	<u>147,315</u>	<u>145,685</u>	<u>1,630</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1,630	1,630
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,630</u>	<u>\$ 1,630</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 ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	\$ 2,854,558	\$ 2,408,913	\$ 2,021,423	\$ 2,301,207	\$ 2,338,503	\$ 2,381,110	\$ 2,157,665
Restricted	169,791	114,173	807,345	17,470	1,566	1,050,000	1,079,562
Unrestricted	(128,013)	136,187	(268,187)	(141,907)	914,841	166,628	644,681
Total governmental activities net assets	\$ 2,896,336	\$ 2,659,273	\$ 2,560,581	\$ 2,176,770	\$ 3,254,910	\$ 3,597,738	\$ 3,881,908
District-wide							
Invested in capital assets, net of related debt	\$ 2,854,558	\$ 2,408,913	\$ 2,021,423	\$ 2,301,207	\$ 2,338,503	\$ 2,381,110	\$ 2,157,665
Restricted	169,791	114,173	807,345	17,470	1,566	1,050,000	1,079,562
Unrestricted	(128,013)	136,187	(268,187)	(141,907)	914,841	166,628	644,681
Total district net assets	\$ 2,896,336	\$ 2,659,273	\$ 2,560,581	\$ 2,176,770	\$ 3,254,910	\$ 3,597,738	\$ 3,881,908

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

FAIRFIELD BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities							
Instruction							
Regular	\$ 3,591,437	\$ 3,844,435	\$ 4,011,910	\$ 4,406,234	\$ 4,414,171	\$ 4,487,725	\$ 4,712,777
Special education	906,615	956,283	1,178,200	1,896,565	1,836,382	1,567,998	1,825,210
Other special education	274,817	276,038	273,692	147,563	203,548	319,498	372,002
Support Services:							
Student & instruction related services	983,617	1,015,932	1,415,422	1,255,658	1,269,760	1,275,326	1,195,790
General administration	439,915	393,270	416,595	1,033,695	375,334	343,283	454,077
School Administration services	322,213	284,659	380,020	232,499	338,389	384,178	394,120
Plant operations and maintenance	747,915	891,572	912,276	979,702	807,570	910,988	969,531
Pupil transportation	622,844	752,250	765,645	691,809	731,148	924,915	764,729
Business/Central Services/Info. Tech	175,546	154,887	166,883	254,691	258,232	193,386	209,616
Special Schools							
Interest on long-term debt	92,852	105,743	57,542	78,008	67,550	64,013	60,066
Unallocated depreciation	149,615	359,757	306,586				
Total governmental activities expenses	<u>8,307,386</u>	<u>9,034,826</u>	<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>
Program Revenues							
Governmental activities:							
Charges for services:							
Tuition	80,824	44,775	39,938	147,250	162,168	122,989	30,535
Operating grants and contributions	296,738	695,630	994,640	1,559,453	1,526,855	1,304,022	1,409,370
Capital Grants and Contributions							23,110
Total governmental activities program revenues	<u>377,562</u>	<u>740,405</u>	<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>
Net (Expense)/Revenue							
Governmental activities	<u>\$ (7,929,824)</u>	<u>\$ (8,294,421)</u>	<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>
Total district-wide net expense	<u>\$ (7,929,824)</u>	<u>\$ (8,294,421)</u>	<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>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes levied for general purposes, net	\$ 6,881,516	\$ 7,292,559	\$ 8,003,267	\$ 8,324,601	\$ 8,746,549	\$ 9,137,080	\$ 9,456,878
Taxes levied for debt service	164,637	104,444	158,678	151,461	127,156	137,963	147,315
Unrestricted grants and contributions	695,996	546,746	487,319	140,117	154,754	34,210	35,053
Investment earnings				101,830	60,403	23,508	31,251
Miscellaneous income	25,299	113,608	102,237	48,979	560,339	54,366	108,576
Transfers		-	-	-	-	-	-
Total governmental activities	<u>7,767,448</u>	<u>8,057,357</u>	<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>
Total district-wide	<u>\$ 7,767,448</u>	<u>\$ 8,057,357</u>	<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>
Change in Net Assets							
Governmental activities	<u>\$ (162,376)</u>	<u>\$ (237,064)</u>	<u>\$ (98,692)</u>	<u>\$ (502,733)</u>	<u>\$ 1,036,140</u>	<u>\$ 342,828</u>	<u>\$ 284,170</u>
Total district	<u>\$ (162,376)</u>	<u>\$ (237,064)</u>	<u>\$ (98,692)</u>	<u>\$ (502,733)</u>	<u>\$ 1,036,140</u>	<u>\$ 342,828</u>	<u>\$ 284,170</u>

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**FAIRFIELD BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS**

(Unaudited)

(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	\$ 531,260	\$ 370,497	\$ 842,790	\$ 437,668	\$ 1,424,596	\$ 1,797,371	\$ 957,751
Unreserved	203,279	445,206	144,834	204,063	224,851	177,721	130,779
Total general fund	<u>\$ 734,539</u>	<u>\$ 815,703</u>	<u>\$ 987,624</u>	<u>\$ 641,731</u>	<u>\$ 1,649,447</u>	<u>\$ 1,975,092</u>	<u>\$ 1,088,530</u>
All Other Governmental Funds							
Reserved		\$ 1,025	\$ 1,565				\$ 809,500
Unreserved	(361,469)	(257,349)	(93,010)	33,556	17,652	-	\$ 268,640
Total all other governmental funds	<u>\$ (361,469)</u>	<u>\$ (256,324)</u>	<u>\$ (91,445)</u>	<u>\$ 33,556</u>	<u>\$ 17,652</u>	<u>\$ -</u>	<u>\$ 1,078,140</u>

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax levy	\$ 5,688,952	\$ 6,302,185	\$ 6,755,775	\$ 7,046,153	\$ 7,397,003	\$ 8,161,945	\$ 8,476,062	\$ 8,873,705	\$ 9,275,043	\$ 9,604,193
Tuition	35,973	54,139	74,960	80,824	44,775	39,938	147,250	162,168	122,989	30,535
Interest earnings							101,830	60,403	23,508	31,251
Miscellaneous	212,987	1,239,474	34,678	25,299	113,608	102,237	173,979	560,339	55,396	112,675
State sources	805,956	698,212	1,733,114	892,783	1,178,222	1,280,358	1,699,570	1,552,282	1,179,949	1,224,429
Federal sources	64,451	85,917	116,128	99,951	64,155	201,601	-	129,327	157,283	239,005
Total revenue	6,808,319	8,379,927	8,714,655	8,145,010	8,797,763	9,786,079	10,598,691	11,338,224	10,814,168	11,242,088
Expenditures										
Instruction:										
Regular instruction	2,637,629	2,633,588	2,654,327	2,784,315	2,935,041	3,017,202	4,284,666	4,324,991	4,370,301	4,591,814
Special education instruction	492,714	499,115	596,264	689,078	734,956	896,220	1,841,526	1,830,055	1,562,298	1,816,092
Other	186,333	189,800	169,345	208,600	192,329	201,947	1,41,014	203,074	319,040	371,727
Support Services:										
Student & inst. related services	634,793	654,910	788,955	826,523	813,515	1,107,856	1,220,226	1,260,593	1,256,261	1,186,770
General administration services	331,144	542,203			312,354	327,372	1,023,633	377,045	336,845	449,524
School administration services	263,349	192,742	257,203	245,074	224,889	280,536	222,534	339,172	377,457	391,102
Other administration services			467,638	502,715	131,707	141,539	244,051	295,943	188,239	963,361
Plant operations and maintenance	573,098	475,364	536,050	634,673	756,696	772,468	960,896	794,564	904,224	764,729
Pupil transportation	517,770	537,062	570,154	615,168	638,579	648,077	689,915	731,148	924,915	200,117
Employee benefits	1,453,667	1,396,713	1,295,057	1,534,710	1,816,413	2,057,263				
Special Schools	7,350									
Capital outlay	109,751	16,406	2,619,304	500,573	54,112	4,096	39,662	46,767	110,980	185,645
Debt service:										
Principal				60,000	65,000	65,000	75,000	75,000	75,000	85,000
Interest and other charges			59,012	108,222	85,863	79,703	76,460	68,060	64,529	60,685
Total expenditures	7,207,598	7,137,903	10,013,309	8,729,651	8,761,454	9,599,279	10,819,583	10,346,412	10,490,089	11,066,566
Excess (Deficiency) of revenues over (under) expenditures	(399,279)	1,242,024	(1,298,654)	(584,641)	36,309	186,800	(220,892)	991,812	324,079	175,522
Other Financing sources (uses)									(30)	
Bond Proceeds from Sale of Land			355,800							
Bond Principal			500,000							
Cancellation of Receivables from other Governments			(484,004)							
Repayment of ERIP Liability				150,000	150,000	150,000	163,884			1,095,120
Collection of Mortgage Note Receivable			385,583							(1,095,120)
Transfers in			(564,701)				(163,884)			
Transfers out			392,678	150,000	150,000	150,000			(30)	
Total other financing sources (uses)										
Net change in fund balances	\$ (399,279)	\$ 1,242,024	\$ (905,976)	\$ (434,641)	\$ 186,309	\$ 336,800	\$ (220,892)	\$ 991,812	\$ 324,049	\$ 175,522
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.80%	2.04%	1.73%	1.51%	1.41%	1.39%	1.34%	1.34%

* 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>
2001	\$ 60,782	\$ 35,973	\$ 9,230	\$ 142,975	\$ 248,960
2002	19,225	54,139	5,228	6,387	84,979
2003	13,640	74,960	6,961	9,387	104,948
2004	11,870	80,824	5,172	7,233	105,099
2005	30,861	44,776	13,306	67,877	156,820
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

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.	Q/farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate ^a
												Tax Rate ^a
2001	\$ 42,838,400	\$ 547,930,600	\$ 742,500		\$ 398,725,000	\$ 465,682,600		\$ 1,455,919,100	\$ 8,262,300	\$ 1,464,181,400	\$ 1,523,533,200	\$ 0.430
2002	41,480,000	553,906,700	742,500		412,219,800	474,135,300		1,482,484,300	8,242,300	1,490,726,600	1,626,218,831	0.460
2003	31,659,400	584,238,200	742,500		410,018,800	471,337,200		1,497,976,100	7,944,700	1,505,920,800	1,738,198,854	0.470
2004	27,946,500	608,871,400	499,100		410,492,100	469,968,700		1,517,777,800	6,982,300	1,524,760,100	1,919,202,552	0.490
2005	25,041,300	628,088,400	499,100		414,582,700	470,085,300		1,538,296,800	8,661,200	1,546,958,000	2,052,942,612	0.530
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	2,393,675,899	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	656,138,400	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	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

N/A - Not available

Source: County Abstract of Rates

^a Tax rates are per \$100

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	
2001	\$ 0.43		\$ 0.43	\$ 0.54	\$ 0.40	\$ 0.76	\$ 2.13
2002	0.46		0.46	0.55	0.43	0.74	2.18
2003	0.45	\$ 0.02	0.47	0.62	0.49	0.74	2.32
2004	0.48	0.01	0.49	0.66	0.51	0.71	2.37
2005	0.52	0.01	0.53	0.66	0.55	0.70	2.44
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

Source: Tax Duplicate, Township of Fairfield

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

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

Taxpayer	2010		2001	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
AMB-AMS	\$ 112,392,900	3.61%	NOT AVAILABLE	
Rt. 46 Associates	43,665,000	1.40%		
CRG 300 LLC	36,981,900	1.19%		
GRE Greenbrook Property, LLC	32,644,400	1.05%		
Karczyzynski, Stanley	32,413,300	1.04%		
True North Fairfield Property LLC	26,858,300	0.86%		
RRAMC	23,240,300	0.75%		
Marshall Field/Target Corp.	21,915,500	0.70%		
Hollywood Associates	20,614,800	0.66%		
Skyline Properties	20,058,400	0.64%		
	<u>\$ 370,784,800</u>	<u>11.90%</u>	<u>\$ -</u>	<u>-</u>

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	
2001	\$ 5,688,952	\$ 5,688,952	100.00%	
2002	6,302,185	6,302,185	100.00%	
2003	6,655,775	6,655,775	100.00%	
2004	6,881,516	6,881,516	100.00%	
2005	7,397,003	7,397,003	100.00%	
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%	

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Population</u>	<u>Per Capita</u>
	<u>Serial Bonds</u>	<u>Bond Anticipation Notes (BANS)</u>	<u>Total District</u>		
2001					
2002	\$ 1,200,000		\$ 1,200,000	7,398	\$ 162
2003	1,200,000	\$ 1,750,000	2,950,000	7,408	398
2004	1,640,000	750,000	2,390,000	7,723	309
2005	1,575,000	330,000	1,905,000	7,649	249
2006	1,510,000	163,884	1,673,884	7,595	220
2007	1,435,000	-	1,435,000	7,519	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	7,447 (1)	161

(1) - estimated

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Debt	Deductions			
2001					
2002	\$ 1,200,000		\$ 1,200,000	0.08%	\$ 162
2003	1,200,000		1,200,000	0.08%	162
2004	1,640,000		1,640,000	0.11%	212
2005	1,575,000		1,575,000	0.10%	206
2006	1,510,000		1,510,000	0.10%	199
2007	1,435,000		1,435,000	0.09%	191
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

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, 2009
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
West Essex Regional High School	\$ 10,197,063	\$ 10,197,063	
Township of Fairfield School District	1,200,000	1,200,000	
Township of Fairfield	<u>15,526,923</u>	<u>1,351,001</u>	<u>\$ 14,175,922</u>
	.		
	<u>\$ 26,923,986</u>	<u>\$ 12,748,064</u>	<u>14,175,922</u>
Overlapping Debt Apportioned to the Municipality:			
Essex County (3);(A):			10,391,446
Essex County Utilities Authority (2) (A)			<u>2,849,089</u>
			<u>13,240,535</u>
Total Direct and Overlapping Debt			<u>\$ 27,416,457</u>

(A) The debt for this entity was apportioned to the Township of Fairfield by dividing the Municipality's 2009 equalized value by the total 2009 equalized value for Essex County.

Sources:

- (1) Township of Fairfield 2009 Annual Debt Statement
- (2) Essex County Utilities Authority 2009 audit
- (3) Essex County 2009 Annual Debt Statement

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

Legal Debt Margin Calculation for Fiscal Year 2009

Equalized valuation basis	
2007	\$ 3,021,091,170
2008	3,101,638,273
2009	3,084,567,448
	<u>\$ 9,207,096,891</u>
Average equalized valuation of taxable property	\$ 3,069,032,297
Debt limit (2.5 % of average equalization value)	\$ 76,725,807
Total Net Debt Applicable to Limit	1,200,000
Legal debt margin	<u>\$ 75,525,807</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 38,508,568	\$ 40,704,687	\$ 43,176,875	\$ 46,617,983	\$ 50,443,834	\$ 56,121,674	\$ 63,032,157	\$ 70,103,457	\$ 74,880,193	\$ 76,725,807
Total net debt applicable to limit	-	1,200,000	1,200,010	1,640,000	1,575,000	1,510,000	1,435,000	1,560,000	1,285,000	1,200,000
Legal debt margin	\$ 38,508,568	\$ 39,504,687	\$ 41,976,865	\$ 44,977,983	\$ 48,868,834	\$ 54,611,674	\$ 61,597,157	\$ 68,743,457	\$ 73,595,193	\$ 75,525,807
Total net debt applicable to the limit as a percentage of debt limit	0.00%	2.95%	2.78%	3.52%	3.12%	2.69%	2.28%	1.94%	1.72%	1.56%

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>
2001	2.00%	\$ 38,148	7,224
2002	2.70%	37,876	7,398
2003	2.60%	38,897	7,408
2004	2.20%	41,829	7,723
2005	3.10%	43,866	7,649
2006	3.30%	47,427	7,595
2007	2.90%	50,156	7,519
2008	3.60%	51,617	7,442
2009	7.20%	N/A	7,447
2010	N/A	N/A	7,447

Source: United States Bureau of Census
School District Records

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

N/A - not available

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

	<u>2010</u>		<u>2001</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)

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	50.0	51.0	51.0	51.0	52.0	52.0	53.0	52.0	52.0	51.0
Special education	27.0	28.0	29.0	29.0	30.0	31.0	31.0	32.0	32.0	32.0
Other instruction	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Support Services:										
Student and instruction related services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
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	7.0	7.0	7.0	7.0	7.0	7.5	7.5	7.5
Total	101.0	103.0	104.0	104.0	106.0	107.0	108.0	108.5	109.5	108.5

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	N/A					
2001	630.00	\$ 7,097,847	\$ 11,266	-0.26%	53	11.9	N/A	N/A	626.1	606.0	4.68%	96.79%	
2002	640.00	7,121,497	11,127	-1.23%	54	11.9	N/A	N/A	631.2	600.3	0.81%	95.10%	
2003	690.00	7,334,993	10,630	-4.47%	55	12.5	N/A	N/A	681.6	655.0	7.98%	96.10%	
2004	729.00	8,060,856	11,057	4.02%	55	13.3	N/A	N/A	721.9	688.9	5.91%	95.43%	
2005	743.00	8,556,479	11,516	4.15%	57	13.0	N/A	N/A	731.3	704.1	1.30%	96.28%	
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%	

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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>District Building</u>										
<u>Stevenson</u>										
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	377	408	406	408	435	409	409	417	427	416
<u>Churchill</u>										
Square Feet	28,000	28,000	38,350	38,350	38,350	38,350	38,350	38,350	38,350	38,350
Capacity (students)	260	260	400	400	400	400	400	400	400	400
Enrollment	252	272	319	320	315	308	308	312	311	292

Number of Schools at June 30, 2010
 Elementary = 2

Source: District Records

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

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

Project # (s)	2002	2003	2004	2005	2006	2007	2008	2009	2010
*School Facilities									
Building A - Stevenson	\$ 45,866	\$ 42,153	\$ 13,796	\$ 47,683	\$ 107,798	\$ 93,289	\$ 52,869	\$ 48,157	\$ 82,481
Building B - Churehill	19,657	15,364	45,568	63,094	131,751	76,328	24,399	72,625	63,766
Grand Total	\$ 65,523	\$ 57,517	\$ 59,364	\$ 110,777	\$ 239,549	\$ 169,617	\$ 77,268	\$ 120,782	\$ 146,247

Source: School District Records

Note:
Beginning in fiscal year 2001, the New Jersey State Department of Education required Districts to report maintenance expenditures by location, therefore ten years of data is not required or available.

**FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2010
(Unaudited)**

	<u>Coverage</u>	<u>Deductible/ Retention</u>
School Package Policy		
Property - Blanket Building & Contents	\$ 22,944,325	\$ 1,000
Electronic Data Processing Equipment - Per Building	565,314	
Comprehensive Crime Coverage	100,000	
Comprehensive General Liability Per Occurrence	1,000,000	1,000
School District Legal Liability - Per Occurrence	1,000,000	7,500
Comprehensive Automobile Liability		
Business Auto Coverage	1,000,000	500/1,000
Umbrella Liability		
Commercial Umbrella Policy - Each Occurrence and Aggregate	10,000,000	10,000
Excess Umbrella Policy	10,000,000	
Flood General Policy		
Buildings and Contents	1,000,000	2,000
Boilder and Machinery	22,944,325	

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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FAIR LAWN, NJ 07410
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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
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

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

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, 2010, which collectively comprise the Fairfield Board of Education's basic financial statements and have issued our report thereon dated October 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fairfield Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fairfield Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Fairfield Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

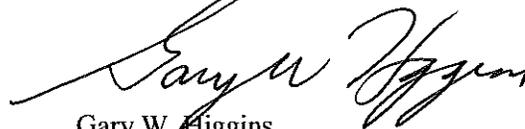
As part of obtaining reasonable assurance about whether the Fairfield Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

However, we noted certain matters that we have reported to management of the Whatever Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 25, 2010.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 25, 2010

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the Fairfield Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Fairfield Board of Education's major state programs for the fiscal year ended June 30, 2010. 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. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Fairfield Board of Education's management. Our responsibility is to express an opinion on Fairfield Board of Education's compliance based on our audit.

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 Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 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. Our audit does not provide a legal determination on Fairfield Board of Education's compliance with those requirements.

In our opinion, Fairfield Board of Education complied, in all material respects, with the 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, 2010

Internal Control Over Compliance

Management of Fairfield Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Fairfield Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 Board's internal control over compliance.

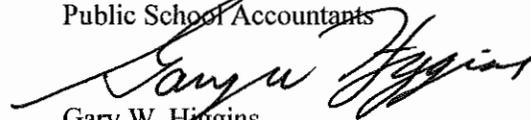
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 25, 2010

FAIRFIELD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance JAN. 1, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Expenses	(Accounts Receivable)	June 30, 2010 Deferred Revenue	Due to Grantor
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
NCLB Title IA - Carryover	84-367A	NCLB3630-06	9/1/08-8/31/09	11,314	\$ 4,848		\$	4,848					
NCLB Title IA	84-367A	NCLB3630-06	9/1/09-8/31/10	11,204				11,042			\$ (11,042)		
NCLB Title II A	84-365A	NCLB3630-06	9/1/07-8/31/08	878	878			878					
NCLB Title III - Carryover	84-186A	NCLB3630-06	9/1/06-8/31/07	1,342									
NCLB Title IV - Carryover	84-186A	NCLB3630-06	9/1/09-8/31/10	1,030									
NCLB Title IV	84-186A	NCLB3630-06	9/1/09-8/31/10	1,030									
NCLB Title V - Carryover	84-298A	NCLB3630-06	9/1/08-8/31/09	835	2,249			2,249					
I.D.E.A. Part B, Basic - A.R.R.A.	84-391	NCLB3630-06	9/1/09-8/31/10	147,426			\$ 76,548	83,342					
I.D.E.A. Part B-Basic- Carryover	84-027	FT3630-06	9/1/08-8/31/09	132,831	(131,931)		132,831	900					
I.D.E.A. Part B-Basic	84-027	FT3630-06	9/1/09-8/31/10	133,759			67,280	123,247					
I.D.E.A. Part B, Preschool - A.R.R.A.	84-392	PS-3630-06	9/1/09-8/31/10	5,336			5,336	5,336					
I.D.E.A. Part B-Preschool - Carryover	84-173	PS-3630-06	9/1/08-8/31/09	9,499	(2,533)		2,533						
I.D.E.A. Part B-Preschool	84-173	PS-3630-06	9/1/09-8/31/10	9,513			6,266	6,066				\$ 900	
Total U.S. Department of Education					(126,489)		291,494	239,005			(74,900)	900	
Total							\$ 291,494	\$ 239,005			\$ (74,900)	\$ 900	
Local Awards													

Note: This schedule was not subject to an audit in accordance with OMB Circular A-135.

FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009		Cash Received	Budgetary Expenditures	Refund of Prior Year Balances	Deferred Revenues	Memo	
				Def. Revenue (Accounts Receivable)	Due to Grantor					June 30, 2010 (Accounts Receivable)	Due to Grantor
State Department of Education											
Current Expense											
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	\$ 186,664	\$ (17,172)	\$ 17,172	\$	\$ 134,726			\$ (20,726)	\$ 134,726
Special Education	09-495-034-5120-014	7/1/09-6/30/10	298,277	(27,441)	27,441		179,116			(27,555)	179,116
Special Education Categorical Aid	09-495-034-5120-089	7/1/08-6/30/09	32,796	(4,857)	4,857		30,196			(3,490)	35,686
Special Education Categorical Aid	09-495-034-5120-089	7/1/08-6/30/09	343,566	(172,135)	172,135		93,894			(93,894)	93,894
Security Aid	09-495-034-5120-084	7/1/09-6/30/10	358,952	(16,982)	16,982		358,952				358,952
Security Aid	09-495-034-5120-084	7/1/09-6/30/10	16,415		16,415		16,415				16,415
Extraordinary Sp. Ed. Costs Aid	09-100-034-5120-473	7/1/08-6/30/09	308,298		308,298		308,298				308,298
Extraordinary Sp. Ed. Costs Aid	09-100-034-5120-473	7/1/09-6/30/10									
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/08-6/30/09									
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/09-6/30/10									
On Behalf TPAF Pension System Contributions (NCGI)	10-495-034-5095-407	7/1/09-6/30/10									
On Behalf TPAF Pension System Contribution (Post Retirement Medical)	10-100-034-5095-401	7/1/09-6/30/10									
Total General Fund				(238,587)	1,218,009		1,127,087			(147,665)	1,127,087
Special Revenue Fund											
Nonpublic Technology Aid - Carryover	09-100-034-5120-373	7/1/08-6/30/09	280	\$ 280			\$ 280				
Nonpublic Nursing Aid - Carryover	09-100-034-5120-070	7/1/08-6/30/09	540				21				
Nonpublic Nursing Aid	09-100-034-5120-070	7/1/09-6/30/10	386		386		292		\$ 94		292
Nonpublic Textbook Aid - Carryover	09-100-034-5120-064	7/1/08-6/30/09	400				7				
Nonpublic Textbook Aid	09-100-034-5120-064	7/1/09-6/30/10	325		325						
Total Special Revenue Fund					711		292				292
Capital Projects Fund											
NJ School Development Authority											
Educational Facilities and Financing Act Grant	1465-005-09-1001	N/A	730,080				23,110		706,970	(730,080)	23,110
Adele E. Stevenson Elementary School											
Total State Financial Assistance				(238,587)	308	1,218,720	1,150,489	308	706,970	(877,745)	1,150,489
State Financial Assistance Not Subject to Single Audit Determination											
General Fund											
On Behalf TPAF Pension System Contributions (NCGI)	7/1/09-6/30/10		16,415		(16,415)		(16,415)				(16,415)
On-Behalf TPAF Pension System Contribution (Post Retirement Medical)	7/1/09-6/30/10		308,298		(308,298)		(308,298)				(308,298)
Total State Financial Assistance Subject to Single Audit				(238,587)	308	894,007	825,776	308	706,970	(877,745)	825,776

**FAIRFIELD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 basic 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 schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are 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 bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the deferred 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 deferred state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment 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 \$73,940 for the general fund and \$-0- for the special revenue 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 basic financial statements on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,201,027	\$ 1,201,027
Special Revenue Fund	\$ 239,005	292	239,297
Capital Projects Fund	-	23,110	23,110
	<u>239,005</u>	<u>23,110</u>	<u>262,115</u>
Total Financial Assistance	<u>\$ 239,005</u>	<u>\$ 1,224,429</u>	<u>\$ 1,463,434</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, 2010**

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 \$358,952 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010. The amount reported as TPAF Pension System Contributions in the amount of \$16,415 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$308,298 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments 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 basic 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, 2010**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements	<u>Unqualified</u> _____	
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> no
Noncompliance material to basic financial statements noted?	_____ yes	_____ <u>X</u> no

Federal Awards Section NOT APPLICABLE

**FAIRFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010**

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 04-04.

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, 2010**

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