

**SCHOOL DISTRICT**  
**OF**  
**BOROUGH OF NEWFIELD**

**COMPREHENSIVE ANNUAL**  
**Financial Report**

**of the**

**Borough of Newfield Board of Education**

**Newfield, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Borough of Newfield Board of Education**

**Newfield, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

**Prepared by**

**Henry Bermann**

**School Business Administrator/Board Secretary**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE BOROUGH OF NEWFIELD BOARD OF EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**INTRODUCTORY SECTION**

## BOROUGH OF NEWFIELD BOARD OF EDUCATION

c/o Shared Services Business Office  
1122 Almond Road  
Pittsgrove, New Jersey 08318

Henry Bermann  
Business Administrator / Board Secretary

Phone (856) 358-7091 x4308  
Fax (856) 358-6748

September 21, 2011

Honorable President and  
Members of the Board of Education  
Borough of Newfield School District  
Gloucester County  
Newfield, New Jersey 08344

Dear Board Members:

The Comprehensive Annual Financial Report of the Borough of Newfield School District for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Non Profit Organizations," and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

### **1. REPORTING ENTITY AND ITS SERVICES:**

The Newfield Public School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB statement No. 14. All funds of the District are included in this report. The Newfield Borough Board of Education, as a sending district, constitutes the District's reporting entity.

As of July 1, 1993, the District commenced in a full sending/receiving relationship with the Buena Regional School District. The Newfield School District will operate as a nonoperating school district. As required by law, it shall maintain a board of education, a board secretary's office and a budget for its expenditures, including board operations, tuition, transportation, insurance and any other needs.

## **2. ECONOMIC CONDITION AND OUTLOOK:**

Newfield is not experiencing any measurable growth in development or expansion.

## **3. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control process designed to ensure 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 process 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 awards and state financial assistance, the District also is responsible for ensuring that an adequate internal control process is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process 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 process, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

## **4. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for capital improvements, if any, 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 are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

## **5. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

**6. DEBT ADMINISTRATION:**

At June 30, 2011 the district had no outstanding debt.

**7. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**8. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

**9. OTHER INFORMATION:**

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of the accounting firm of Nightlinger, Colavita & Volpa, PA, was selected by the Board's Audit Committee. 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 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGMENTS:**

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

Respectfully submitted,

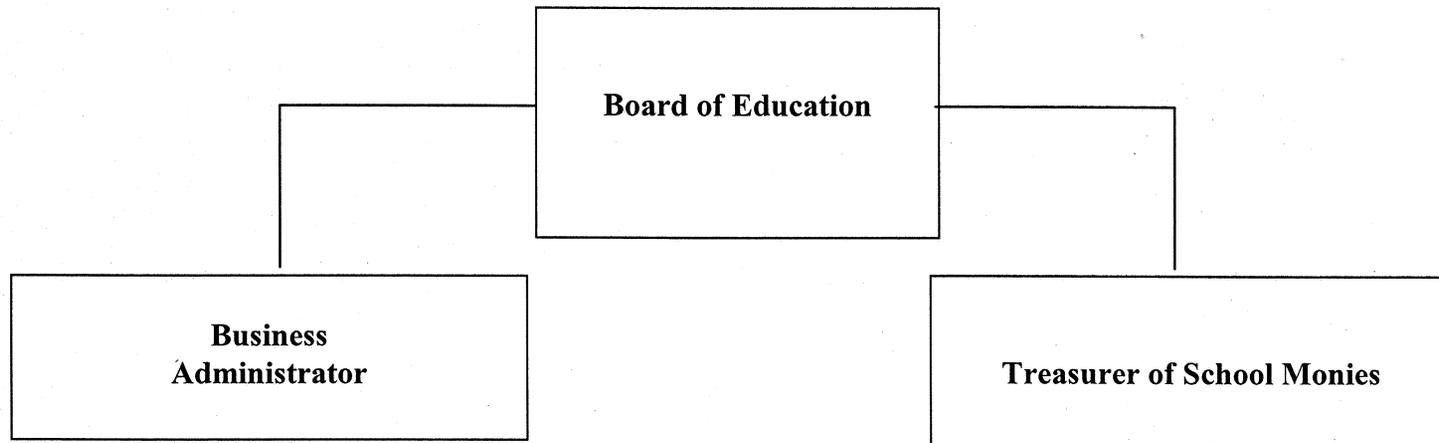


Henry Bermann  
SBA/Board Secretary

**BOROUGH OF NEWFIELD BOARD OF EDUCATION  
NEWFIELD, NEW JERSEY**

**Organizational Chart**

**JUNE 30, 2011**





**BOROUGH OF NEWFIELD BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

**Raymond Colavita, CPA, RMA**  
Nightlinger, Colavita and Volpa  
Certified Public Accountants  
991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

**ATTORNEY**

**Jane B. Capasso, Esquire**  
110 North Sixth Street  
Vineland, NJ 08362

**OFFICIAL DEPOSITORY**

**Newfield National Bank**  
18-24 West Boulevard  
Newfield, NJ 08344

**FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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

(856) 629-3111  
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September 21, 2011

## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Borough of Newfield School District  
County of Gloucester  
Newfield, New Jersey

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Board of Education of the Borough of Newfield School District in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Borough of Newfield School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Newfield 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 and 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 and Regulatory Compliance, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, and each major fund, of the Borough of Newfield Board of Education in the County of Gloucester, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the 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 September 21, 2011 on our consideration of the Borough of Newfield Board of Education's internal control over financial reporting and 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 Governments Auditing Standard and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 9 through 16 and 39 through 42 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Newfield Board of Education's, basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedure 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 and statistical tables 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.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information included in this comprehensive annual financial report designated as the Statistical Section in the table of contents, is presented for the purpose of additional analysis. This information has not been audited by us and accordingly, we express no opinion on this information

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



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

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

BOROUGH OF NEWFIELD SCHOOL DISTRICT  
BOROUGH OF NEWFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

UNAUDITED

The discussion and analysis of Borough of Newfield Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- ❖ General revenues accounted for \$3,309,421 in revenue or 95.2% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$165,650 or 4.8% percent to total revenues of \$3,475,071.
- ❖ Total net assets of governmental activities decreased by \$463,140, of which capital assets decreased by \$98,878.
- ❖ The School District had \$3,938,211 in expenses and \$165,650 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes of \$1,908,742 and Federal and State aid not restricted of \$1,301,090) were adequate to provide for these programs.
- ❖ The General Governmental Fund had \$3,309,421 in revenues and \$3,673,683 in expenditures. The General Fund's fund balance decreased \$364,262 over 2010. Much of this decrease was anticipated by the Board of Education.

**Using this 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 Borough of Newfield 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 School District, presenting both an aggregate view of the School 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. In the case of Borough of Newfield school district, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting 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 School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School 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 School 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 School District maintains only one type of activity:

- ❖ **Governmental activities** – All of the School District's programs and services are reported here including, but not limited to, tuition for instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

## **Reporting the School District's Most Significant Funds Fund Financial Statements**

The analysis of the School District's major (all) funds begins on page 19. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, and Special Revenue Fund.

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you 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.

### **The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2011 and 2010.

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current and Other Assets	\$ 58,277	\$ 397,261
Capital Assets, Net	2,626,477	2,725,355
Total Assets	<u>2,684,754</u>	<u>3,122,616</u>
<b>Liabilities</b>		
Other Liabilities	51,582	26,304
Total Liabilities	<u>51,582</u>	<u>26,304</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	2,626,477	2,725,355
Restricted		483,330
Unrestricted	6,695	(112,373)
Total Net Assets	<u><u>\$ 2,633,172</u></u>	<u><u>\$ 3,096,312</u></u>

Table 2 shows the changes in net assets from fiscal year's 2011 and 2010.

Table 2  
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Programs revenues		
Operating grants and contributions	\$ 165,650	\$ 239,902
General Revenues		
Property taxes	1,908,742	1,688,966
Grants and entitlements	1,301,090	1,363,722
Other	99,589	88,934
<b>Total Revenues</b>	<u>3,475,071</u>	<u>3,381,524</u>
<b>Program Expenses</b>		
Instruction	163,308	234,421
Support Services		
Tuition	3,325,939	3,089,402
Other Student support	35,056	54,300
General administration and business	13,753	19,725
Central Services	41,601	40,813
Operations and maintenance of facilities	17,595	53,065
Pupil Transportation	240,867	221,809
Other	100,092	98,878
<b>Total Expenses</b>	<u>3,938,211</u>	<u>3,812,413</u>
Excess of Expenses over Revenues	(463,140)	(430,889)
Cancellation of Prior Year Receivables		(195,000)
<b>Increase in net assets</b>	<u>\$ (463,140)</u>	<u>\$ (625,889)</u>

### Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 57.7% percent of revenues for governmental activities for the Borough of Newfield School District for fiscal year 2011. The District's total revenues were \$3,309,421 for the fiscal year ended June 30, 2011. Federal, state and local grants accounted for another 39.3% and miscellaneous revenue of \$99,589 accounted for 3%. The total cost of all program and services was \$3,772,561 after eliminating operating grant revenue. Instruction, including tuition charges was funded by operating grants.

### Business-Type Activities

- ❖ There were no business-type activities maintained during the year under review.

## Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>
Instruction				
Grants	\$ 163,308	\$	\$ 234,421	\$
Support services				
Tuition	3,325,939	3,325,939	3,089,402	3,089,402
Pupils and instructional staff	35,056	32,714	54,300	48,819
General administration and business	13,753	13,753	19,725	19,725
Central Services	41,601	41,601	13	40,813
Operation and maintenance of facilities	17,595	17,595	53,065	53,065
Pupil Transportation	240,867	240,867	221,809	221,809
Other	100,092	100,092	98,878	98,878
<b>Total Expenses</b>	<b>\$ 3,938,211</b>	<b>\$ 3,772,561</b>	<b>\$ 3,771,613</b>	<b>\$ 3,572,511</b>

The only instructional expenses, which included activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities were in the pass through federal and state grants. This is because the district is a total sending district.

Pupils and instructional staff activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development is the responsibility of the receiving district which receives tuition funds from the Newfield Board of Education.

General administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

The district is responsible for pupil transportation, which includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities for the students, which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement, are provided by the tuition receiving district.

Other includes unallocated depreciation and amortization of debt issue costs.

**The School District's Funds**

Information about the School District's major funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) had total revenues of \$3,475,071 and expenditures of \$3,839,333. The net negative change in fund balance for the year was (\$364,262). The School District was able to meet current operating costs with the use of reserves.

As demonstrated by the various statements and schedules included in the financial section of this report, the District is experiencing difficulty in meeting its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2010</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 2,010,673	57.86%	\$ 232,773	13.27%
State Sources	1,421,817	40.91%	126,818	8.47%
Federal Sources	42,581	1.23%	(266,044)	-530.58%
<b>Total</b>	<b>\$ 3,475,071</b>	<b>100.00%</b>	<b>\$ 93,547</b>	<b>2.83%</b>

The increase in Local Sources is attributed to increases in miscellaneous revenue of \$15,250 and the local tax levy of \$219,776, offset by a decrease in interest income of \$2,253.

The increase in State Sources is attributed to increases in various categorical aids totaling \$144,210, offset by a decrease in special project grants amounting to \$17,392. The decrease in Federal Sources is attributed to the decrease ARRA funding of \$206,842 combined with the decrease in the special projects grants of \$59,202.

The following schedule presents a summary of general fund, and special revenue fund expenditures for the fiscal year ended June 30, 2011.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2010</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction - Grant Programs	\$ 163,308	4.25%	\$ (71,113)	-46.39%
Undistributed expenditures	3,676,025	95.75%	196,911	6.18%
<b>Total</b>	<b>\$ 3,839,333</b>	<b>100.00%</b>	<b>\$ 125,798</b>	<b>3.77%</b>

The decrease in Current – Instruction is attributed to decreased state and federal grant allotments.

The increase in undistributed expenditures is attributed to increases in tuition of \$236,537, and transportation costs of \$19,058, offset by decreases in and student instruction related services of \$19,244, administration expenses of \$4,684 and operations and maintenance of \$35,470.

The increase in capital outlay is attributed to purchases of equipment.

### General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2011, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues would exceed expenditures by \$525,859, the actual results for the year show a lower decrease of \$374,674. This was due to the positive variances in several budget line items.

- ❖ Actual revenues were \$6,590 less than expected, due to negative variances in state aid of \$8,179, offset by positive variances in other miscellaneous revenues of \$1,589.
- ❖ The actual expenditures were \$157,775 lower than expected, due to favorable variance in most line items.
- ❖ Of the \$525,859 in Fund Balance utilized as revenue to support the 2010-11 budget, \$65,000 represented Tuition Reserve, \$49,520 was from Emergency Reserve, \$40,000 was derived from Maintenance Reserve, \$75,004 was from prior excess surplus and \$296,335 represented unassigned General Fund Balance.

### ❖ Capital Assets

At the end of the fiscal year 2011, the School District had \$2,626,477 invested in land, buildings, furniture and equipment. Table 4 shows fiscal 2011 balances compared to 2010.

Table 4  
Capital Assets (Net of Depreciation) at June 30

	<u>2011</u>	<u>2010</u>
Land	\$ 116,231	\$ 116,231
Building and Improvements	2,509,954	2,608,384
Machinery and Equipment	292	740
	<u>                    </u>	<u>                    </u>
Totals	\$ 2,626,477	\$ 2,725,355

Overall capital assets decreased \$98,878 from fiscal year 2010 to fiscal year 2011. The decrease in capital assets (primarily buildings and improvements, machinery and equipment) resulted from depreciation expense for the year.

### **Debt Administration**

At June 30, 2011, the School District did not have any outstanding debt payable.

At June 30, 2011, the School District's overall legal debt margin was \$3,422,407 which fully represents the unvoted debt margin.

### **For the Future**

The Borough of Newfield School District is presently in poor financial condition. Major concerns are the increased reliance of the district on local property taxes, resulting from the lack of surplus and reserves and increases in tuition expense. Future finances are not without challenges as the community continues to deal with state mandated programs with reduced state funding.

In the past, the Borough of Newfield school budgets have been defeated by an overwhelming margin. The contributing factors for the defeated budgets are thought to be the continuing problems with the high tax rate and the change in the economy.

The Borough of Newfield is primarily a residential community, with very few ratables; thus the tax burden is focused on homeowners. During the budget process, it was a concern to the Administration and Board of Education how future budgets would be financed. The district is also closely monitoring administrative cost and routinely conduct reviews of all costs centers in the district.

In conclusion, the Newfield School District has committed itself to proper financial planning and budgeting. The School District also endeavors to employ proper internal financial controls in providing sound fiscal management to meet the challenges of the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Henry Bermann or Suzanne R. Fox Abdill, Business Administrator at Borough of Newfield Board of Education, Newfield, N.J.

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<b><u>Governmental</u></b>	<b><u>Business-type</u></b>	<b><u>Total</u></b>
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 34,294	\$	\$ 34,294
Receivables, Net	23,983		23,983
Capital Assets, Net (Note 5):	2,626,477		2,626,477
	<hr/>	<hr/>	<hr/>
Total Assets	2,684,754		2,684,754
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Accounts Payable	40,247		40,247
Due to Grantor	2,867		2,867
Deferred Revenue	8,468		8,468
	<hr/>	<hr/>	<hr/>
Total Liabilities	51,582		51,582
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	2,626,477		2,626,477
Unrestricted	6,695		6,695
	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 2,633,172	\$	\$ 2,633,172
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 120,727	\$	\$ 120,727	\$	\$	\$
Tuition	42,581		42,581		-	
Support Services:						
Tuition	3,325,939			(3,325,939)		(3,325,939)
Student & Instruction Related Services	35,056		2,342	(32,714)		(32,714)
General Administrative Services	13,753			(13,753)		(13,753)
Central Services	41,601			(41,601)		(41,601)
Plant Operations and Maintenance	17,595			(17,595)		(17,595)
Pupil Transportation	240,867			(240,867)		(240,867)
Employee Benefits	500			(500)		(500)
Other	714			(714)		(714)
Unallocated Depreciation	98,878			(98,878)		(98,878)
Total Governmental Activities	3,938,211		165,650	(3,772,561)		(3,772,561)
Business-type Activities:						
Food Service						
Total business-type Activities						
Total Primary Government	\$ 3,938,211	\$	\$ 165,650	\$ (3,772,561)	\$	\$ (3,772,561)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,908,742	\$	\$ 1,908,742
Federal and State Aid not Restricted				1,301,090		1,301,090
Investment Earnings				1,681		1,681
Miscellaneous Income				97,908		97,908
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,309,421		3,309,421
Change in Net Assets				(463,140)		(463,140)
Net Assets—Beginning				3,096,312		3,096,312
Net Assets—Ending				\$ 2,633,172	\$	\$ 2,633,172

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

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

**GOVERNMENTAL FUNDS**

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 22,959	\$ 11,335	\$ 34,294
State Aid Receivable	21,821		21,821
Receivables from Other Governments	2,162		2,162
	\$ 46,942	\$ 11,335	\$ 58,277
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 40,247		\$ 40,247
Due to Grantor		2,867	2,867
Deferred Revenue		8,468	8,468
	40,247	11,335	51,582
Fund Balances:			
Unassigned Reported In:			
General Fund	6,695		6,695
	6,695		6,695
<b>Total Liabilities and Fund Balances</b>	<b>\$ 46,942</b>	<b>\$ 11,335</b>	

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 \$4,546,504 and the accumulated depreciation is \$1,920,027 (Note 5).

2,626,477

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 (see Note 9).

-

Net assets of governmental activities

\$ 2,633,172

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

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local sources:			
Local Tax Levy	\$ 1,908,742	\$	\$ 1,908,742
Interest Earned	1,681		1,681
Rent	95,000	2,342	97,342
Miscellaneous	2,908		2,908
<b>Total - Local Sources</b>	<b>2,008,331</b>	<b>2,342</b>	<b>2,010,673</b>
State Sources	1,301,090	120,727	1,421,817
Federal Sources		42,581	42,581
<b>Total Revenues</b>	<b>3,309,421</b>	<b>165,650</b>	<b>3,475,071</b>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Purchased Services		120,727	120,727
Tuition		42,581	42,581
Support services:			
Tuition	3,325,939		3,325,939
Student & Instruction Related Services	32,714	2,342	35,056
General Administrative Services	13,753		13,753
Central Services	41,601		41,601
Plant Operations and Maintenance	17,595		17,595
Pupil Transportation	240,867		240,867
Employee Benefits	500		500
Capital Outlay	714		714
<b>Total Expenditures</b>	<b>3,673,683</b>	<b>165,650</b>	<b>3,839,333</b>
Excess (Deficiency) of revenues over expenditures	(364,262)		(364,262)
<b>OTHER FINANCING SOURCES (USES)</b>			
Total Other Financing Sources and Uses			
Net Change in Fund Balances	(364,262)		(364,262)
Fund Balance—July 1	370,957		370,957
Fund Balance—June 30	\$ 6,695	\$	\$ 6,695

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

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**Total net change in fund balances - governmental funds (from B-2)** \$ (364,262)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (98,878)	
Capital outlays	-	
		(98,878)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Proceeds of long-term debt  
Capital lease proceeds

**Change in net assets of governmental activities (A-2)** \$ (463,140)

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

**PROPRIETARY FUNDS**

N/A

**FIDUCIARY FUNDS**

N/A

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**A. Reporting Entity:**

The Borough of Newfield School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the Newfield School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. These terms are staggered so that some members' terms expire each year. The purpose of the district is to provide education to students in grades K-12. The Newfield School District is a sending district. A Board Secretary is appointed under a contracted service agreement by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation:**

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements: The statement of net assets and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

**B. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped, in the financial statements in this report into three broad funds:

**GOVERNMENTAL FUNDS**

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The District currently has no capital projects, and, therefore, the accounting system of the District does not include a capital projects fund.

**Debt Service Fund** - The District would account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance majority property acquisition, construction and improvement programs in the debt service fund. There was, however, no bonded debt as of June 30, 2011.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**PROPRIETARY FUNDS**

The accounting system of the district does not include any proprietary type funds or Internal Service whereby services would be provided on a cost-reimbursement basis.

**FIDUCIARY FUNDS**

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Expendable Trust Fund** - The district does not maintain an Expendable Trust Fund assets, where both the principal and interest may be spent.

**Nonexpendable Trust Fund** - The District does not maintain a Nonexpendable Trust Fund that would be used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

**Agency Funds** - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. There were no employees or student activity funds during fiscal year 2010-2011 and, therefore, agency accounts were not maintained.

**C. Basis of Accounting and Measurement Focus:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

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

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

Because the District is a non-operating district and grant funds are passed through to the Upper Township School District, the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds and the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types are the same and no reconciliation of the two bases of accounting is necessary.

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types.

	<u>Ref</u>	<u>General Fund</u>	<u>Ref</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule	C-1	\$ 3,279,914	C-2	\$ 165,650
Differences - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that				
encumbrances are recognized as expenditures, and the related				
revenue is recognized.				
State aid payment recognized for GAAP statements in current year,				
previously recognized for budgetary purposes.				
		112,373		
State aid payment recognized for budgetary purposes,				
not recognized for GAAP statements until the subsequent year.				
		(101,961)		
<hr/>				
Total revenues as reported on the statement of revenues, expenditures				
and changes in fund balances - governmental funds.	B-2	\$ 3,290,326	B-2	\$ 165,650
<hr/>				
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the				
budgetary comparison schedule	C-1	\$ 3,673,683	B-2	\$ 165,650
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but				
not received are reported in the year the order is placed for				
<i>budgetary</i> purposes, but in the year the supplies are received				
for <i>financial reporting</i> purposes.				
<hr/>				
Total expenditures as reported on the statement of revenues,				
expenditures, and changes in fund balances - governmental funds	B-2	\$ 3,673,683	B-2	\$ 165,650
<hr/>				

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**E. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as 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.

Any open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end. The District had no balance reserved for encumbrances at June 30, 2011.

**F. Cash, Cash Equivalents and Investments:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**G. Tuition Receivable/Payable:**

Tuition charges payable for the fiscal years 2008-09, 2009-10 and 2010-11 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. There is no tuition income and, therefore, no tuition receivables.

**H. Short -Term Interfund Receivables/Payables:**

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

**I. Assets, Liabilities and Equity:**

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

Capital Assets - Capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. Capital assets acquired or constructed prior to June 30, 2006 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the statement of net assets. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

**J. Accrued Salaries and Wages:**

As of June 30, 2011, there were no wages earned or accrued.

**K. Compensated Absences:**

The District has no employees, therefore, no compensated absences.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**L. Deferred Revenue:**

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

**M. Fund Equity:**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**N. Comparative Data/Reclassifications:**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**O. Use of Estimates:**

In order for the preparation of basic financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**P. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets.

**Q. Net Assets:**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**R. Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**S. Revenues – Exchange and Non-exchange Transactions:**

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

As of June 30, 2011, cash and cash equivalents in the fund financial statements of the District consisted of the following:

		<b><u>Cash and Cash Equivalents</u></b>
Checking accounts	\$	34,198
N.J. Cash Management Fund		<u>96</u>
Total	\$	<u>34,294</u>

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

Custodial Credit Risk

Custodial credit presents a risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41 et seq. that the School District deposit all public funds in public depositories protected from loss under the provisions of the GUDPA Act as described in Note 2.

The District does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2011, the District's bank balance of \$391,772 was insured or collateralized as follows:

Insured by Depository Insurance	\$250,095
Collateralized under GUDPA	<u>141,677</u>
Total	<u>\$391,772</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

Custodial Credit Risk

All bank deposits and investments as of the balance sheet date are entirely insured or collateralized by a pool maintained by public depositories as required by the Governmental Unit Protection Act and are classified as to credit risk by the following three categories described below.

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the districts deposits may not be returned to it. Although the district does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act.

The Board of Education designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided.

As of June 30, 2011, the District did not have any investments.

**NOTE 4. TUITION RESERVE ACCOUNT**

The District withdrew the following tuition reserves and appropriated them to fund the 2010-11 Budget:

<u>Fiscal Year</u>	<u>Amount</u>
2007-08	\$ 25,000
2008-09	40,000

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 116,231	\$ -	\$ -	\$ 116,231
Total capital assets not being depreciated	116,231			116,231
Site Improvement	30,245			30,245
Building and building improvements	4,396,488			4,396,488
Machinery and equipment	3,540			3,540
Totals at historical cost	4,430,273			4,430,273
Less accumulated depreciation for :				
Site Improvement	(30,245)			(30,245)
Building and improvements	(1,788,104)	(98,430)		(1,886,534)
Equipment	(2,800)	(448)		(3,248)
Total accumulated depreciation	(1,821,149)	(98,878)		(1,920,027)
Total capital assets being depreciated, net of accumulated depreciation	2,609,124	(98,878)		2,510,246
<b>Government activities capital assets, net</b>	<b>\$ 2,725,355</b>	<b>\$ (98,878)</b>	<b>\$ -</b>	<b>\$ 2,626,477</b>
				<b>To A-1</b>

Depreciation expense was charged to governmental functions  
as Unallocated \$ 98,878

**NOTE 6. OPERATING AND CAPITAL LEASES**

The District does not have any operating leases or balance in Capital Leases as of June 30, 2011.

**NOTE 7. DEFERRED COMPENSATION**

There are no employees, therefore, no deferred compensation.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 8. INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund balances as of June 30, 2011.

**NOTE 9. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2011, the following changes occurred in long-term obligations:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>	<b>Long-term Portion</b>
<b>Governmental Activities:</b>						
Obligations under capital lease	\$ -	\$ -		\$ -		\$ -
Compensated absences payable						
Total other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
						To A-1

**NOTE 10. CAPITAL RESERVE ACCOUNT**

Capital reserve accounts may be established by New Jersey school Districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years and are maintained in the general fund, with its activity included in the annual budget. Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase 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. 6A:23A-14.1(g), the account balance cannot at any time exceed the local support cost of uncompleted capital projects in its approved LRFP.

The activity of the Capital Reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 0
Interest earnings	0
Withdrawal	0
Ending balance, June 30, 2011	<u>\$ 0</u>

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is \$225,254.04. The balance was withdrawn to support the operating budget in 2010-11

**NOTE 11. COMPENSATED ABSENCES**

The district does not have any compensated absence liability as June 30, 2011.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 12. PENSION PLANS**

**Description of Plans** - Substantially all of the Board's prior employees participated in one of the following contributory defined benefit public employee retirement systems which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). According to the N.J. Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 12. PENSION PLANS (CONT'D)**

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 2000, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced. Chapter 415, P.L. 1999 provides for a reduction in this rate of 3% for the calendar years 2000 and 2001 and for a contribution rate reduction of up to 2% of compensation in future calendar years if the State Treasurer determines that excess valuation assets will be used to reduce the normal contributions made to the system by the State and local employers in a fiscal year beginning immediately prior to a calendar year. Where a contribution is required from the Board of Education, the board is billed annually for its normal contribution plus any accrued liability. There is no accrued liability for the Public Employees' Retirement System as of June 30, 2005 since the requirements were fully funded by the State of New Jersey.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<b><u>Year</u></b>		<b><u>Annual</u></b>	<b><u>Percentage</u></b>		<b><u>Net</u></b>
<b><u>Funding</u></b>		<b><u>Pension</u></b>	<b><u>of APC</u></b>		<b><u>Pension</u></b>
	<b><u>\$</u></b>	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>%</u></b>	<b><u>Obligation</u></b>
6/30/11	\$	None	100	%	\$ 0
6/30/10		None	100		0
6/30/09		None	100		0

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 12. PENSION PLANS (CONT'D)**

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

<b><u>Year Funding</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/11	\$ 0	100 %	\$ 0
6/30/10	0	100	0
6/30/09	8,158	100	0

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$0 to TPAF for post-retirement benefits on behalf of the District. As there were no wages paid during the 2010-11 fiscal year, no reimbursement was received in accordance with N.J.S.A.18A:66-66 the State of New Jersey during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Therefore, no amount has been included in the basic financial statements, and the combining and individual statements and schedules as a revenue and expenditure in accordance with GASB 27.

**NOTE 13. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post retirement medical premiums 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 or county college with 25 years of service. The state paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**NOTE 14. LITIGATION**

The District is, from time to time, involved in claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 15. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Adequacy of insurance coverage is the responsibility of the school board.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ None	\$ 0	\$ 0	\$ None
2009-2010	None	0	0	None

**NOTE 16. FUND BALANCE APPROPRIATED**

**General Fund** - Of the (\$12,400) deficit in General Fund balance at June 30, 2011, all represents an undesignated deficit.

**NOTE 17. 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 School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 was \$0.

**NOTE 18. SUBSEQUENT EVENTS**

Beginning in the 2012-13 School Year, elementary students will be attending the Franklin Township School District.

**End of Notes to Financial Statements**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,908,742	\$	\$ 1,908,742	\$ 1,908,742	\$
Interest Earned				1,681	1,681
Rental Income	98,000		98,000	95,000	(3,000)
Miscellaneous Income				2,908	2,908
<b>Total - Local Sources</b>	<b>2,006,742</b>		<b>2,006,742</b>	<b>2,008,331</b>	<b>1,589</b>
State Sources:					
Categorical Special Education Aid	120,734		120,734	120,734	
Equalization Aid	1,130,853		1,130,853	1,130,853	
Categorical Security Aid	17,270		17,270	17,270	
Other State Aids					
Non - Public Transportation				2,726	2,726
Extraordinary Aid	30,000		30,000	19,095	(10,905)
<b>Total - State Sources</b>	<b>1,298,857</b>		<b>1,298,857</b>	<b>1,290,678</b>	<b>(8,179)</b>
Federal Sources:					
<b>TOTAL REVENUES</b>	<b>3,305,599</b>		<b>3,305,599</b>	<b>3,299,009</b>	<b>(6,590)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Home Instruction: Instruction					
Purchased Professional-Educational Services					
<b>Total Home Instruction</b>					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	2,647,583	19,445	2,667,028	2,666,318	710
Tuition - Other LEAs Within the State - Special	322,803	(36,269)	286,534	275,754	10,780
Tuition - To County Vocational School Dist. Regular	11,000	1,000	12,000	12,000	
Tuition - Co Spec Serv and Regional Day Schools	381,486	(56,959)	324,527	314,537	9,990
Tuition - Private Schls/Handicapped within State	3,474	39,331	42,805	41,375	1,430
Tuition - State Facilities	31,980	(31,980)			
Tuition - Other	40,560	(19,760)	20,800	15,955	4,845
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,438,886</b>	<b>(85,192)</b>	<b>3,353,694</b>	<b>3,325,939</b>	<b>27,755</b>
Other Support Services - Students-Related:					
Purchased Professional - Educational Services	500		500		500
<b>Total Other Support Services-Students-Related Services</b>	<b>500</b>		<b>500</b>		<b>500</b>
Other Support Services -Extraordinary Services					
Purchased Professional - Educational Services	76,535		76,535	32,714	43,821
<b>Total Other Support Services-Extra. Services</b>	<b>\$ 76,535</b>	<b>\$</b>	<b>\$ 76,535</b>	<b>\$ 32,714</b>	<b>\$ 43,821</b>

**BOROUGH OF NEWFIELD SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Undistributed Expenditures: (Continued)					
Support Services General Administration:					
Legal Services	\$ 12,000	\$ (2,449)	\$ 9,551	\$ 338	\$ 9,213
Audit Fees	6,000		6,000	5,995	5
Other Purchased Professional Services	2,000	(381)	1,619		1,619
BOE Other Purchased Services	125		125		125
Other Purchased Services	3,300	2,280	5,580	5,526	54
General Supplies	215		215		215
Miscellaneous Expenditures	200	550	750	750	
BOE Member Dues/Fees	1,200		1,200	1,144	56
<b>Total Support Services General Administration</b>	<b>25,040</b>		<b>25,040</b>	<b>13,753</b>	<b>11,287</b>
Central Services:					
Purchased Professional Services	36,708		36,708	36,708	
Purchased Technical Services	4,700		4,765	4,765	
Miscellaneous Purchased Services	145		80		80
Supplies and Materials	150		150	128	22
Miscellaneous Expenditures	50		50		50
<b>Total Central Services</b>	<b>41,753</b>		<b>41,753</b>	<b>41,601</b>	<b>152</b>
Required Maintenance:					
Cleaning, Repair and Maintenance Services	9,872		9,872	1,370	8,502
<b>Total Required Maintenance</b>	<b>9,872</b>		<b>9,872</b>	<b>1,370</b>	<b>8,502</b>
Other Operation and Maintenance of Plant:					
Purchased Professional and Technical Services	1,000	2,088	3,088	3,088	
Cleaning, Repair and Maintenance Services	9,500		9,500	4,977	4,523
Insurance	10,747	(2,088)	8,659	8,160	499
General Supplies	200		200		200
<b>Other Operation and Maintenance of Plant :</b>	<b>21,447</b>		<b>21,447</b>	<b>16,225</b>	<b>5,222</b>
Student Transportation Services:					
Contracted Services (home/school) - Joint Agreements	86,530	10,643	97,173	88,713	8,460
Contracted Services (Special Ed. Students) - Joint Agreements		87,432	87,432	87,420	12
Contracted Services (Special Ed. Students) ESC's & CTSA	115,026	(21,787)	93,239	52,338	40,901
Contr Serv - Aid in Lieu of Payments - Nonpublic	14,080	8,904	22,984	12,396	10,588
<b>Total Student Transportation Services</b>	<b>\$ 215,636</b>	<b>\$ 85,192</b>	<b>\$ 300,828</b>	<b>\$ 240,867</b>	<b>\$ 59,961</b>

**BOROUGH OF NEWFIELD SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Incr in Sale/Lease-back or Emergency Reserve	\$	\$	\$	\$	\$
Unallocated Benefits					
Workers' Compensation	1,075		1,075	500	575
Total Unallocated Benefits	<u>1,075</u>		<u>1,075</u>	<u>500</u>	<u>575</u>
Total Undistributed Expenditures	<u>3,830,744</u>		<u>3,830,744</u>	<u>3,672,969</u>	<u>157,775</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>3,830,744</u>		<u>3,830,744</u>	<u>3,672,969</u>	<u>157,775</u>
<b>CAPITAL OUTLAY:</b>					
Increase in Capital Reserve					
Facilities Acquisition and Construction Services					
Other Objects	714		714	714	
TOTAL CAPITAL OUTLAY	<u>714</u>		<u>714</u>	<u>714</u>	
TOTAL EXPENDITURES	<u>3,831,458</u>		<u>3,831,458</u>	<u>3,673,683</u>	<u>157,775</u>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	<u>(525,859)</u>		<u>(525,859)</u>	<u>(374,674)</u>	<u>151,185</u>
Other financing sources (uses):					
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(525,859)</u>		<u>(525,859)</u>	<u>(374,674)</u>	<u>151,185</u>
Fund Balances, July 1	483,330		483,330	483,330	
Fund Balances, June 30	<u>\$ (42,529)</u>	<u>\$</u>	<u>\$ (42,529)</u>	<u>\$ 108,656</u>	<u>\$ 151,185</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Year's Expenditures				\$ 108,656	
<b>Unassigned Fund Balance</b>				<u>108,656</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(101,961)</u>	
Fund Balance per Governmental funds (GAAP)				<u>\$ 6,695</u>	

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**AS OF JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$ 94,147	\$ 26,580	\$ 120,727	\$ 120,727	\$
Federal Sources	40,891	1,690	42,581	42,581	
Local Sources		2,342	2,342	2,342	
<b>Total Revenues</b>	<u>135,038</u>	<u>30,612</u>	<u>165,650</u>	<u>165,650</u>	
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Purchased Professional - Educational Services	94,147	26,580	120,727	120,727	
Tuition	40,891	1,690	42,581	42,581	
<b>Total Instruction</b>	<u>135,038</u>	<u>28,270</u>	<u>163,308</u>	<u>163,308</u>	
<b>Support Services</b>					
Purchased Professional Technical Services		2,342	2,342	2,342	
<b>Total Support Services</b>		<u>2,342</u>	<u>2,342</u>	<u>2,342</u>	
<b>Facilities Acquisition and Construction Services:</b>					
Buildings					
Instructional Equipment					
Non-instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<u>135,038</u>	<u>30,612</u>	<u>165,650</u>	<u>165,650</u>	
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<u>135,038</u>	<u>30,612</u>	<u>165,650</u>	<u>165,650</u>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTE TO RSI**  
**FISCAL YEAR ENDED JUNE 30, 2011**

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

		<u>General Fund</u>			<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$	3,299,009	[C-2] \$		165,650
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		112,373			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.		(101,961)			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>3,309,421</u>	[B-2] \$		<u>165,650</u>
<b>Uses/outflows of resources</b>					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	3,673,683	[C-2] \$		165,650
Differences - budget to GAAP					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.					
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.					
Net transfers (outflows) to general fund					
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	<u>3,673,683</u>	[B-2] \$		<u>165,650</u>

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	I.D.E.A. PART B Basic	School Board Safety Grant	Auxiliary Services Chapter 192 & 193			Handicapped Services			Total	
			Non Public Basic Skills	Non Public ESL	Non Public Transport	Non Public Suppl Ins	Non Public Exam/Class	Non Public Speech	2011	2010
<b>REVENUES:</b>										
State Sources	\$	\$	\$ 48,897	\$ 2,476	\$ 14,209	\$ 7,504	\$ 16,427	\$ 31,214	\$ 120,727	\$ 138,119
Federal Sources	42,581								42,581	101,783
Local Programs		2,342							2,342	
<b>Total Revenues</b>	<b>\$ 42,581</b>	<b>\$ 2,342</b>	<b>\$ 48,897</b>	<b>\$ 2,476</b>	<b>\$ 14,209</b>	<b>\$ 7,504</b>	<b>\$ 16,427</b>	<b>\$ 31,214</b>	<b>\$ 165,650</b>	<b>\$ 239,902</b>
<b>EXPENDITURES:</b>										
Instruction:										
Purchased Professional Educational Services	\$	\$	\$ 48,897	\$ 2,476	\$ 14,209	\$ 7,504	\$ 16,427	\$ 31,214	\$ 120,727	\$ 128,016
Misc Purchased Services										
Tuition	42,581								42,581	101,783
Textbooks										4,622
<b>Total Instruction</b>	<b>42,581</b>		<b>48,897</b>	<b>2,476</b>	<b>14,209</b>	<b>7,504</b>	<b>16,427</b>	<b>31,214</b>	<b>163,308</b>	<b>234,421</b>
Support Services:										
Purchased Technical Services										5,481
Purchased Professional Technical Services		2,342							2,342	
<b>Total Support Services</b>		<b>2,342</b>							<b>2,342</b>	<b>5,481</b>
<b>Total Expenditures</b>	<b>\$ 42,581</b>	<b>\$ 2,342</b>	<b>\$ 48,897</b>	<b>\$ 2,476</b>	<b>\$ 14,209</b>	<b>\$ 7,504</b>	<b>\$ 16,427</b>	<b>\$ 31,214</b>	<b>\$ 165,650</b>	<b>\$ 239,902</b>

## CAPITAL PROJECTS FUND DETAIL STATEMENT

N/A

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

## PROPRIETARY FUND DETAIL STATEMENTS

N/A

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** – This fund provides for the operation of food services in all schools within the school district.

**THIS SECTION FOR INCLUSION IN STATEMENTS B-4, B-5 AND B-6.**

## FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

**Student Activity Fund** – This agency fund is used to account for student funds held at the schools.

**Payroll Fund** – This agency fund is used to account for the payroll transactions of the school district.

## LONG-TERM DEBT SCHEDULES

N/A

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

**STATISTICAL SECTION**

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NET ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>								
Invested in Capital Assets, net of related debt	\$ 3,193,910	\$ 3,122,471	\$ 3,054,477	\$ 2,987,999	\$ 2,923,111	\$ 2,824,233	\$ 2,725,355	\$ 2,626,477
Restricted	43,705	49,523	204,773	196,311	602,992	671,445	483,330	-
Unrestricted	52,356	129,377	169,856	281,673	333,675	226,523	(112,373)	6,695
<b>Total Governmental Activities Net assets</b>	<b>\$ 3,289,971</b>	<b>\$ 3,301,371</b>	<b>\$ 3,429,106</b>	<b>\$ 3,465,983</b>	<b>\$ 3,859,778</b>	<b>\$ 3,722,201</b>	<b>\$ 3,096,312</b>	<b>\$ 2,633,172</b>
<b>Business-Type Activities</b>								
Invested in Capital Assets, net of related debt	\$	\$	\$	\$	\$	\$	\$	\$
Restricted								
Unrestricted								
<b>Total Business-Type Activities Net Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>District-Wide</b>								
Invested in Capital Assets, net of related debt	\$ 3,193,910	\$ 3,122,471	\$ 3,054,477	\$ 2,987,999	\$ 2,923,111	\$ 2,824,233	\$ 2,725,355	\$ 2,626,477
Restricted	43,705	49,523	204,773	196,311	602,992	671,445	483,330	-
Unrestricted	52,356	129,377	169,856	281,673	333,675	226,523	(112,373)	6,695
<b>Total District-Wide Net Assets</b>	<b>\$ 3,289,971</b>	<b>\$ 3,301,371</b>	<b>\$ 3,429,106</b>	<b>\$ 3,465,983</b>	<b>\$ 3,859,778</b>	<b>\$ 3,722,201</b>	<b>\$ 3,096,312</b>	<b>\$ 2,633,172</b>

Source: CAFR Schedule A-1

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS**  
**LAST EIGHT FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
Governmental activities								
Instruction								
Regular	\$ 236,117	\$ 230,547	\$ 219,227	\$ 161,410	\$ 133,843	\$ 103,150	\$ 132,638	\$ 120,727
Tuition						50,142	101,783	42,581
Support Services								
Tuition	2,047,957	2,159,428	2,021,747	2,307,126	2,038,560	2,819,333	3,089,402	3,325,939
Student and Instruction Related Services	233,749	134,814	133,407	92,982	50,415	58,893	54,300	35,056
General and Business Administrative Services		34,388	35,405	23,575	195,880	75,334	19,225	13,753
Central Services	12,368	19,138	128,419	36,809	38,645	39,255	40,813	41,601
Plant Operations and Maintenance	16,079	16,098	12,702	14,711	26,385	14,158	53,065	17,595
Pupil Transportation	175,694	154,450	143,816	140,389	191,299	179,872	221,809	240,867
Business and Other Support Services	52,065	16,122	16,648	16,262	8,658	500	500	500
Amortization of Debt Issue Costs	1,600	1,600	1,600	6,725	6,725			
Interest on Long-Term Debt	7,807	5,793	4,348	2,832	1,241			714
Unallocated Depreciation and Amortization	98,542	98,878	98,878	98,878	98,878	98,878	98,878	98,878
Total Governmental Activities Expenses	2,881,978	2,871,256	2,816,197	2,901,699	2,790,529	3,439,515	3,812,413	3,938,211
Total District Expenses	\$ 2,881,978	\$ 2,871,256	\$ 2,816,197	\$ 2,901,699	\$ 2,790,529	\$ 3,439,515	\$ 3,812,413	\$ 3,938,211
<b>Program Revenues</b>								
Governmental Activities								
Operating Grants and Contributions	\$ 286,581	\$ 240,942	\$ 223,947	\$ 188,113	\$ 150,859	\$ 161,496	\$ 239,902	\$ 165,650
Total Governmental Activities Program Revenues	286,581	240,942	223,947	188,113	150,859	161,496	239,902	165,650
Total District Program Revenues	\$ 286,581	\$ 240,942	\$ 223,947	\$ 188,113	\$ 150,859	\$ 161,496	\$ 239,902	\$ 165,650
<b>Net (Expense)/Revenue</b>								
Governmental Activities	\$ (2,595,397)	\$ (2,630,314)	\$ (2,592,250)	\$ (2,713,586)	\$ (2,639,670)	\$ (3,278,019)	\$ (3,572,511)	\$ (3,772,561)
Total District-Wide Net Expense	\$ (2,595,397)	\$ (2,630,314)	\$ (2,592,250)	\$ (2,713,586)	\$ (2,639,670)	\$ (3,278,019)	\$ (3,572,511)	\$ (3,772,561)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental Activities								
Property Taxes Levied for General Purposes, net	\$ 1,376,555	\$ 1,447,150	\$ 1,515,645	\$ 1,571,475	\$ 1,609,315	\$ 1,673,688	\$ 1,688,966	\$ 1,908,742
Taxes Levied for Debt Service								
Unrestricted Grants and Contributions	1,147,313	1,143,576	1,151,207	1,123,708	1,173,843	1,386,321	1,363,722	1,301,090
Investment Earnings	608	386	3,018	4,222	5,307	5,433	3,934	1,681
Miscellaneous Income	57,689	52,602	50,115	51,058	245,000	75,000	85,000	97,908
Cancellation of Prior Year Receivables							(195,000)	
Total Governmental Activities	2,582,165	2,643,714	2,719,985	2,750,463	3,033,465	3,140,442	2,946,622	3,309,421
Total District-Wide	\$ 2,582,165	\$ 2,643,714	\$ 2,719,985	\$ 2,750,463	\$ 3,033,465	\$ 3,140,442	\$ 2,946,622	\$ 3,309,421
<b>Change in Net Assets</b>								
Governmental Activities								
Total District-Wide	\$ (13,232)	\$ 13,400	\$ 127,735	\$ 36,877	\$ 393,795	\$ (137,577)	\$ (625,889)	\$ (463,140)

Source: CAFR Schedule A-2

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST EIGHT FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund								
Restricted	\$ 51,685	\$ 106,840	\$ 277,488	\$ 268,339	\$ 578,189	\$ 654,906	\$ 229,524	\$
Assigned								
Unassigned	27,726	87,010	83,691	202,920	358,478	243,062	141,433	6,695
Total General Fund	<u>\$</u>	<u>\$</u>	<u>\$ 361,179</u>	<u>\$ 471,259</u>	<u>\$ 936,667</u>	<u>\$ 897,968</u>	<u>\$ 370,957</u>	<u>\$ 6,695</u>
All Other Governmental Funds								
Reserved	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved, Reported in:								
Special Revenue Fund								
Capital Projects Fund								
Debt Service Fund								
Permanent Fund								
Total All Other Governmental Funds	<u>\$</u>	<u>\$</u>	<u>\$ -</u>	<u>\$ -</u>				

Source: CAFR Schedule B-1

**BOROUGH OF NEWFIELD SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Revenues</b>										
Tax Levy	\$ 1,140,119	\$ 1,218,950	\$ 1,376,555	\$ 1,447,150	\$ 1,515,645	\$ 1,571,475	\$ 1,609,315	\$ 1,673,688	\$ 1,688,966	\$ 1,908,742
Rent	50,000		50,000	50,000		50,000	245,000	75,000	85,000	97,342
Interest Earnings	9,901	4,772	3,150	2,489	3,018	4,222	5,307	5,433	3,934	1,681
Miscellaneous	3,192	(9,269)	4,556	499	50,115	1,058				2,908
State Sources	1,211,265	1,225,724	1,379,323	1,326,331	1,317,225	1,268,571	1,276,165	1,497,675	1,294,999	1,421,817
Federal Sources	40,807	40,395	54,571	58,187	57,929	43,250	48,537	50,142	308,625	42,581
<b>Total Revenues</b>	<b>2,455,284</b>	<b>2,480,572</b>	<b>2,868,155</b>	<b>2,884,656</b>	<b>2,943,932</b>	<b>2,938,576</b>	<b>3,184,324</b>	<b>3,301,938</b>	<b>3,381,524</b>	<b>3,475,071</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	209,223	205,254	236,117	230,547	219,227	161,410	133,843	103,150	132,638	120,727
Tuition								50,142	101,783	42,581
<b>Support Services</b>										
Tuition	1,988,358	1,886,407	2,047,957	2,159,428	2,021,747	2,307,126	2,038,560	2,819,333	3,089,402	3,325,939
Student and Instruction Related Services	96,300	155,880	233,749	134,814	133,407	92,982	50,415	58,893	54,300	35,056
General Administrative Services	15,894	17,084		40,181	39,753	23,575	195,880	75,334	19,225	13,753
Central Services			12,368	19,138	128,419	39,641	39,886	39,255	40,813	41,601
Plant Operations and Maintenance	11,614	11,666	16,079	16,098	12,702	14,711	26,385	14,158	53,065	17,595
Pupil Transportation	153,330	154,586	175,694	154,450	143,816	140,389	191,299	179,872	221,809	240,867
Business and Other Support Services	31,726	26,432	44,414			16,262				
Unallocated Employee Benefits	328	12,100	15,458	16,122	16,648	32,400	8,658	500	500	500
Capital Outlay	51,352	20,371	27,425	29,439	30,884		33,990			714
<b>Total Expenditures</b>	<b>2,558,125</b>	<b>2,489,780</b>	<b>2,809,261</b>	<b>2,800,217</b>	<b>2,746,603</b>	<b>2,828,496</b>	<b>2,718,916</b>	<b>3,340,637</b>	<b>3,713,535</b>	<b>3,839,333</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,841)	(9,208)	58,894	84,439	197,329	110,080	465,408	(38,699)	(332,011)	(364,262)
<b>Other Financing Sources (Uses)</b>										
Capital Lease		87,000								
Transfers		(87,000)	591							
<b>Total Other Financing Sources (Uses)</b>		<b>-</b>	<b>591</b>							
<b>Net Change in Fund Balances</b>	<b>\$ (102,841)</b>	<b>\$ (9,208)</b>	<b>\$ 59,485</b>	<b>\$ 84,439</b>	<b>\$ 197,329</b>	<b>\$ 110,080</b>	<b>\$ 465,408</b>	<b>\$ (38,699)</b>	<b>\$ (332,011)</b>	<b>\$ (364,262)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Source: CAFR Schedule B-2

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Orders</u> <u>Cancelled</u>	<u>Prior Year</u> <u>Receivable</u> <u>Adjustment</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditure</u>	<u>Refund of</u> <u>Prior Year</u> <u>Tuition</u>	<u>Misc.</u>	<u>Total</u>
2011	\$ 1,681	\$ 95,000	\$	\$	\$	\$	\$ 2,908	\$ 99,589
2010	3,934	85,000						88,934
2009	5,433	75,000						80,433
2008	5,307	245,000						250,307
2007	4,222	50,000					1,058	55,280
2006	3,018	50,000			115			53,133
2005	2,489	50,000	440		19		40	52,988
2004	3,133	50,000	4,573					57,706
2003	4,772			(12,730)	3,402		59	(4,497)
2002	9,901	50,000	3,192					63,093

Source: District Records

**BOROUGH OF NEWFIELD SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2011	\$ 5,140,000	\$ 121,328,100	\$ 1,461,300	\$ 123,000	\$ 8,365,900	\$ 5,961,500	\$ 870,200	\$ 143,250,000	\$ 11,879,400	\$ 300,123	\$ 143,550,123	\$ 1.351	\$ 135,173,184 **
2010	5,349,700	120,890,300	1,461,300	120,700	8,409,200	5,961,500	870,200	143,062,900	*	*	143,062,900	1.330	143,760,247
2009	5,478,400	119,986,300	1,788,800	158,400	8,387,600	5,912,800	870,200	142,582,500	11,866,700	367,428	142,949,928	1.182	136,479,024
2008	5,199,900	119,108,700	1,788,800	158,400	8,427,600	6,531,300	870,200	142,084,900		337,792	142,422,692	1.176	131,682,020
2007	2,706,700	51,390,900	776,900	105,500	3,966,000	2,727,700	671,000	62,344,700	5,304,700	170,108	62,514,808	2.574	130,136,128
2006	2,667,700	49,655,100	776,900	110,300	4,149,600	2,817,700	671,000	60,848,300	-	195,131	61,043,431	2.574	100,671,370
2005	1,358,400	49,422,300	969,600	113,600	4,172,000	2,817,700	671,000	59,524,600	5,365,700	250,982	59,775,582	2.535	97,661,362
2004	1,559,300	48,275,900	1,029,700	113,600	4,117,800	2,977,700	671,000	58,745,000	5,365,700	288,535	59,033,535	2.451	82,679,839
2003	1,666,900	47,314,700	1,029,700	113,600	4,181,600	6,805,100	671,000	61,782,600	5,301,900	318,713	62,101,313	2.217	80,081,141
2002	1,647,600	46,951,700	1,029,700	113,600	4,175,200	6,740,200	751,000	61,409,000	5,261,600	332,570	61,741,570	1.975	76,617,592

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

\* Not Available at time of Audit

\*\* Estimate

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(Rate Per \$100 of Assessed Value)*

Year Ended June 30,	Borough of Newfield Board of Education			Overlapping Rates			Total
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Newfield	Gloucester County	Open Space	
2011	\$ 1.351		\$ 1.351	\$ 0.560	\$ 0.510	\$ 0.037	\$ 2.458
2010	1.330		1.330	0.527	0.552	0.040	2.449
2009	1.182		1.182	0.506	0.524	0.039	2.251
2008	1.176		1.176	0.476	0.515	0.037	2.204
2007	2.574		2.574	1.032	1.062	0.076	4.744
2006	2.574		2.574	1.024	0.982	0.066	4.646
2005	2.535		2.535	0.946	0.795		4.276
2004	2.451		2.451	0.926	0.839		4.216
2003	2.217		2.217	0.880	0.776		3.873
2002	1.975		1.975	0.866	0.737		3.578

Source: District Records and Municipal Tax Collector

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

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

**b** Rates for debt service are based on each year's requirements.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO\***

<u>Taxpayer</u>	<u>2011</u>		<u>2002</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Shieldalloy Metallurgical Corp.	\$ 3,316,800	2.32%		
Newfield National Bank	2,431,700	1.70%		
AB Foxmoor at Newfield LLC	1,910,700	1.34%		
Taxpayer #1	1,101,800	0.77%		
Steel-men LLC Southern NJ Steel	839,300	0.59%		
Taxpayer #2	781,400	0.55%		
Baer Investment Group, LLC	745,300	0.52%		
Taxpayer #3	664,900	0.47%		
Taxpayer #4	609,200	0.43%		
Taxpayer #5	605,200	0.42%		
	<u>\$ 13,006,300</u>	<u>9.10%</u>	<u>\$ -</u>	<u>0.000%</u>

Source: Municipal Tax Assessor

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b><u>Fiscal Year</u></b>		<b><u>Taxes Levied</u></b>		<b><u>Collected Within the Fiscal</u></b>		<b><u>Collections in</u></b>
<b><u>Ended</u></b>		<b><u>for the Fiscal</u></b>		<b><u>Year of the Levy</u></b>		<b><u>Subsequent</u></b>
<b><u>June 30,</u></b>		<b><u>Year</u></b>		<b><u>Amount</u></b>	<b><u>% of Levy</u></b>	<b><u>Years</u></b>
2011	\$	1,908,742	\$	1,908,742	100.00%	\$
2010		1,688,966		1,688,966	100.00%	
2009		1,673,688		1,673,688	100.00%	
2008		1,609,315		1,609,315	100.00%	
2007		1,571,475		1,571,475	100.00%	
2006		1,515,645		1,515,645	100.00%	
2005		1,447,150		1,447,150	100.00%	
2004		1,376,555		1,376,555	100.00%	
2003		1,218,950		1,218,950	100.00%	
2002		1,140,119		1,140,119	100.00%	

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

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of	
	General Obligation Bonds "	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income "		Per Capita "	
2011	\$	\$	\$	\$	\$	-	0.00%	-
2010							0.00%	\$
2009							0.00%	
2008							0.00%	
2007		33,990				33,990	0.05%	20
2006		66,390				66,390	0.11%	40
2005		97,274				97,274	0.17%	59
2004		126,713				126,713	0.23%	77
2003		154,137				154,137	0.30%	95
2002		85,155				85,155	0.17%	52

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using person income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property		Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions				
2011	\$ -	\$ -	\$ -	0.00%	\$ -	-
2010	-	-	-	0.00%	-	-
2009	-	-	-	0.00%	-	-
2008	-	-	-	0.00%	-	-
2007	-	-	-	0.00%	-	-
2006	-	-	-	0.00%	-	-
2005	-	-	-	0.00%	-	-
2004	-	-	-	0.00%	-	-
2003	-	-	-	0.00%	-	-
2002	-	-	-	0.00%	-	-

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

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-13.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2011**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Newfield Borough	\$ 277,600	100%	\$ 277,600
<b>Other debt</b>			
Gloucester County - Borough's Share	309,191,932	0.470%	1,452,491
Subtotal, Overlapping Debt			1,730,091
<b>Newfield Borough School District Direct Debt</b>			-
<b>Total Direct and Overlapping Debt</b>			\$ 1,730,091

**Sources:** Borough of Newfield Finance Officer and Gloucester County Finance Office

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

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

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2011**

	Equalized Valuation Basis	
	2010	\$ 133,866,286
	2009	142,042,738
	2008	134,779,833
	[A]	\$ 410,688,857
Average Equalized Valuation of Taxable Property	[A/3]	\$ 136,896,286
Debt Limit (2.5% of Average Equalization Value)	[B]	3,422,407 <sup>a</sup>
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 3,422,407

**Fiscal Year Ending June 30,**

	<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>
Debt Limit	\$ 1,664,064	\$	1,781,385	\$	1,894,498	\$	1,994,821	\$	2,170,186	\$	2,468,313	\$	2,050,924	\$	3,174,089	\$	3,389,905	\$	3,422,407
Total Net Debt Applicable to Limit																			
Legal Debt Margin	\$ 1,664,064	\$	1,781,385	\$	1,894,498	\$	1,994,821	\$	2,170,186	\$	2,468,313	\$	2,050,924	\$	2,050,924	\$	3,389,905	\$	3,422,407
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%

Source: Abstract of Ratables and District Records

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<u>Year</u>		<u>Population<sup>a</sup></u>		<u>Personal Income (thousands of dollars)<sup>b</sup></u>		<u>Per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2011	**	1686	\$	70,877,415	\$	42,039	N/A
2010	**	1673		69,291,538		41,418	9.2%
2009		1672		67,233,126		40,211	9.4%
2008		1671		65,235,840		39,040	6.3%
2007		1672		63,124,688		37,754	4.9%
2006		1663		60,534,863		36,401	5.4%
2005		1653		56,818,569		34,373	5.0%
2004		1654		54,396,752		32,888	4.2%
2003		1630		51,046,710		31,317	4.7%
2002		1624		49,899,024		30,726	4.6%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

\*\* Estimate



**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<b><u>Function/Program</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Instruction										
Regular										
Special education										
Other special education										
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & instruction related services										
General administrative services										
School administrative services										
Business administrative services										
Plant operations and maintenance										
Pupil transportation										
Food Service										
Total		-	-	-	-	-	-	-	-	-

**N/A**

**Source:** District Personnel Records

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2011										
2010										
2009										
2008										
2007										
2006										
2005										
2004										
2003										
2002										

N/A

**Sources:** District records; ASSA

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Square Feet										
Capacity (students)										
Enrollment										
<b><u>Middle School</u></b>										
Square Feet										
Capacity (students)										
Enrollment										
<b><u>High School</u></b>										
Square Feet										
Capacity (students)										
Enrollment										
<b><u>Other</u></b>										
Administration Building										
Square Feet										
Transportation										
Square Feet										
Maintenance Offices										
Square Feet										

N/A

Number of Schools at June 30, 2011  
Elementary = 0  
Middle School = 0  
Other = 0

**Source:** District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.



**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
*(UNAUDITED)*

<b>Company</b>	<b>Type of Coverage</b>	<b>Coverage</b>	<b>Deductible</b>
NJSBAIG	School Package Policy		
	Property - Blanket Building & Contents	\$ 4,110,853	\$ 5,000
	Comprehensive General Liability		
	Products and Completed Operation	6,000,000	
	Personal Advertising Injury Limit	6,000,000	
	Bodily Injury & Property Damage	6,000,000	
	Boiler and Machinery	100,000,000	500
	Comprehensive Automobile Liability	6,000,000	
	Commercial Crime Section	25,000	500
	Commercial Inland Marine (Hardware/Software)	25,000	5,000
	School Board Legal Liability	1,000,000	5,000
	Workmen's Compensation:		
	Each accident	2,000,000	
Disease Each employee	2,000,000		
Disease Aggregate	2,000,000		
Ohio Casualty Insurance Company	Surety Bonds		
	Business Administrator	132,000	
	Treasurer	150,000	
	Business Administrator	10,000	

**SINGLE AUDIT SECTION**

**NIGHTLINGER, COLAVITA & VOLPA***A Professional Association**Certified Public Accountants*

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Williamstown, NJ 08094

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September 21, 2011

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

The Honorable President and  
Members of the Board of Education  
Borough of Newfield School District  
County of Gloucester, New Jersey

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Newfield School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education of the Borough of Newfield School District's basic financial statements and have issued our report thereon dated September 21, 2011. 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 and Regulatory Compliance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board of Education of the Borough of Newfield School District'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 Borough of Newfield Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Borough of Newfield School District'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 entity'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.

We noted certain matters that we reported to management of the Borough of Newfield Board of Education, in the separate Auditor's Management Report Dated September 21, 2011.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board of Education of the Borough of Newfield School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 and Regulatory Compliance, Department of Education, State of New Jersey.

This report is intended for the information and use of the audit committee, management, the Borough of Newfield Board of Education, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

# NIGHTLINGER, COLAVITA & VOLPA

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*Certified Public Accountants*

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September 21, 2011

## **INDEPENDENT AUDITOR'S 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 NEW JERSEY OMB CIRCULAR 04-04**

The Honorable President and  
Members of the Board of Education  
Borough of Newfield School District  
County of Gloucester, New Jersey

### Compliance

We have audited the Board of Education of the Borough of Newfield School District, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2011. The Borough of Newfield 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 requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Borough of Newfield Board of Education's management. Our responsibility is to express an opinion on the Borough of Newfield 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; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Newfield 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 of Borough of Newfield Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Borough of Newfield School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the 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, 2011.

### **Internal Control Over Compliance**

Management of the Borough of Newfield School District's 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 The Borough of Newfield 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with NJ 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 Borough of Newfield School District's Board of Education's internal control over compliance.

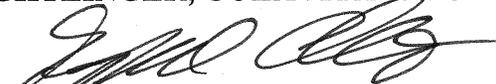
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of the 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 for the information and use of the audit committee, management, the Borough of Newfield Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

**NEWFIELD SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SCHEDULE A**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjust- ment	Repayment of Prior Year Balances	(Accounts Receivable) June 30, 2011	Deferred Revenue	Due to Grantor at June30, 2011
<b>U.S. Department of Education</b>													
Passed-through State Department of Education:													
Special Revenue Fund:													
I.D.E.A. Part B, Basic	84.027	IDEA-3580-11		9/1/10 to 8/31/11			\$ 42,581	\$ (42,581)					
Total U.S. Department of Education							42,581	(42,581)					
Total Federal Financial Assistance							\$ 42,581	\$ (42,581)					

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.

These funds were not audited in accordance with OMB Circular A-133 since the total of all federal grant expenditures was less than \$500,000.

**NEWFIELD SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2010			Cash Received	Budgetary Expenditures	Balance at June 30, 2011			MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount			(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Equalization Aid	11-495-034-5120-078	\$ 1,130,853	7/1/10 to 6/30/11				\$ 1,042,694	\$ (1,130,853)				* \$ 88,159	\$ 1,130,853
Security Aid	11-495-034-5120-084	17,270	7/1/10 to 6/30/11				15,542	(17,270)				* 1,728	17,270
Special Education Categorical Aid	11-495-034-5120-089	120,734	7/1/10 to 6/30/11				108,660	(120,734)				* 12,074	120,734
Extraordinary Aid	10-100-034-5120-473	56,953	7/1/09 to 6/30/10	\$ (56,953)			56,953						
Extraordinary Aid	11-100-034-5120-473	19,095	7/1/10 to 6/30/11					(19,095)	\$ (19,095)			*	19,095
Non Public Transportation	11-495-034-5120-014	2,726	7/1/10 to 6/30/11					(2,726)	(2,726)			*	2,726
Non Public Transportation	10-495-034-5120-014	2,396	7/1/09 to 6/30/10	(2,396)			2,396					*	
<b>Total General Fund</b>				(59,349)			1,226,245	(1,290,678)	(21,821)			* \$101,961	1,290,678
State Department of Education:													
Passed - Through State Department of Education													
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Auxiliary Services:													
Transportation	11-100-034-5120-068	14,209	7/1/10 to 6/30/11				14,209	(14,209)				*	14,209
Basic Skills	11-100-034-5120-067	49,650	7/1/10 to 6/30/11				49,650	(48,897)			\$ 753	*	48,897
ESL	11-100-034-5120-067	2,476	7/1/10 to 6/30/11				2,476	(2,476)				*	2,476
Handicapped Services:													
Supplemental Instruction	11-100-034-5120-066	7,504	7/1/10 to 6/30/11				7,504	(7,504)				*	7,504
Examination & Classification	11-100-034-5120-066	16,428	7/1/10 to 6/30/11				16,428	(16,427)			1	*	16,427
Corrective Speech	11-100-034-5120-066	33,327	7/1/10 to 6/30/11				33,327	(31,214)			2,113	*	31,214
<b>Total Special Revenue Fund</b>							123,594	(120,727)			2,867	*	120,727
<b>Total State Financial Assistance</b>				\$ (59,349)			\$ 1,349,839	\$ (1,411,405)	\$ (21,821)		\$ 2,867	* \$ 101,961	\$ 1,411,405

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.

**NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2011**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Borough of Newfield School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on 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 Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the 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 the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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, whereas the GAAP basis does not. The special revenue fund, where applicable, also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A.18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$10,412) for the general fund and none required for the special revenue fund. See Note 2 (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:

**NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**

**JUNE 30, 2011**

(Continued)

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 1,301,090	\$ 1,301,090
Special Revenue Fund	42,581	120,727	163,308
Total Awards & Financial Assistance	\$ 42,581	\$ 1,421,817	\$ 1,464,398

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

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

**NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING**

The Borough of Newfield School District had no loan balances outstanding at June 30, 2011.

**NOTE 6: OTHER**

Per the NJ Department of Education website, there was no amount reported as TPAF Pension Contributions paid by the state on behalf of the district for the year ended June 30, 2011.

NEWFIELD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

2) Significant deficiencies identified? \_\_\_\_\_ yes  X  none reported

Noncompliance material to general-purpose financial statements noted? \_\_\_\_\_ yes  X  no

Federal Awards N/A

Internal control over major programs:

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

2) Significant deficiencies identified? \_\_\_\_\_ yes \_\_\_\_\_ none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? \_\_\_\_\_ yes \_\_\_\_\_ no

CFDA Number(s)

Name of Federal Program or Cluster

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

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

NEWFIELD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(continued)

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee?  x  yes   no

Internal control over major programs:

- 1) Material weakness(es) identified?   yes  X  no
- 2) Significant deficiencies identified that are not considered to be material weaknesses?   yes  X  none reported

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04   yes  X  no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
11-495-034-5120-078	Equalization Aid
11-495-034-5120-084	Security Aid
11-495-034-5120-089	Special Education Categorical Aid

Section II - Financial Statement Findings

- Finding:** NONE
- Criteria or specific requirement:**
- Condition:**
- Context:**
- Effect:**
- Cause:**
- Recommendation:**
- Management's response:**

NEWFIELD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(continued)

Section III - Federal Awards and State Financial Assistance  
Findings and Questioned Costs

FEDERAL AWARDS N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**NEWFIELD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR - YEAR FINDINGS**

NONE