

**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, 2015

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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, 2015**

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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

November 20, 2015

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, 2015, 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 and/or 15-08 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, 2012, the District will end its only term of educational relationship with the Buena Regional School District. The relationship has been replaced by new full send/receive contracts with both Franklin Township for grades K-6 and Delsea Regional for grades 7-12. The Newfield School District will continue to 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, 2015.

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, 2015 the District had no outstanding debt. The available debt amount that may be voted upon is \$3,067,132.

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:

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 and/or 15-08 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,

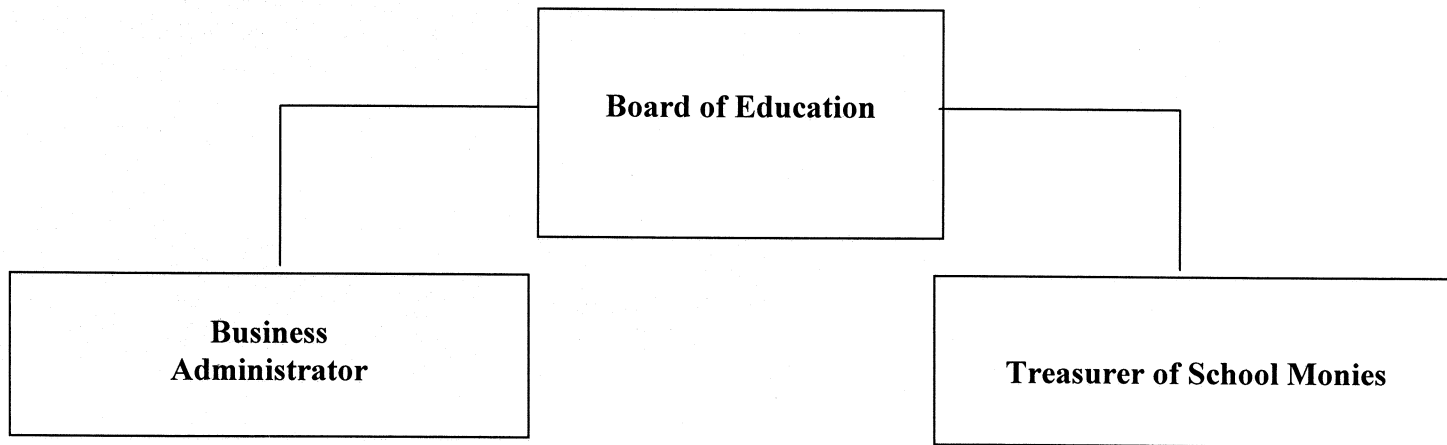


Henry Bernmann
SBA/Board Secretary

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

Organizational Chart

JUNE 30, 2015



BOROUGH OF NEWFIELD BOARD OF EDUCATION
NEWFIELD, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
John Paladino, President	2016
Joseph Curcio III	2017
Barbara Carey	2016
John Garavento	2017
Loretta Cesare	2015

<u>OTHER OFFICIALS</u>	<u>Bond Amount</u>
Henry Bermann, Business Administrator/Board Secretary	\$132,000
Terri A. Oliver, Treasurer of School Monies	150,000
Ms. Jane B. Capasso, Solicitor	
Connor Strong and Buckelew Companies, Inc.	

BOROUGH OF NEWFIELD BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightingler, 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
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November 20, 2015

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the Borough of Newfield School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2015, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 16 and 45 through 48 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.

Other Information

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, financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, long-term debt schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the basic financial statements.

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

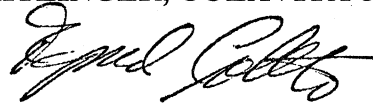
The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2015 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 Government Auditing Standards and should be considered in assessing the results of our audit.

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, 2015

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, 2015. 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 2015 are as follows:

- ❖ General revenues accounted for \$3,562,354 in revenue or 78% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$980,687 or 22% percent to total revenues of \$4,543,041.
- ❖ Total net position of governmental activities decreased by \$533,697, which represents decreases in cash and receivables.
- ❖ The School District had \$5,051,475 in expenses and \$980,687 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes of \$2,079,911 and Federal and State aid not restricted of \$1,449,516 were adequate to provide for these programs.
- ❖ The General Governmental Fund had \$3,562,354 in revenues and \$3,922,868 in expenditures. The General Fund's fund balance decreased \$360,514 over 2015.

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 Position 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 Position 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 2015?" The Statement of Net Position 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 Position and changes in those assets. This change in Net Position 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 Position 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 Position 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 Position provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the District's Net Position for the years ended in 2015 and 2014.

Table 1
Net Position

	<u>2015</u>	<u>2014</u>
Assets		
Current and Other Assets	\$ 2,314,730	\$ 1,103,637
Capital Assets, Net	2,241,287	2,336,248
Total Assets	<u>4,556,017</u>	<u>3,439,885</u>
Deferred Outflows of Resources		
Deferred Pension Outflows	<u>602,012</u>	
Liabilities		
Short-term Loan Payable	128,993	130,082
Other Liabilities	2,727,641	538,232
Total Liabilities	<u>2,856,634</u>	<u>668,314</u>
Deferred Inflows of Resources		
Deferred Pension Inflows	<u>38,258</u>	
Net Position		
Invested in Capital Assets, Net of Debt	2,241,287	2,336,248
Restricted	9,982	9,982
Unrestricted	11,868	425,341
Total Net Position	<u>\$ 2,263,137</u>	<u>\$ 2,771,571</u>

Table 2 shows the changes in Net Position from fiscal year's 2015 and 2014.

Table 2
Changes in Net Position

	<u>2015</u>	<u>2014</u>
Revenues		
Programs Revenues		
Shared Services Division	\$ 757,396	\$ 529,458
Operating Grants and Contributions	223,291	184,832
General Revenues		
Property Taxes	2,079,911	1,950,610
Grants and Entitlements	1,449,516	1,426,550
Other	32,927	29,343
Total Revenues	<u>4,543,041</u>	<u>4,120,793</u>
Program Expenses		
Instruction	176,737	171,862
Support Services		
Tuition	3,367,507	2,569,453
Other Student Support	46,554	12,970
General Administration and Business	18,259	17,748
Central Services	49,668	81,192
Operations and Maintenance of Facilities	31,926	158,338
Pupil Transportation	533,159	393,075
Employee Benefits		17,107
Shared Services Division	732,133	501,105
Other	95,532	95,465
Total Expenses	<u>5,051,475</u>	<u>4,018,315</u>
Increase/(Decrease) in Net Position	<u>\$ (508,434)</u>	<u>\$ 102,478</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. The District's total Governmental Activity revenues were \$3,562,354 for the fiscal year ended June 30, 2015. Property taxes of \$2,079,911 made up 58.4% percent of revenues for governmental activities for the Borough of Newfield School District for fiscal year 2015. Federal, state and local grants accounted for \$1,449,516 or 40.7%, rental revenue of \$17,500 accounted for .5% and miscellaneous revenue of \$15,427 accounted for .4%. The total cost of all program and services was \$4,096,051 after eliminating operating grant revenue. Instruction, including tuition charges was funded by operating grants of \$223,291.

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 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction				
Home Instruction	\$	\$	\$	\$
Other Instruction	123,102	(16,883)	102,257	
Tuition	53,635	(29,671)	69,605	
Support Services				
Tuition	3,367,507	3,367,507	2,569,453	2,569,453
Pupils and Instructional Staff	46,554	46,554	12,970	
General Administration and Business	18,259	18,259	17,748	17,748
Central Services	49,668	49,668	81,192	81,192
Operation and Maintenance of Facilities	31,926	31,926	158,338	158,338
Pupil Transportation	533,159	533,159	393,075	393,075
Employee Benefits			17,107	17,107
Other	95,532	95,532	95,465	95,465
Total Expenses	\$ 4,319,342	\$ 4,096,051	\$ 3,517,210	\$ 3,332,378

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.

Business-Type Activities

- ❖ Shared services division revenue of \$757,396 exceeded expenses of \$732,133 resulting in an increase in net position of \$25,263.

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 \$3,785,645 and expenditures of \$4,146,159. The net negative change in fund balance for the year was \$360,514. The School District was not 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, 2015, 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 2014</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 2,112,838	55.81%	\$ 132,885	6.82%
State Sources	1,589,501	41.99%	47,724	3.17%
Federal Sources	83,306	2.20%	13,701	19.05%
Total	\$ 3,785,645	100.00%	\$ 194,310	5.51%

The increase in Local Sources is attributed to increases in local tax levy of \$129,301, and \$3,584 in miscellaneous revenue.

The increase in State Sources is attributed to increases in special project grants amounting to \$24,758 and various categorical aids totaling \$22,966.

The decrease in Federal Sources is attributed to the decrease in the Federal IDEA special project grant of \$13,701.

The following schedule presents a summary of general fund, and special revenue fund expenditures for the fiscal year ended June 30, 2015.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction - Grant Programs	\$ 176,737	4.26%	4,875	3.19%
Undistributed Expenditures	3,968,851	95.73%	718,968	23.38%
Capital Outlay	571	0.01%	67	11.75%
Total	\$ 4,146,159	100.00%	\$ 723,910	22.41%

There was no Home Instructional expense for the current year and the increase in Current – Grant Instruction is attributed to increased state and federal grant allotments. The decrease in undistributed expenditures is attributed to increases in tuition of \$798,054, instruction related services of \$33,584, administrative services of \$511, and transportation cost of \$61,862 offset by decreases in central services of \$31,524, operations and maintenance of \$126,412, and employee benefits of \$17,107.

The decrease in capital outlay is attributed to lower purchases of equipment primarily in the Special Revenue Fund.

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 2015, 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 be equal to expenditures, the actual results for the year show a decrease of \$361,603. This was due mainly to expenditures being more than anticipated. Actual revenues were \$35,072 more than expected, due to positive variances in state aid of \$23,145 and miscellaneous revenue of \$14,947, offset by interest revenues lower than anticipated of \$3,020.

- ❖ The actual expenditures were \$15,213 lower than expected, due to favorable variance in various line items, but mostly \$7,832 in Tuition and \$6,005 in plant maintenance.

Capital Assets

At the end of the fiscal year 2015, the School District had \$2,241,287 invested in land, buildings, furniture and equipment. Table 4 shows fiscal 2015 balances compared to 2014.

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

	<u>2015</u>	<u>2014</u>
Land	\$ 116,231	\$ 116,231
Building and Improvements	2,124,726	2,218,910
Machinery and Equipment	330	1,107
Totals	<u>\$ 2,241,287</u>	<u>\$ 2,336,248</u>

Overall capital assets decreased \$94,961 from fiscal year 2014 to fiscal year 2015. The decrease in capital assets resulted from depreciation expense for the year.

Debt Administration

At June 30, 2015, the School District did not have any outstanding debt payable and the School District's overall legal debt margin was \$3,067,132, which fully represents the unvoted debt margin.

For the Future

The Borough of Newfield School District's financial condition has slightly improved. The major concerns remain the same in a number of areas, which are increased reliance of the district on local property taxes, the loss of ratables over time, and the flat state aid the District faces.

In the past, the Borough of Newfield school budgets have been defeated. 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 Board has moved away from a vote on the budget and has built the budget within the 2% cap as established by law.

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. The District plans to embark on a service model in the area of shared maintenance to enhance revenue to support the increasing costs of 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, Superintendent/Business Administrator at Borough of Newfield Board of Education, 1076 Almond Road, Pittsgrove, N.J. 08318.

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 POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 271,812	\$	\$ 271,812
Interfund Loan	915,457		915,457
Receivables, Net	128,096	999,365	1,127,461
Capital Assets, Net (Note 8):	2,241,287		2,241,287
Total Assets	<u>3,556,652</u>	<u>999,365</u>	<u>4,556,017</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	<u>602,012</u>		<u>602,012</u>
LIABILITIES			
Accounts Payable	1,151,474	15,754	1,167,228
Interfund Loan		910,457	910,457
Loan Payable	128,993		128,993
Due to Grantor	164		164
Net Pension Liability	641,976		641,976
Unearned Revenue	7,816		7,816
Total Liabilities	<u>1,930,423</u>	<u>926,211</u>	<u>2,856,634</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	<u>38,258</u>		<u>38,258</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	2,241,287		2,241,287
Assigned	9,982		9,982
Unrestricted (Deficit)	(61,286)	73,154	11,868
Total Net Position	<u>\$ 2,189,983</u>	<u>\$ 73,154</u>	<u>\$ 2,263,137</u>

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, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
Instruction:						
Home Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Instruction	123,102		139,985	16,883		16,883
Tuition	53,635		83,306	29,671		29,671
Support Services:						
Tuition	3,367,507			(3,367,507)		(3,367,507)
Student & Instruction Related Services	46,554			(46,554)		(46,554)
General Administrative Services	18,259			(18,259)		(18,259)
Central Services	49,668			(49,668)		(49,668)
Plant Operations and Maintenance	31,926			(31,926)		(31,926)
Pupil Transportation	533,159			(533,159)		(533,159)
Other	571			(571)		(571)
Unallocated Depreciation	94,961			(94,961)		(94,961)
Total Governmental Activities	4,319,342		223,291	(4,096,051)		(4,096,051)
Business-type Activities:						
Shared Services Division	732,133	757,396			25,263	25,263
Total Business-type Activities	732,133	757,396			25,263	25,263
Total Primary Government	\$ 5,051,475	\$ 757,396	\$ 223,291	\$ (4,096,051)	\$ 25,263	\$ (4,070,788)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 2,079,911	\$ 2,079,911	\$ 2,079,911
Federal and State Aid not Restricted				1,449,516		1,449,516
Investment Earnings				480		480
Rent				17,500		17,500
Miscellaneous Income				14,947		14,947
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,562,354		3,562,354
Change in Net Position				(533,697)	25,263	(508,434)
Net Position—Beginning				2,723,680	47,891	2,771,571
Net Position—Ending				\$ 2,189,983	\$ 73,154	\$ 2,263,137

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, 2015

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 271,812	\$	\$ 271,812
State Aid Receivable	23,145		23,145
Federal Aid Receivable		102,724	102,724
Interfund Receivable	972,192		972,192
Receivables from Other Governments	2,227		2,227
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 1,269,376	\$ 102,724	\$ 1,372,100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,113,465	\$ 38,009	\$ 1,151,474
Interfund Payable		56,735	56,735
Loans Payable	128,993		128,993
Due to Grantor		164	164
Deferred Revenue		7,816	7,816
	<hr/>	<hr/>	<hr/>
Total Liabilities	1,242,458	102,724	1,345,182
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Assigned:			
Excess Surplus - Designated for Subsequent Year's Expenditures	9,982		9,982
Unassigned Reported In:			
General Fund	16,936		16,936
	<hr/>	<hr/>	<hr/>
Total Fund Balances	26,918		26,918
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 1,269,376	\$ 102,724	
	<hr/> <hr/>	<hr/> <hr/>	

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 \$4,552,724 and the accumulated depreciation is \$2,311,437 (Note 8).	2,241,287
Deferred Outflow of Resources - Deferred Pension Contribution.	602,012
Deferred Inflows of Resources - Pension Actuarial Gains.	(38,258)
Long Term Net Pension Liability	(641,976)
	<hr/>
Net assets of governmental activities	\$ 2,189,983
	<hr/> <hr/>

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, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Local Tax Levy	\$ 2,079,911	\$	\$ 2,079,911
Interest Earned	480		480
Rent	17,500		17,500
Miscellaneous	14,947		14,947
Total - Local Sources	2,112,838		2,112,838
State Sources	1,449,516	139,985	1,589,501
Federal Sources		83,306	83,306
Total Revenues	3,562,354	223,291	3,785,645
EXPENDITURES			
Current:			
Instruction:			
Home Instruction			
Other Instruction		123,102	123,102
Tuition		53,635	53,635
Support Services:			
Tuition	3,367,507		3,367,507
Student & Instruction Related Services		46,554	46,554
General Administrative Services	18,259		18,259
Central Services	49,668		49,668
Plant Operations and Maintenance	31,926		31,926
Pupil Transportation	454,937		454,937
Capital Outlay	571		571
Total Expenditures	3,922,868	223,291	4,146,159
Excess (Deficiency) of Revenues Over Expenditures	(360,514)		(360,514)
OTHER FINANCING SOURCES (USES)			
Total Other Financing Sources and Uses			
Net Change in Fund Balances	(360,514)		(360,514)
Fund Balance—July 1	387,432		387,432
Fund Balance—June 30	\$ 26,918	\$	\$ 26,918

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, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (360,514)

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 (94,961)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(78,222)

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) \$ (533,697)

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

PROPRIETARY FUNDS

BOROUGH OF NEWFIELD SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities	
	Enterprise Fund	
	Shared	
	Services	Total
	Division	Enterprise
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	\$
Accounts Receivable	999,365	999,365
	<hr/>	<hr/>
Total Current Assets	999,365	999,365
	<hr/>	<hr/>
Total Assets	\$ 999,365	\$ 999,365
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND EQUITY:		
Current Liabilities:		
Interfund Accounts Payable	\$ 910,457	\$ 910,457
Accounts Payable	15,754	15,754
	<hr/>	<hr/>
Total Current Liabilities	926,211	926,211
	<hr/>	<hr/>
Net Position		
Unrestricted	73,154	73,154
	<hr/>	<hr/>
Total Fund Equity	73,154	73,154
	<hr/>	<hr/>
Total Liabilities & Net Position	\$ 999,365	\$ 999,365
	<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF NEWFIELD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities Enterprise Fund	
	Shared Services Division	Total Enterprise
Operating Revenues:		
Charges for Services:		
Sales	\$ 757,396	\$ 757,396
Total Operating Revenue:	757,396	757,396
Operating Expenses:		
Cost of Sales	335,986	335,986
Salaries and Benefits	396,147	396,147
Total Operating Expenses	732,133	732,133
Operating Income (Loss)	25,263	25,263
Total Non-operating Revenues (Expenses)		
Income (Loss) Before Contributions & Transfers	25,263	25,263
Change in Net Position	25,263	25,263
Total Net Position - Beginning	47,891	47,891
Total Net Position - Ending	\$ 73,154	\$ 73,154

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

BOROUGH OF NEWFIELD SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities	
	Enterprise Funds	
	Shared	
	Services	Total
	Division	Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ (241,969)	\$ (241,969)
Payments to Employees and Benefits	(396,147)	(396,147)
Payments to Suppliers	638,116	638,116
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	-	-
	<hr/>	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net Cash Provided by (Used for) Non-capital Financing Activities		
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents		
Balances—Beginning of Year		
	<hr/>	<hr/>
Balances—End of Year	\$	\$
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided		
(Used) by Operating Activities:		
Operating Income (Loss)	\$ 25,263	\$ 25,263
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided by (Used for) Operating Activities:		
(Increase) Decrease in Accounts Receivable, Net	(999,365)	(999,365)
Increase (Decrease) in Interfund Payable	910,457	910,457
Increase (Decrease) in Accounts Payable	15,754	15,754
	<hr/>	<hr/>
Total Adjustments	(73,154)	(73,154)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	\$	\$
	<hr/> <hr/>	<hr/> <hr/>

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

FIDUCIARY FUNDS

BOROUGH OF NEWFIELD SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Unemployment Compensation Insurance Trust	Agency Funds Payroll
	<hr/>	<hr/>
ASSETS		
Cash and Cash Equivalents	\$ 269	\$ 3,773
Accounts Receivable		1,227
	<hr/>	<hr/>
Total Assets	269	5,000
	<hr/>	<hr/>
LIABILITIES		
Interfund Payable		5,000
		<hr/>
Total Liabilities		\$ 5,000
		<hr/>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	\$ 269	
	<hr/>	

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

BOROUGH OF NEWFIELD SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Unemployment Trust Fund
	<hr/>
ADDITIONS	
Contributions	\$ 110
DEDUCTIONS	
Expenditures	
	<hr/>
Change in Net Position	110
Net Position—Beginning of the Year	159
	<hr/>
Net Position—End of the Year	\$ 269
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

Recently Issued and Adopted Accounting Pronouncements:

The district adopted the following GASB statements:

GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 67, however, does not have any impact on the School District's financial statements.

GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions hat is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 68, will impact the financial statements of the School District's.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued and Adopted Accounting Pronouncements (Cont'd):

In November 2013, the GASB issued Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of GASB 71, will impact the financial statements of the School District's.

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

GASB 69, *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is currently evaluating the impact of the adoption of this Statement on the School District's financial statements, although no impact is expected.

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of Net Position 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 Position 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 Position 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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

A. Basis of Presentation (Cont'd):

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.

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

B. Fund Accounting (Cont'd):

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, 2015.

PROPRIETARY FUNDS

The accounting system of the district includes a Shared Services proprietary type Enterprise Fund, whereby services are 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 maintained an Expendable Trust Fund for Unemployment.

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 Fund - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Payroll deductions were accounted for in this fund. There was no student activity fund during fiscal year 2014-2015.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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 unearned 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.

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, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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. 6A:23A-16.2 (f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. 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.

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.

A reconciliation of the general and 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, is reflected on Exhibit C-3.

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 unearned revenues at fiscal year end.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

E. Encumbrances: (Cont'd)

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, 2015.

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.

G. Tuition Receivable/Payable:

Tuition charges payable for the fiscal years 2012-13, 2013-14, and 2014-15 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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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 Position. 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, 2015, there were no wages earned or accrued.

K. Compensated Absences:

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

L. Unearned Revenue:

Unearned 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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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 Position.

Q. Net Position:

Net position represents the difference between assets and liabilities. Net position 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 position is 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 position is available.

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

S. Bond and Lease Acquisition Costs:

As part of any long-term bond issue or lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2015.

T. 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, 2015 cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash</u> <u>Equivalents</u>
Checking accounts	\$ 275,758
New Jersey Cash Management	96
	<hr/>
Total	\$ <u>275,854</u>

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2015, the School District's bank balances of \$651,951 custodial credit risk as follows:

Insured by Depository Insurance	\$250,096
Collateralized under GUDPA	<u>401,962</u>
Total	<u>\$652,058</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.

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, 2015, the District did not have any investments.

NOTE 4. TUITION RESERVE ACCOUNT

There is no current balance in a reserve for tuition.

NOTE 5. OPERATING AND CAPITAL LEASES

The District does not have any operating leases or balance in Capital Leases as of June 30, 2015.

NOTE 6. MAINTENANCE RESERVE

The District had no balance in the Maintenance Reserve, as of June 30, 2015.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7. 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 June 30, 2015 LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 is \$225,254.04.

There was no balance in a Capital Reserve, as of June 30, 2015.

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 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	9,760			9,760
Totals at Historical Cost	4,436,493			4,436,493
Less Accumulated Depreciation for :				
Site Improvement	(30,245)			(30,245)
Building and Improvements	(2,177,578)	(94,184)		(2,271,762)
Equipment	(8,653)	(777)		(9,430)
Total Accumulated Depreciation	(2,216,476)	(94,961)		(2,311,437)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	2,220,017	(94,961)		2,125,056
Government Activities Capital Assets, Net	\$ 2,336,248	\$ (94,961)	\$ -	\$ 2,241,287
				To A-I
			Depreciation expense was charged to governmental functions as Unallocated	\$ 94,961

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

<u>Fiscal Year</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 972,192	\$
Special Revenue		56,735
Payroll Agency		5,000
Shared Service Fund		910,457
Total	<u>\$ 972,192</u>	<u>\$ 972,192</u>

NOTE 10. GENERAL LONG-TERM AND SHORT-TERM DEBT

At June 30, 2015, the District had no long-term obligations:

There were also two State School Aid Loans payable on June 30, 2015. One was in the amount of \$64,499, maturing on July 8, 2015 and at 4% and the other in the amount of \$64,494, maturing on July 9, and at 4%.

NOTE 11. COMPENSATED ABSENCES

The District does not have any compensated absence liability as June 30, 2015.

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. PENSION PLANS (CONT'D)

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

For the year ended June 30, 2015, the District was not provided with a pension expense to recognize for support provided by the State. Therefore, at June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2015, the District recognized pension expense of \$106,483 due to the recognition of pension expense on the accrual basis, as provided by the State of New Jersey.

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferrd Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions	20,187	
Net difference between projected and actual earnings on pension plan investments		38,258
Changes in proportion and differences between District contributions and proportionate share of contributions	553,564	
District contributions subsequent to the measurement date	28,261	
Total	\$ 602,012	\$ 38,258

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. PENSION PLANS (CONT'D)

\$28,261 reported as deferred outflows of resources related to pensions resulting from school district or contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at June 30, 2013 and 2014 are as follows:

	<u>6/30/2014</u>	<u>6/30/2013</u>
Collective deferred outflows of resources	\$ 1,032,618,058	\$
Collective deferred inflows of resources	1,726,631,532	
Collective net pension liability	14,665,837,859	15,190,834,283
District's Proportion	0.3428856700	

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.

Significant Legislation

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

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. PENSION PLANS (CONT'D)

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/15	\$ 28,267	100 %	\$ 28,267
6/30/14	None	100	0
6/30/13	None	100	0

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/15	\$ 0	100 %	\$ 0
6/30/14	0	100	0
6/30/13	0	100	0

During the fiscal year ended June 30, 2015, 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 2014-15 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, 2015 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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13. POST-RETIREMENT BENEFITS (CONT'D)

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, 2014, there were 103,432 retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

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.

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>
2014-2015	\$ None	\$ 10	\$	\$ 269
2013-2014	None	159		159
2012-2013	None	159		0

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16. FUND BALANCE APPROPRIATED

General Fund - Of the \$26,918 in General Fund balance at June 30, 2015, \$9,982 is restricted for Excess Surplus, of which \$9,982 has been assigned, appropriated and anticipated as revenue in the 2015-16 budget and \$16,936 is unrestricted and unassigned.

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, 2015 was \$9,982, which was appropriated in the 2015-16 budget. There is no excess surplus to be appropriated in the 2016-17 budget.

NOTE 18. DEFICIT FUND BALANCES

The District has no deficit in Unrestricted Fund Balance in the General Fund and no deficit in the Special Revenue Fund as of June 30, 2015, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the deficit in the General Fund balance does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's last state aid payment was \$128,993.

NOTE 19. DEFERRED COMPENSATION

There are no employees and therefore, no deferred compensation.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 20. RECEIVABLES

Receivables at June 30, 2015 consisted of intergovernmental grants and are considered collectible in full. Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Receivables:	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Shared Service Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Federal	\$	\$ 102,724	\$	\$	\$ 102,724
State	23,145				23,145
Other Governmental Units	2,227		999,365		1,001,592
Other				1,227	1,227
Totals	<u>\$ 25,372</u>	<u>\$ 102,724</u>	<u>\$ 999,365</u>	<u>\$ 1,227</u>	<u>\$ 1,128,688</u>

NOTE 22. SUBSEQUENT EVENTS

During our procedures to inquire into events subsequent to June 10, 2015, we became aware that there is an unresolved difference between the 2015-16 tuition costs as calculated in the Budgets of Newfield School District versus Delsea Regional School District and the Franklin Township School District.

The tuition shortfall in the adapted 2015-16 Newfield School District Budget is as follows:

Delsea Regional School District	\$ 297,745
Franklin Township School District	\$ 260,399

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, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,079,911		\$ 2,079,911	\$ 2,079,911	
Rent	17,500		17,500	17,500	
Interest	3,500		3,500	480	(3,020)
Miscellaneous				14,947	14,947
Total - Local Sources	2,100,911		2,100,911	2,112,838	11,927
State Sources:					
Categorical Special Education Aid	128,334		128,334	128,334	
Equalization Aid	1,164,761		1,164,761	1,164,761	
Categorical Security Aid	43,132		43,132	43,132	
Transportation Aid	84,375		84,375	84,375	
Other State Aid:					
PARC Readiness Aid	2,340		2,340	2,340	
Per Pupil Growth Aid	2,340		2,340	2,340	
Extraordinary Aid				21,753	21,753
Non-Public Transportation Aid				1,392	1,392
Total - State Sources	1,425,282		1,425,282	1,448,427	23,145
Federal Sources:					
TOTAL REVENUES	3,526,193		3,526,193	3,561,265	35,072
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	2,500,153		2,500,153	2,500,153	
Tuition - Other LEAs Within the State - Special	388,706	(9,400)	379,306	379,306	
Tuition - To County Vocational School Dist. Regular	6,360	11,186	17,546	17,500	46
Tuition - Co Spec Serv and Regional Day Schools	133,907	(3,086)	130,821	130,821	
Tuition - Private Schls/Handicapped within State	289,324	40,489	329,813	322,027	7,786
Tuition - State Facilities	17,699	1	17,700	17,700	
Total Undistributed Expenditures - Instruction	3,336,149	39,190	3,375,339	3,367,507	7,832

BOROUGH OF NEWFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures: (Continued)					
Support Services General Administration:					
Legal Services	\$ 6,000	\$ (3,050)	\$ 2,950	\$ 1,929	\$ 1,021
Audit Fees	6,300		6,300	6,300	
Other Purchased Professional Services	2,400		2,400	2,400	
BOE Other Purchased Services	125		125	78	47
Other Purchased Services	3,420	480	3,900	3,747	153
General Supplies	700	540	1,240	1,236	4
Miscellaneous Expenditures	200	1,300	1,500	1,500	
BOE Member Dues/Fees	1,500	(320)	1,180	1,069	111
Total Support Services General Administration	20,645	(1,050)	19,595	18,259	1,336
Central Services:					
Purchased Professional Services	39,735		39,735	39,735	
Purchased Technical Services	6,800	400	7,200	7,200	
Supplies and Materials	700	323	1,023	1,000	23
Miscellaneous Expenditures	215	1,527	1,742	1,733	9
Total Central Services	47,450	2,250	49,700	49,668	32
Required Maintenance:					
Cleaning, Repair and Maintenance Services	51,320	(28,870)	22,450	16,445	6,005
Total Required Maintenance	51,320	(28,870)	22,450	16,445	6,005
Other Operation and Maintenance of Plant:					
Purchased Professional and Technical Services		1,899	1,899	1,896	3
Cleaning, Repair and Maintenance Services		4,704	4,704	4,704	
Insurance	27,004	(18,123)	8,881	8,881	
Other Operation and Maintenance of Plant :	27,004	(11,520)	15,484	15,481	3
Student Transportation Services:					
Contracted Services (Home/School) - Joint Agreements	107,592	81,160	188,752	188,752	
Contracted Services (Special Ed. Students) - Joint Agreements	107,765	130,394	238,159	238,154	5
Contracted Services (Special Ed. Students) ESCs & CTSA	59,425	(37,175)	22,250	22,250	
Contr Serv - Aid in Lieu of Payments - Nonpublic	10,000	(4,219)	5,781	5,781	
Total Student Transportation Services	\$ 284,782	\$ 170,160	\$ 454,942	\$ 454,937	\$ 5

**BOROUGH OF NEWFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

	<u>Original</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Unallocated Benefits					
Social Security Contributions	\$	\$	\$	\$	\$
Unemployment Compensation					
Workers' Compensation					
Total Unallocated Benefits					
Total Undistributed Expenditures	3,767,350	170,160	3,937,510	3,922,297	15,213
TOTAL EXPENDITURES - CURRENT EXPENSE	3,767,350	170,160	3,937,510	3,922,297	15,213
CAPITAL OUTLAY:					
Increase in Capital Reserve					
Facilities Acquisition and Construction Services					
Other Objects	571		571	571	
TOTAL CAPITAL OUTLAY	571		571	571	
TOTAL EXPENDITURES	3,767,921	170,160	3,938,081	3,922,868	15,213
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(241,728)	(170,160)	(411,888)	(361,603)	50,285
Other Financing Sources (Uses):					
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(241,728)	(170,160)	(411,888)	(361,603)	50,285
Fund Balances, July 1	517,514		517,514	517,514	
Fund Balances, June 30	\$ 275,786	\$ (170,160)	\$ 105,626	\$ 155,911	\$ 50,285
Recapitulation:					
Assigned Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 9,982	
Unassigned Fund Balance				145,929	
				155,911	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(128,993)	
Fund Balance per Governmental funds (GAAP)				\$ 26,918	

BOROUGH OF NEWFIELD SCHOOL DISTRICT
SPECIAL REVENUE FUND
AS OF JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$ 102,024	\$ 37,961	\$ 139,985	\$ 139,985	\$
Federal Sources	69,605	13,701	83,306	83,306	
Total Revenues	<u>171,629</u>	<u>51,662</u>	<u>223,291</u>	<u>223,291</u>	
EXPENDITURES:					
Instruction					
Tuition	69,605	(15,970)	53,635	53,635	
Textbooks	7,833	2,688	10,521	10,521	
Purchased Professional - Educational Services	94,191	12,774	106,965	106,965	
General Supplies		5,616	5,616	5,616	
Total Instruction	<u>171,629</u>	<u>5,108</u>	<u>176,737</u>	<u>176,737</u>	
Support Services					
Materials and Supplies		29,671	29,671	29,671	
Purchased Professional Technical Services		16,883	16,883	16,883	
Total Support Services		<u>46,554</u>	<u>46,554</u>	<u>46,554</u>	
Facilities Acquisition and Construction Services:					
Non-instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>171,629</u>	<u>51,662</u>	<u>223,291</u>	<u>223,291</u>	
Other Financing Sources (Uses)					
Total Outflows	<u>171,629</u>	<u>51,662</u>	<u>223,291</u>	<u>223,291</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

BOROUGH OF NEWFIELD SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FISCAL YEAR ENDED JUNE 30, 2015

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1] \$ 3,561,265		[C-2] \$ 223,291
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.	130,082		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(128,993)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>3,562,354</u>		[B-2] \$ <u>223,291</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,922,868		[C-2] \$ 223,291
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>3,922,868</u>		[B-2] \$ <u>223,291</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

BOROUGH OF NEWFIELD SCHOOL DISTRICT

Schedules of Required Supplementary Information Part III

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Public Employee's Retirement System

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.342800%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 641,976
District's Covered-Employee Payroll	\$ 314,898
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	203.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

BOROUGH OF NEWFIELD SCHOOL DISTRICT

Schedules of Required Supplementary Information Part III

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Public Employee's Retirement System (PERS)

	<u>2014</u>
Contractually Required Contribution	\$ 28,261
Contributions in Relation to the Contractually Required Contribution	(28,261)
Contribution Deficiency (Excess)	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 314,898
Contributions as a Percentage of Covered-Employee Payroll	8.97%

SCHEDULE L-3

BOROUGH OF NEWFIELD SCHOOL DISTRICT

Schedules of Required Supplementary Information Part III

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Teachers Pension Plan

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	N/A
District's Proportionate Share of the Net Pension Liability (Asset)	N/A
District's Covered-Employee Payroll	N/A
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

BOROUGH OF NEWFIELD SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules**

For the Fiscal Year Ended June 30, 2015

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

Change of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Change of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	<u>Auxiliary Services</u> <u>Chapter 192 & 193</u>					<u>Handicapped Services</u>					<u>Total</u>	
	<u>I.D.E.A.</u>	<u>Non</u>		<u>Non</u>		<u>Non</u>		<u>Non</u>				
	<u>PART B</u> <u>Basic</u>	<u>Public</u> <u>Textbooks</u>	<u>Public</u> <u>Basic</u> <u>Skills</u>	<u>Public</u> <u>ESL</u>	<u>Public</u> <u>Transport</u>	<u>Public</u> <u>Suppl Ins</u>	<u>Public</u> <u>Exam/Class</u>	<u>Public</u> <u>Speech</u>	<u>Public</u> <u>Nursing</u>	<u>Public</u> <u>Technology</u>	<u>2015</u>	<u>2014</u>
REVENUES:												
State Sources	\$	\$ 10,521	\$ 33,861	\$ 1,827	\$ 7,105	\$ 11,064	\$ 23,952	\$ 29,156	\$ 16,883	\$ 5,616	\$ 139,985	\$ 115,227
Federal Sources	83,306										83,306	69,605
Local Programs												
Total Revenues	\$ 83,306	\$ 10,521	\$ 33,861	\$ 1,827	\$ 7,105	\$ 11,064	\$ 23,952	\$ 29,156	\$ 16,883	\$ 5,616	\$ 223,291	\$ 184,832
EXPENDITURES:												
Instruction:												
Tuition	\$ 53,635	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 53,635	\$ 69,605
Textbooks		10,521									10,521	9,202
Purchased Professional Educational Services			33,861	1,827	7,105	11,064	23,952	29,156			106,965	89,695
General Supplies									5,616		5,616	3,360
Total Instruction	53,635	10,521	33,861	1,827	7,105	11,064	23,952	29,156	5,616		176,737	171,862
Support Services:												
Purchased Professional Tech Serv.									16,883		16,883	12,970
Supplies and Materials	29,671										29,671	
Total Support Services	29,671								16,883		46,554	12,970
Facilities Acquisition and Const. Serv.												
Non-Instructional Equipment												
Total Expenditures	\$ 83,306	\$ 10,521	\$ 33,861	\$ 1,827	\$ 7,105	\$ 11,064	\$ 23,952	\$ 29,156	\$ 16,883	\$ 5,616	\$ 223,291	\$ 184,832

ENTERPRISE FUNDS

BOROUGH OF NEWFIELD SCHOOL DISTRICT
ENTERPRISE FUND
COMBINED SCHEDULE OF NET POSITION
AS OF JUNE 30, 2015 AND 2014

	<u>Shared Services Division</u>	<u>Total</u>	
		<u>2015</u>	<u>2014</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$	\$	\$
Accounts Receivable	999,365	999,365	518,789
Total Current Assets	999,365	999,365	518,789
Total Assets	999,365	999,365	518,789
LIABILITIES:			
Current Liabilities:			
Interfund Accounts Payable to General Fund	910,457	910,457	464,979
Accounts Payable	15,754	15,754	5,919
Total Current Liabilities	926,211	926,211	470,898
Total Liabilities	926,211	926,211	470,898
NET POSITION:			
Unrestricted	73,154	73,154	47,891
Total Net Position	\$ 73,154	\$ 73,154	\$ 47,891

BOROUGH OF NEWFIELD SCHOOL DISTRICT
ENTERPRISE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	Shared Services Division	Total	
		2015	2014
OPERATING REVENUES:			
Local Sources:			
Sales	\$ 757,396	\$ 757,396	\$ 529,458
Total Operating Revenue	757,396	757,396	529,458
OPERATING EXPENSES:			
Cost of Sales	335,986	335,986	206,993
Salaries and Benefits	396,147	396,147	294,112
Total Operating Expenses	732,133	732,133	501,105
Operating Income/(Loss)	25,263	25,263	28,353
NON-OPERATING REVENUES:			
Total Non-Operating Revenues			
Net (Loss) Income	25,263	25,263	28,353
Net Position - July 1	47,891	47,891	19,538
Net Position - June 30	\$ 73,154	\$ 73,154	\$ 47,891

BOROUGH OF NEWFIELD SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2015

	Shared Services Division	Total	
		2015	2014
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 757,396	\$ 757,396	\$ 529,458
Payments to Employees and Benefits	(396,147)	(396,147)	(294,112)
Payments to Suppliers	(361,249)	(361,249)	(235,346)
	<hr/>	<hr/>	<hr/>
Net Cash Used by Operating Activities			
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities			
	<hr/>	<hr/>	<hr/>
Net Increase/(Decrease) in Cash			
Cash and Cash Equivalents, July 1			
	<hr/>	<hr/>	<hr/>
Cash and Cash Equivalents, June 30	\$ <hr/>	\$ <hr/>	\$ <hr/>
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	\$ 25,263	\$ 25,263	\$ 28,353
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(480,576)	(480,576)	(336,807)
Increase/(Decrease) in Interfund Accounts Payable	445,478	445,478	399,130
Increase/(Decrease) in Accounts Payable	9,835	9,835	(90,676)
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	(25,263)	(25,263)	(28,353)
	<hr/>	<hr/>	<hr/>
Net Cash Used by Operating Activities	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

(with comparative totals for June 30, 2014)

	Expendable		Totals	
	Trust	Payroll	2015	2014
ASSETS:				
Cash and Cash Equivalents	\$ 269	\$ 3,773	\$ 4,042	\$ 159
Accounts Receivable		1,227	1,227	
Total Assets	<u>269</u>	<u>5,000</u>	<u>5,269</u>	<u>159</u>
LIABILITIES, RESERVES AND NET POSITION:				
Interfund Payable to General fund		5,000	5,000	
Net Position:				
Held in Trust for Unemployment				
Claims and Other Purposes	<u>269</u>		<u>269</u>	<u>159</u>
Total Net Position	<u>269</u>	<u>5,000</u>	<u>5,269</u>	<u>159</u>
Total Liabilities, Reserves and Net Position	<u>\$ 269</u>	<u>\$ 5,000</u>	<u>\$ 5,269</u>	<u>\$ 159</u>

BOROUGH OF NEWFIELD SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015 AND 2014

	Expendable Trust		
	Unemployment	Total	Total
	Funds	2015	2014
ADDITIONS:			
Employee Deductions	\$ 110	\$ 110	\$ 159
Total Additions	110	110	159
DEDUCTIONS:			
Total Deductions			
Change in Net Position	110	110	159
Net Position - Beginning of the Year	159	159	
Net Position - End of the Year	\$ 269	\$ 269	\$ 159

BOROUGH OF NEWFIELD SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance			Balance
	July 1,	Additions	Deletions	June 30,
	2014			2015
ASSETS:				
Cash and Cash Equivalents	\$	\$ 193,207	\$ 189,434	\$ 3,773
Accounts Receivable		1,227		1,227
Total Assets	\$	\$ 194,434	\$ 189,434	\$ 5,000
LIABILITIES:				
Payroll Deductions and Withholdings	\$	\$ 189,434	\$ 189,434	\$
Interfund Payable		5,000		5,000
Total Liabilities	\$	\$ 194,434	\$ 189,434	\$ 5,000

STATISTICAL SECTION

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 3,054,477	\$ 2,987,999	\$ 2,923,111	\$ 2,824,233	\$ 2,725,355	\$ 2,626,477	\$ 2,532,575	\$ 2,431,209	\$ 2,336,248	\$ 2,241,287
Restricted	204,773	196,311	602,992	671,445	483,330			85,807	251,710	
Unrestricted	169,856	281,673	333,675	226,523	(112,373)	6,695	(77,137)	132,539	135,722	(51,304)
Total Governmental Activities Net Position	\$ 3,429,106	\$ 3,465,983	\$ 3,859,778	\$ 3,722,201	\$ 3,096,312	\$ 2,633,172	\$ 2,455,438	\$ 2,649,555	\$ 2,723,680	\$ 2,189,983
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted										
Unrestricted									47,891	73,154
Total Business-Type Activities Net Position	\$	\$	\$	\$	\$	\$	\$	\$	\$ 47,891	\$ 73,154
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 3,054,477	\$ 2,987,999	\$ 2,923,111	\$ 2,824,233	\$ 2,725,355	\$ 2,626,477	\$ 2,532,575	\$ 2,431,209	\$ 2,336,248	\$ 2,241,287
Restricted	204,773	196,311	602,992	671,445	483,330			85,807	251,710	
Unrestricted	169,856	281,673	333,675	226,523	(112,373)	6,695	(77,137)	152,077	183,613	21,850
Total District-Wide Net Position	\$ 3,429,106	\$ 3,465,983	\$ 3,859,778	\$ 3,722,201	\$ 3,096,312	\$ 2,633,172	\$ 2,455,438	\$ 2,669,093	\$ 2,771,571	\$ 2,263,137

Source: CAFR Schedule A-1

BOROUGH OF NEWFIELD SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Home Instruction	\$	\$	\$	\$	\$	\$	\$	1,728	\$	\$
Regular	219,227	161,410	133,843	103,150	132,638	120,727	84,596	80,941	102,257	123,102
Tuition				50,142	101,783	42,581	32,427	71,907	69,605	53,635
Support Services										
Tuition	2,021,747	2,307,126	2,038,560	2,819,333	3,089,402	3,325,939	3,127,337	2,564,218	2,569,453	3,367,507
Student and Instruction Related Services	133,407	92,982	50,415	58,893	54,300	35,056	30,374	9,094	12,970	46,554
General and Business Administrative Services	35,405	23,575	195,880	75,334	19,225	13,753	19,107	11,609	17,748	18,259
Central Services	128,419	36,809	38,645	39,255	40,813	41,601	43,020	48,947	81,192	49,668
Plant Operations and Maintenance	12,702	14,711	26,385	14,158	53,065	17,595	15,893	96,616	158,338	31,926
Pupil Transportation	143,816	140,389	191,299	179,872	221,809	240,867	277,736	334,542	393,075	533,159
Business and Other Support Services	16,648	16,262	8,658	500	500	500	500	9674	17107	
Amortization of Debt Issue Costs	1,600	6,725	6,725							
Interest on Long-Term Debt	4,348	2,832	1,241			714	415	570	504	571
Unallocated Depreciation and Amortization	98,878	98,878	98,878	98,878	98,878	98,878	100,122	101,366	94,961	94,961
Total Governmental Activities Expenses	2,816,197	2,901,699	2,790,529	3,439,515	3,812,413	3,938,211	3,731,527	3,331,212	3,517,210	4,319,342
Business-Type Activities										
								175,684	501,105	732,133
Total District Expenses	\$ 2,816,197	\$ 2,901,699	\$ 2,790,529	\$ 3,439,515	\$ 3,812,413	\$ 3,938,211	\$ 3,731,527	\$ 3,506,896	\$ 4,018,315	\$ 5,051,475
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 223,947	\$ 188,113	\$ 150,859	\$ 161,496	\$ 239,902	\$ 165,650	\$ 117,023	\$ 161,942	\$ 184,832	\$ 223,291
Total Governmental Activities Program Revenues	223,947	188,113	150,859	161,496	239,902	165,650	117,023	161,942	184,832	223,291
Business-Type Activities										
								195,222	529,458	757,396
Total District Program Revenues	\$ 223,947	\$ 188,113	\$ 150,859	\$ 161,496	\$ 239,902	\$ 165,650	\$ 117,023	\$ 161,942	\$ 714,290	\$ 980,687
Net (Expense)/Revenue										
Governmental Activities	\$ (2,592,250)	\$ (2,713,586)	\$ (2,639,670)	\$ (3,278,019)	\$ (3,572,511)	\$ (3,772,561)	\$ (3,614,504)	\$ (3,169,270)	\$ (3,332,378)	\$ (4,096,051)
Business-Type Activities								19,538	28,353	25,263
Total District-Wide Net Expense	\$ (2,592,250)	\$ (2,713,586)	\$ (2,639,670)	\$ (3,278,019)	\$ (3,572,511)	\$ (3,772,561)	\$ (3,614,504)	\$ (3,169,270)	\$ (3,304,025)	\$ (4,070,788)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 1,515,645	\$ 1,571,475	\$ 1,609,315	\$ 1,673,688	\$ 1,688,966	\$ 1,908,742	\$ 1,939,717	\$ 1,931,297	\$ 1,950,610	\$ 2,079,911
Taxes Levied for Debt Service										
Unrestricted Grants and Contributions	1,151,207	1,123,708	1,173,843	1,386,321	1,363,722	1,301,090	1,389,014	1,415,823	1,426,550	1,449,516
Investment Earnings	3,018	4,222	5,307	5,433	3,934	1,681	1,009	1,267	711	480
Miscellaneous Income	50,115	51,058	245,000	75,000	85,000	97,908	107,030	15,000	28,632	32,447
Cancellation of Prior Year Receivables					(195,000)					
Total Governmental Activities	2,719,985	2,750,463	3,033,465	3,140,442	2,946,622	3,309,421	3,436,770	3,363,387	3,406,503	3,562,354
Total District-Wide	\$ 2,719,985	\$ 2,750,463	\$ 3,033,465	\$ 3,140,442	\$ 2,946,622	\$ 3,309,421	\$ 3,436,770	\$ 3,363,387	\$ 3,406,503	\$ 3,562,354
Change in Net Position										
Governmental Activities	\$ 127,735	\$ 36,877	\$ 393,795	\$ (137,577)	\$ (625,889)	\$ (463,140)	\$ (177,734)	\$ 194,117	\$ 74,125	\$ (533,697)
Business-Type Activities								19,538	28,353	25,263
Total District-Wide	\$ 127,735	\$ 36,877	\$ 393,795	\$ (137,577)	\$ (625,889)	\$ (463,140)	\$ (177,734)	\$ 213,655	\$ 102,478	\$ (508,434)

Source: CAFR Schedule A-2

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Restricted	\$ 277,488	\$ 268,339	\$ 578,189	\$ 654,906	\$ 229,524	\$	\$	\$ 85,807	\$ 9,982	\$
Assigned									241,728	9,982
Unassigned	83,691	202,920	358,478	243,062	141,433	6,695	(77,137)	132,539	135,722	16,936
Total General Fund	<u>\$ 361,179</u>	<u>\$ 471,259</u>	<u>\$ 936,667</u>	<u>\$ 897,968</u>	<u>\$ 370,957</u>	<u>\$ 6,695</u>	<u>\$ (77,137)</u>	<u>\$ 218,346</u>	<u>\$ 387,432</u>	<u>\$ 26,918</u>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, 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>	<u>\$</u>	<u>\$</u>	<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

(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 1,515,645	\$ 1,571,475	\$ 1,609,315	\$ 1,673,688	\$ 1,688,966	\$ 1,908,742	\$ 1,939,717	\$ 1,931,297	\$ 1,950,610	\$ 2,079,911
Rent		50,000	245,000	75,000	85,000	97,342	106,220	15,000	17,500	17,500
Interest Earnings	3,018	4,222	5,307	5,433	3,934	1,681	1,009	1,267	711	480
Miscellaneous	50,115	1,058				2,908	7,030		11,132	14,947
State Sources	1,317,225	1,268,571	1,276,165	1,497,675	1,294,999	1,421,817	1,417,862	1,505,858	1,541,777	1,589,501
Federal Sources	57,929	43,250	48,537	50,142	308,625	42,581	81,955	71,907	69,605	83,306
Total Revenues	2,943,932	2,938,576	3,184,324	3,301,938	3,381,524	3,475,071	3,553,793	3,525,329	3,591,335	3,785,645
Expenditures										
Instruction										
Regular Instruction	219,227	161,410	133,843	103,150	132,638	120,727	84,596	82,669	102,257	123,102
Tuition				50,142	101,783	42,581	32,428	71,907	69,605	53,635
Support Services										
Tuition	2,021,747	2,307,126	2,038,560	2,819,333	3,089,402	3,325,939	3,127,337	2,564,218	2,569,453	3,367,507
Student and Instruction Related Services	133,407	92,982	50,415	58,893	54,300	35,056	30,374	9,094	12,970	46,554
General Administrative Services	39,753	23,575	195,880	75,334	19,225	13,753	19,107	11,609	17,748	18,259
Central Services	128,419	39,641	39,886	39,255	40,813	41,601	43,020	48,947	81,192	49,668
Plant Operations and Maintenance	12,702	14,711	26,385	14,158	53,065	17,595	15,893	96,616	158,338	31,926
Pupil Transportation	143,816	140,389	191,299	179,872	221,809	240,867	277,736	334,542	393,075	454,937
Business and Other Support Services		16,262								
Unallocated Employee Benefits	16,648	32,400	8,658	500	500	500	500	9,674	17,107	
Capital Outlay	30,884		33,990			714	6,635	570	504	571
Total Expenditures	2,746,603	2,828,496	2,718,916	3,340,637	3,713,535	3,839,333	3,637,626	3,229,846	3,422,249	4,146,159
Excess (Deficiency) of Revenues Over (Under) Expenditures	197,329	110,080	465,408	(38,699)	(332,011)	(364,262)	(83,833)	295,483	169,086	(360,514)
Other Financing Sources (Uses)										
Capital Lease										
Transfers										
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ 197,329	\$ 110,080	\$ 465,408	\$ (38,699)	\$ (332,011)	\$ (364,262)	\$ (83,833)	\$ 295,483	\$ 169,086	\$ (360,514)
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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>
2015	\$ 480	\$ 17,500	\$ 7,887		\$ 4,796		\$ 2,264	\$ 32,927
2014	711	17,500	6,051		3,174		1,907	29,343
2013	1,267	15,000						16,267
2012	1,009	100,000				7,030		108,039
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

Source: District Records

BOROUGH OF NEWFIELD SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^d	Estimated Actual (County Equalized Value)
2015	\$ 4,369,000	\$ 103,164,000	\$ 1,515,300	\$ 122,500	\$ 7,467,400	\$ 5,149,800	\$ 1,072,000	\$ 122,860,000	\$ -	\$ 203,749	\$ 123,063,749	\$ 1.801	\$ 114,908,945
2014	4,529,400	103,287,900	1,604,600	122,500	8,245,600	5,149,800	1,072,000	124,011,800	9,742,400	189,658	124,201,458	1.674	128,347,068
2013	4,905,200	117,804,400	1,461,300	125,100	8,365,900	6,058,600	870,200	139,590,700	12,465,500	267,486	139,858,186	1.395	122,855,047
2012	5,053,600	120,564,700	1,461,300	123,900	8,505,900	6,058,600	870,200	142,638,200	11,858,400	289,026	142,927,226	1.351	133,213,181
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

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)
(Unaudited)

Year Ended June 30,	Borough of Newfield Board of Education			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Newfield	Gloucester County	Open Space	Total
2015	\$ 1.801		\$ 1.801	\$ 0.785	\$ 0.612	\$ 0.039	\$ 3.237
2014	1.674		1.674	0.74	0.642	0.042	3.098
2013	1.395		1.395	0.619	0.531	0.036	2.581
2012	1.351		1.351	0.596	0.512	0.038	2.497
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

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
(Unaudited)

<u>Taxpayer</u>	<u>2015</u>		<u>2006</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.	\$ 2,847,900	2.31%	\$ 1,163,400	1.97
Newfield National Bank	2,214,600	1.80%	1,055,200	1.79%
Taxpayer #1	1,430,900	1.16%		
Our Lady of Blessed Sacrament	953,000	0.77%		
Steel-men LLC Southern NJ Steel	840,300	0.68%	416,400	0.71%
Taxpayer #2	546,400	0.44%	254,700	0.43%
Marshall Service, Inc.	528,800	0.43%	211,000	0.36%
Taxpayer #3	520,800	0.42%	241,700	0.41%
Baer Investment Group, LLC	515,100	0.42%		
Taxpayer #4	469,700	0.38%	203,400	0.34%
Paul Bros, Inc.			346,800	0.59%
Remar Properties, LLC			300,000	0.51%
Hari Ram Corp.			199,400	0.34%
	<u>\$ 10,867,500</u>	<u>8.83%</u>	<u>\$ 4,392,000</u>	<u>7.44%</u>

Source: County Tax Assessor

BOROUGH OF NEWFIELD SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2015	\$ 2,079,911	\$ 2,079,911	100.00%	\$
2014	1,950,610	1,950,610	100.00%	
2013	2,079,911	2,079,911	100.00%	
2012	1,939,717	1,939,717	100.00%	
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%	

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
(Unaudited)

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 " a	Per Capita " a	
2015	\$	\$	\$	\$	\$	N/A	\$	
2014						N/A		
2013						N/A		
2012						N/A		
2011						N/A		
2010						N/A		
2009						N/A		
2008						N/A		
2007			33,990			33,990	0.05%	20
2006			66,390			66,390	0.11%	40

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
(Unaudited)

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable	
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Value ^a of Property	Per Capita ^b
2015	\$	\$	\$	0.00%	\$
2014				0.00%	
2013				0.00%	
2012				0.00%	
2011				0.00%	
2010				0.00%	
2009				0.00%	
2008				0.00%	
2007				0.00%	
2006				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, 2015
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Newfield Borough	\$ 1,116,084	100%	\$ 1,116,084
Other debt			
Gloucester County - Borough's Share	249,340,889	0.45%	1,122,034
Subtotal, Overlapping Debt			<u>2,238,118</u>
Newfield Borough School District Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 2,238,118</u></u>

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
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis	
	2014	\$ 115,092,158
	2013	127,666,636
	2012	125,297,084
	[A]	\$ 368,055,878
Average Equalized Valuation of Taxable Property	[A/3]	\$ 122,685,293
Debt Limit (2.5% of Average Equalization Value)	[B]	3,067,132 ^a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 3,067,132

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 2,170,186	\$ 2,468,313	\$ 2,050,924	\$ 3,174,089	\$ 3,389,905	\$ 3,422,407	\$ 3,405,180	\$ 3,265,633	\$ 3,213,969	\$ 3,067,132
Total Net Debt Applicable to Limit										
Legal Debt Margin	\$ 2,170,186	\$ 2,468,313	\$ 2,050,924	\$ 2,050,924	\$ 3,389,905	\$ 3,422,407	\$ 3,405,180	\$ 3,265,633	\$ 3,213,969	\$ 3,067,132
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

^a 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

(Unaudited)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2015	** 1,528	\$ 71,342,320	\$ 46,690	7.5%
2014	1,531	70,775,068	46,228	7.7%
2013	1,537	69,424,753	45,169	8.5%
2012	1,542	69,132,486	44,833	9.9%
2011	1,548	67,319,424	43,488	9.7%
2010	1,552	64,269,872	41,411	9.2%
2009	1,672	68,302,872	40,851	9.4%
2008	1,671	67,992,990	40,690	6.3%
2007	1,672	64,968,904	38,857	4.9%
2006	1,663	62,269,372	37,444	5.4%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

** Estimate

BOROUGH OF NEWFIELD SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health	1,825	N/A		
Kennedy Memorial Hospital	1,675	N/A		
Washington Township School	1,631	N/A		
Rowan University	1,483	N/A		
County of Gloucester	1,398	N/A		
Missa Bay, LLC	950	N/A		
Monroe Township School	807	N/A		
U.S. Foodservices	725	N/A		
Exxon Mobile Research & Development	540	N/A		
LaBrea Bakery	525	N/A		
	<u>11,559</u>	<u>0.00%</u>		<u>0.00%</u>

Source: Gloucester County Department of Economic Development
This information is for all of Gloucester County

BOROUGH OF NEWFIELD SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Building A		\$ 16,445	\$ 68,960	\$ 52,629	\$ 1,320	\$ 1,370	\$ 31,080	\$ 1,320	\$ 8,650	\$ 1,200	\$ 1,200
Total School Facilities		<u>16,445</u>	<u>68,960</u>	<u>52,629</u>	<u>1,320</u>	<u>1,370</u>	<u>31,080</u>	<u>1,320</u>	<u>8,650</u>	<u>1,200</u>	<u>1,200</u>
Other Facilities											
Grand Total		<u>\$ 16,445</u>	<u>\$ 68,960</u>	<u>\$ 52,629</u>	<u>\$ 1,320</u>	<u>\$ 1,370</u>	<u>\$ 31,080</u>	<u>\$ 1,320</u>	<u>\$ 8,650</u>	<u>\$ 1,200</u>	<u>\$ 1,200</u>

BOROUGH OF NEWFIELD SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
NJSBAIG	School Package Policy		
	Property - Blanket Building & Contents	\$ 4,110,853	\$ 1,000
	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	1,000
	Commercial Inland Marine (Hardware/Software)	25,000	1,000
	School Board Legal Liability	1,000,000	5,000
Ohio Casualty Insurance Company	Surety Bonds		
	Business Administrator	132,000	
	Treasurer	150,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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November 20, 2015

**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**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the 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 Office of School Finance, Department of Education, State of New Jersey the financial statements of the governmental activities, the business-type 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, 2015, and the related notes to the financial statements, 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 November 20, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 identified one deficiency in internal control over financial reporting that we consider to be a material weakness, as defined above and have reported to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 20, 2015, labeled Finding 2015-2. However, additional material weaknesses may exist that have not been identified. We also identified one deficiency in internal control over financial reporting that we consider to be a significant weakness, as defined above and have reported to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 20, 2015, labeled Finding 2015-1.

In addition, we did note one other immaterial matter regarding internal control over financial reporting labeled 2015-3 that we have reported to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 20, 2015.

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 Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

This report is intended for the information and use of 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

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November 20, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES REQUIRED BY OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Program

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, 2015. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Newfield Board of Education's major federal and state compliance based on our audit of the types of compliance referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04 and/or 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal and state program. Our audit does not provide a legal determination of Borough of Newfield Board of Education's compliance with those requirements.

Opinion on Each Major Program

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 compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the 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 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Newfield School District's Board of Education's internal control over compliance.

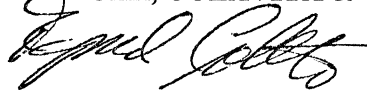
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08.

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, 2015**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	<u>Balance at June 30, 2014</u>	<u>Carryover (Walkover) Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>(Accounts Receivable) June 30, 2015</u>	<u>Deferred Revenue</u>	<u>Due to Grantor at June 30, 2015</u>
U.S. Department of Education											
General Fund:											
Passed-through State Department of Education:											
Special Revenue Fund:											
I.D.E.A. Part B, Basic	84.027	IDEA-3580-15	\$ 83,306	9/1/14 to 8/31/15				\$ (83,306)	\$ (83,306)		
I.D.E.A. Part B, Basic	84.027	IDEA-3580-14	69,605	9/1/13 to 8/31/14	\$ (19,418)				(19,418)		
Total U.S. Department of Education					(19,418)			(83,306)	(102,724)		
Total Federal Financial Assistance					(\$19,418)			(\$83,306)	(\$102,724)		

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, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2014			Budgetary Expenditures	Payment To Grantor	Adj.	Balance at June 30, 2015			MEMO		
				Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received				(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:															
General Fund:															
Equalization Aid	14-495-034-5120-078	\$ 1,164,761	7/1/13 to 6/30/14	\$ (106,655)		\$ 106,655									
Equalization Aid	15-495-034-5120-078	1,164,761	7/1/14 to 6/30/15			1,059,346	\$ (1,164,761)			\$ (105,415)			* \$ 105,415	\$ 1,164,761	
Security Aid	14-495-034-5120-084	43,132	7/1/13 to 6/30/14	(3,950)		3,950									
Security Aid	15-495-034-5120-084	43,132	7/1/14 to 6/30/15			39,229	(43,132)			(3,903)			* 3,903	43,132	
Special Education Categorical Aid	14-495-034-5120-089	128,334	7/1/13 to 6/30/14	(11,751)		11,751									
Special Education Categorical Aid	15-495-034-5120-089	128,334	7/1/14 to 6/30/15			116,719	(128,334)			(11,615)			* 11,615	128,334	
Transportation Aid	14-495-034-5120-014	84,375	7/1/13 to 6/30/14	(7,726)		7,726									
Transportation Aid	15-495-034-5120-014	84,375	7/1/14 to 6/30/15			76,739	(84,375)			(7,636)			* 7,636	84,375	
PARCC Readiness Aid	15-495-034-5120-098	2,340	7/1/14 to 6/30/15			2,128	(2,340)			(212)			* 212	2,340	
Per Pupil Growth Aid	15-495-034-5120-097	2,340	7/1/14 to 6/30/15			2,128	(2,340)			(212)			* 212	2,340	
Extraordinary Aid	15-100-034-5120-473	21,753	7/1/14 to 6/30/15				(21,753)			(21,753)			*		
Non Public Transportation	14-495-034-5120-014	2,010	7/1/13 to 6/30/14	(2,010)		2,010							*		
Non Public Transportation	15-495-034-5120-014	1,392	7/1/14 to 6/30/15				(1,392)			(1,392)			*	1,392	
Total General Fund				(132,092)		1,428,381	(1,448,427)			(152,138)				128,993	1,426,674
State Department of Education:															
Passed - Through State Department of Education															
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Nonpublic Nursing Aid	13-100-034-5120-070	7,430	7/1/12 to 6/30/13	(878)				\$ 878							
Nonpublic Nursing Aid	15-100-034-5120-070	16,883	7/1/14 to 6/30/15			16,883	(16,883)						*	16,883	
Nonpublic Textbook Aid	14-100-034-5120-064	9,215	7/1/13 to 6/30/14		\$ 13			\$ 13							
Nonpublic Textbook Aid	15-100-034-5120-064	10,605	7/1/14 to 6/30/15			10,605	(10,521)						\$ 84 *	10,521	
Nonpublic Technology Aid	13-100-034-5120-373	3,042	7/1/12 to 6/30/13	(624)					624						
Nonpublic Technology Aid	15-100-034-5120-373	5,696	7/1/14 to 6/30/15			5,696	(5,616)						80 *	5,616	
Auxiliary Services:															
Transportation	14-100-034-5120-068	12,742	7/1/13 to 6/30/14		312			312							
Transportation	15-100-034-5120-068	7,105	7/1/14 to 6/30/15			7,105	(7,105)						*	7,105	
Basic Skills	14-100-034-5120-067	29,103	7/1/13 to 6/30/14		4,710			4,710							
Basic Skills	15-100-034-5120-067	33,861	7/1/14 to 6/30/15			33,861	(33,861)						*	33,861	
ESL	15-100-034-5120-067	1,827	7/1/14 to 6/30/15			1,827	(1,827)						*	1,827	
Handicapped Services:															
Supplemental Instruction	14-100-034-5120-066	8,367	7/1/13 to 6/30/14		417			417							
Supplemental Instruction	15-100-034-5120-066	11,064	7/1/14 to 6/30/15			11,064	(11,064)						*	11,064	
Examination & Classification	14-100-034-5120-066	16,273	7/1/13 to 6/30/14		639			639							
Examination & Classification	15-100-034-5120-066	23,952	7/1/14 to 6/30/15			23,952	(23,952)						*	23,952	
Corrective Speech	14-100-034-5120-066	27,030	7/1/13 to 6/30/14		938			938							
Corrective Speech	15-100-034-5120-066	29,156	7/1/14 to 6/30/15			29,156	(29,156)						*	29,156	
Total Special Revenue Fund				(1,502)	7,029	140,149	(139,985)	7,029	1,502				164	139,985	
Total State Financial Assistance				\$ (133,594)	\$ 7,029	\$ 1,568,530	\$ (1,588,412)	\$ 7,029	\$ 1,502	\$ (152,138)			\$ 164 *	\$ 128,993	\$ 1,566,659

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 AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2015

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 \$1,089 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 AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2015
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 1,449,516	\$ 1,449,516
Special Revenue Fund	83,306	139,985	223,291
Total Awards & Financial Assistance	\$ 83,306	\$ 1,589,501	\$ 1,672,807

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, 2015.

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, 2015.

NOTE 7: ADJUSTMENTS AND AMOUNTS RETURNED TO THE STATE

There was \$7,029 paid back to the State Department of Education from unspent prior year Non-public Aid and \$164 due back to the State as of June 30, 2015.

NEWFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? X yes no
- 2) Significant deficiencies identified? X yes 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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? yes no

NEWFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04 and/or 15-08 yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

15-495-034-5120-078
15-495-034-5120-084
15-495-034-5120-089
15-495-034-5120-097
15-495-034-5120-098

Equalization Aid
Security Aid
Special Education Categorical Aid
Per Pupil Growth Aid
PARCC Readiness

**NEWFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding: 2015-1

Criteria or specific requirement:

In order to maintain effective internal control over accounts receivable, as well as maintain adequate working capital, billings of revenue should be invoiced and evaluated for collection in a timely manner.

Condition:

There were no receipts in the Special Revenue Fund for current or prior year IDEA program.

Context:

In order to maintain proper internal control over accounts receivable and working capital, adequate personnel should be assigned to the related tasks and properly supervised.

Effect:

There exists a significant time delay in collecting accounts receivable, resulting in a large interfund payable to the general fund.

Cause:

Lack of personnel assigned to maintain billings and accounts receivable

Recommendation:

Procedures to submit IDEA program reimbursement requests should be reviewed and revised, in order to receive requested funds on a timely basis.

Management's response:

Management is aware of the situation and is in the process of resolving the internal control issue over billings and accounts receivable.

**NEWFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)**

Section II - Financial Statement Findings (Continued)

Finding: 2015-2

Criteria or specific requirement:

In accordance with a complete internal control structure over accounts receivable, revenue invoices should be issued in a timely manner.

Condition:

There appeared to be a significant delay in preparing and issuing Shared Services Fund revenue invoices, resulting in a substantially significant balance in accounts receivable, as of June 30, 2015. In addition, the collection percentage of prior year accounts receivable was low, which places a concern, regarding the collectability of the older receivables.

Context:

The Shared Service Fund experienced a 92.6% increase in accounts receivable when compared to the prior year.

Effect:

There remains a significant accounts receivable balance in the Shared Services, as of June 30, 2015.

Cause:

Lack of personnel assigned to maintain billings and accounts receivable in the Shared Service Fund.

Recommendation:

Procedures to identify revenue for billing in the Shared Services Fund, as well as preparing, issuing and recording such accounts receivable should be reviewed and updated, in order to provide adequate internal control in the Shared Service operation. In addition, enhanced efforts should be expended to achieve a much shorter collection period regarding these accounts receivable.

Management's response:

Management is aware of the situation and is in the process of resolving the internal control issue over billings and accounts receivable.

NEWFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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, 2015**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04 and/or 15-08.

STATUS OF PRIOR - YEAR FINDINGS

NONE