

**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, 2016**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Borough of Newfield Board of Education**

**Newfield, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

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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, 2016**

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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 3, 2016

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, 2016, 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 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, 2016.

## **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, 2016 the District had no outstanding debt. The available debt amount that may be voted upon is \$2,974,154.

**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. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGMENTS:**

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

Respectfully submitted,

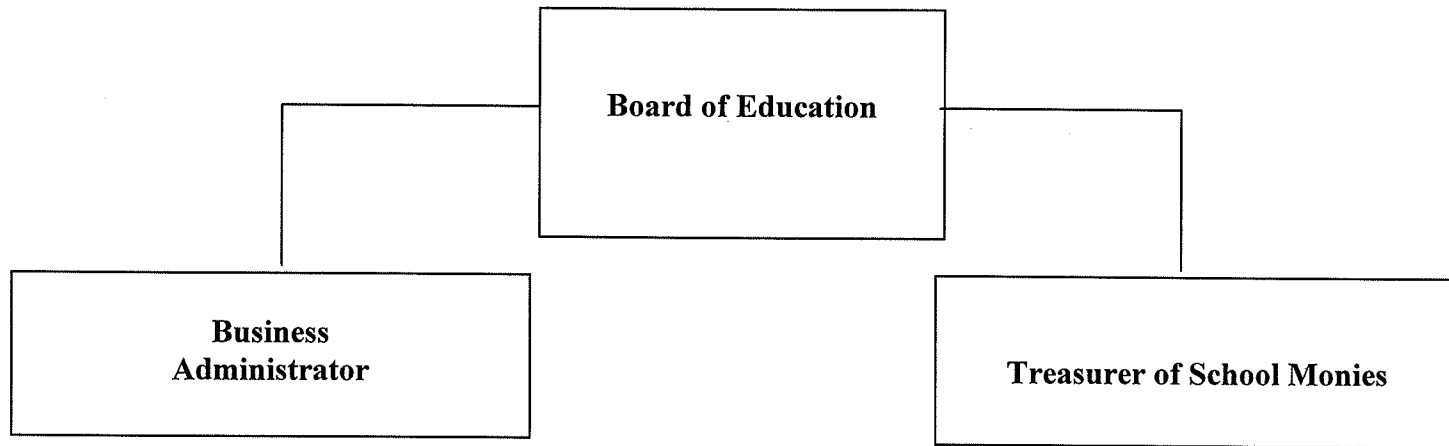


Henry Bermann  
SBA/Board Secretary

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

**Organizational Chart**

**JUNE 30, 2016**



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

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
John Paladino, President	2016
Joseph Curcio III	2017
Barbara Carey	2016
John Garavento	2017
Zachary Slaven	2018

<b><u>OTHER OFFICIALS</u></b>	<b><u>Bond Amount</u></b>
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**  
Nightlinger, Colavita and Volpa  
Certified Public Accountants  
991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

**ATTORNEY**

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

**OFFICIAL DEPOSITORY**

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

**FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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

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November 3, 2016

## **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 the Financial Statements**

We have audited the accompanying 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, 2016, 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 Division of Administration and 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, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Newfield Board of Education in the County of Gloucester, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Newfield Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

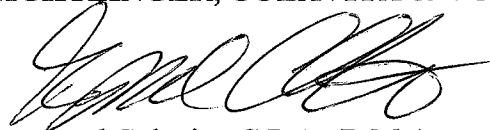
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2016 on our consideration of the Borough of Newfield Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Borough of Newfield Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



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, 2016

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, 2016. 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 2016 are as follows:

- ❖ General revenues accounted for \$3,774,792 in revenue or 78% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$1,081,726 or 22% percent to total revenues of \$4,856,518.
- ❖ Total net position of governmental activities decreased by \$128,131, which represents decreases in cash and receivables.
- ❖ The School District had \$4,724,390 in expenses and \$1,081,726 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes of \$2,216,837 and Federal and State aid not restricted of \$1,460,623 were adequate to provide for these programs.
- ❖ The General Governmental Fund had \$3,772,819 in revenues and \$3,388,208 in expenditures. The General Fund's fund balance decreased \$384,611 over 2016.

**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 2016?" 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 20. 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 2016 and 2015.

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,866,379	\$ 2,314,730
Capital Assets, Net	2,146,774	2,241,287
Total Assets	<u>4,013,153</u>	<u>4,556,017</u>
<b>Deferred Outflows of Resources</b>		
Deferred Pension Outflows	<u>837,471</u>	<u>602,012</u>
<b>Liabilities</b>		
Short-term Loan Payable	133,993	128,993
Other Liabilities	2,304,313	2,727,641
Total Liabilities	<u>2,438,306</u>	<u>2,856,634</u>
<b>Deferred Inflows of Resources</b>		
Deferred Pension Inflows	<u>17,053</u>	<u>38,258</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	2,146,774	2,241,287
Restricted	280,082	9,982
Unrestricted	(31,591)	11,868
Total Net Position	<u>\$ 2,395,265</u>	<u>\$ 2,263,137</u>

Table 2 shows the changes in Net Position from fiscal year's 2016 and 2015.

Table 2  
Changes in Net Position

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Programs Revenues		
Shared Services Division	\$ 871,933	\$ 757,396
Operating Grants and Contributions	209,793	223,291
General Revenues		
Property Taxes	2,216,837	2,079,911
Grants and Entitlements	1,460,623	1,449,516
Other	97,332	32,927
<b>Total Revenues</b>	<u>4,856,518</u>	<u>4,543,041</u>
<b>Program Expenses</b>		
Instruction	186,353	176,737
Support Services		
Tuition	2,786,724	3,367,507
Other Student Support	23,440	46,554
General Administration and Business	39,985	18,259
Central Services	97,824	49,668
Operations and Maintenance of Facilities	162,531	31,926
Pupil Transportation	300,573	533,159
Employee Benefits	161,967	
Shared Services Division	869,909	732,133
Other	95,084	95,532
<b>Total Expenses</b>	<u>4,724,390</u>	<u>5,051,475</u>
<b>Increase/(Decrease) in Net Position</b>	<u>\$ 132,128</u>	<u>\$ (508,434)</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 \$3,772,819 for the fiscal year ended June 30, 2016. Property taxes of \$2,216,837 made up 58.7% percent of revenues for governmental activities for the Borough of Newfield School District for fiscal year 2016. Federal, state and local grants accounted for \$1,460,623 or 38.7%, rental revenue of \$21,667 accounted for .6% and miscellaneous revenue of \$73,692 accounted for 2.0%. The total cost of all programs and services was \$3,644,688 after eliminating operating grant revenue. Instruction, including tuition charges was funded by operating grants of \$209,793.

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 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
<b>Instruction</b>				
Home Instruction	\$	\$	\$	\$
Other Instruction	108,503	(23,440)	123,102	(16,883)
Tuition	77,850		53,635	(29,671)
<b>Support Services</b>				
Tuition	2,786,724	2,786,724	3,367,507	3,367,507
Pupils and Instructional Staff	23,440	23,440	46,554	46,554
General Administration and Business	39,985	39,985	18,259	18,259
Central Services	97,824	97,824	49,668	49,668
Operation and Maintenance of Facilities	162,531	162,531	31,926	31,926
Pupil Transportation	300,573	300,573	533,159	533,159
Employee Benefits	161,967	161,967		
Other	95,084	95,084	95,532	95,532
<b>Total Expenses</b>	<u>\$ 3,854,481</u>	<u>\$ 3,644,688</u>	<u>\$ 4,319,342</u>	<u>\$ 4,096,051</u>

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 \$871,933 exceeded expenses of \$869,909 resulting in an increase in net position of \$2,024.



**The School District's Funds**

Information about the School District's major funds starts on page 20. 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 \$3,982,612 and expenditures of \$3,598,001. The net negative change in fund balance for the year was \$384,611. 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, 2016, 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 2015</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 2,312,196	58.06%	\$ 199,358	9.44%
State Sources	1,592,566	39.99%	3,065	0.19%
Federal Sources	77,850	1.95%	(5,456)	-6.55%
<b>Total</b>	<b>\$ 3,982,612</b>	<b>100.00%</b>	<b>\$ 196,967</b>	<b>5.59%</b>

The increase in Local Sources is attributed to increases in local tax levy of \$136,926, interest earned of \$143, rent of \$4,167 and \$58,122 in miscellaneous revenue.

The increase in State Sources is attributed to increases in various categorical aids totaling \$11,107, offset by decreases in special project grants amounting to \$8,042

The decrease in Federal Sources is attributed to the decrease in the Federal IDEA special project grant of \$5,456.

The following schedule presents a summary of general fund, and special revenue fund expenditures for the fiscal year ended June 30, 2016.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2015</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction - Grant Programs	\$ 186,353	5.18%	\$ 9,616	5.44%
Undistributed Expenditures	3,411,077	94.80%	(557,774)	-14.05%
Capital Outlay	571	0.02%	-	0.00%
<b>Total</b>	<b>\$ 3,598,001</b>	<b>100.00%</b>	<b>\$ (548,158)</b>	<b>-16.97%</b>

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 administrative services of \$21,726, central services of \$48,156 and operations and maintenance of \$130,605 offset by decreases in tuition of \$580,783, instruction related services of \$23,114, and transportation cost of \$154,364.

**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 2016, 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 \$389,611. This was due mainly to expenditures being less than anticipated.

- ❖ Actual revenues were \$112,200 more than expected, due to positive variances in state aid of \$40,341, miscellaneous revenue of \$73,069, and rent of \$1,667, offset by interest revenues lower than anticipated of \$2,877.
- ❖ The actual expenditures were \$284,751 lower than expected, due to favorable variance in various line items, but mostly \$278,066 in Tuition and \$3,602 in plant maintenance.

**Capital Assets**

At the end of the fiscal year 2016, the School District had \$2,146,774 invested in land, buildings, furniture and equipment. Table 4 shows fiscal 2016 balances compared to 2015.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 116,231	\$ 116,231
Building and Improvements	2,030,542	2,124,726
Machinery and Equipment	1	330
Totals	<u>\$ 2,146,774</u>	<u>\$ 2,241,287</u>

Overall capital assets decreased \$94,513 from fiscal year 2015 to fiscal year 2016. The decrease in capital assets resulted from depreciation expense for the year.

## **Debt Administration**

At June 30, 2016, the School District did not have any outstanding debt payable and the School District's overall legal debt margin was \$2,974,154, 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. Adequate funding of future budgets within the statutory tax levy limits will continue to present challenges.

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, 2016**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Capital Assets, Net (Note 8):	\$ 272,837	\$	\$ 272,837
Cash and Cash Equivalents	567,124		567,124
Interfund Loan	124,863	901,555	1,026,418
Receivables, Net	2,146,774		2,146,774
Total Assets	<u>3,111,598</u>	<u>901,555</u>	<u>4,013,153</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	<u>837,471</u>		<u>837,471</u>
<b>LIABILITIES</b>			
Accounts Payable	365,322	262,291	627,613
Interfund Loan	2,106	562,113	564,219
Loan Payable	133,993		133,993
Due to Grantor	8,263		8,263
Net Pension Liability	1,060,607		1,060,607
Unearned Revenue	43,611		43,611
Total Liabilities	<u>1,613,902</u>	<u>824,404</u>	<u>2,438,306</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Inflows	<u>17,053</u>		<u>17,053</u>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	2,146,774		2,146,774
Assigned	280,082		280,082
Unrestricted (Deficit)	(108,742)	77,151	(31,591)
Total Net Position	<u>\$ 2,318,114</u>	<u>\$ 77,151</u>	<u>\$ 2,395,265</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, 2016**

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Home Instruction	\$	\$	\$	\$	\$	\$
Other Instruction		108,503	131,943	23,440		23,440
Tuition		77,850	77,850			
Support Services:						
Tuition	2,786,724			(2,786,724)		(2,786,724)
Student & Instruction Related Services	23,440			(23,440)		(23,440)
General Administrative Services	39,985			(39,985)		(39,985)
Central Services	97,824			(97,824)		(97,824)
Plant Operations and Maintenance	162,531			(162,531)		(162,531)
Pupil Transportation	300,573			(300,573)		(300,573)
Unallocated Benefits	161,967			(161,967)		(161,967)
Other	571			(571)		(571)
Unallocated Depreciation	94,513			(94,513)		(94,513)
Total Governmental Activities	3,854,481		209,793	(3,644,688)		(3,644,688)
Business-type Activities:						
Shared Services Division	869,909	871,933			2,024	2,024
Total Business-type Activities	869,909	871,933			2,024	2,024
Total Primary Government	\$ 4,724,390	\$ 871,933	\$ 209,793	\$ (3,644,688)	\$ 2,024	\$ (3,642,664)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 2,216,837	\$	2,216,837
Federal and State Aid not Restricted				1,460,623		1,460,623
Investment Earnings				623		623
Rent				21,667		21,667
Miscellaneous Income				73,069	1,973	75,042
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,772,819	1,973	3,774,792
Change in Net Position				128,131	3,997	132,128
Net Position—Beginning				2,189,983	73,154	2,263,137
Net Position—Ending				\$ 2,318,114	\$ 77,151	\$ 2,395,265

**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, 2016**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 272,837	\$	\$ 272,837
State Aid Receivable	40,341		40,341
Federal Aid Receivable		77,850	77,850
Interfund Receivable	565,018	2,106	567,124
Receivables from Other Governments	3,894	2,778	6,672
	<b>882,090</b>	<b>82,734</b>	<b>964,824</b>
<b>Total Assets</b>	<b>\$ 882,090</b>	<b>\$ 82,734</b>	<b>\$ 964,824</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 334,462	\$ 30,860	\$ 365,322
Interfund Payable	2,106		2,106
Loans Payable	133,993		133,993
Due to Grantor		8,263	8,263
Deferred Revenue		43,611	43,611
	<b>470,561</b>	<b>82,734</b>	<b>553,295</b>
<b>Total Liabilities</b>	<b>470,561</b>	<b>82,734</b>	<b>553,295</b>
<b>Fund Balances:</b>			
<b>Assigned:</b>			
Encumbrances	280,082		280,082
<b>Unassigned Reported In:</b>			
General Fund	131,447		131,447
	<b>411,529</b>		<b>411,529</b>
<b>Total Fund Balances</b>	<b>411,529</b>		<b>411,529</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 882,090</b>	<b>\$ 82,734</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,552,724 and the accumulated depreciation is \$2,405,950 (Note 8).	2,146,774
Deferred Outflow of Resources - Deferred Pension Contribution.	837,471
Deferred Inflows of Resources - Pension Actuarial Gains.	(17,053)
Long Term Net Pension Liability	(1,060,607)
Net Position of Governmental Activities	<b>\$ 2,318,114</b>

**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, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local Sources:			
Local Tax Levy	\$ 2,216,837	\$	\$ 2,216,837
Interest Earned	623		623
Rent	21,667		21,667
Miscellaneous	73,069		73,069
Total - Local Sources	2,312,196		2,312,196
State Sources	1,460,623	131,943	1,592,566
Federal Sources		77,850	77,850
Total Revenues	3,772,819	209,793	3,982,612
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Home Instruction			
Other Instruction		108,503	108,503
Tuition		77,850	77,850
Support Services:			
Tuition	2,786,724		2,786,724
Student & Instruction Related Services		23,440	23,440
General Administrative Services	39,985		39,985
Central Services	97,824		97,824
Plant Operations and Maintenance	162,531		162,531
Pupil Transportation	300,573		300,573
Capital Outlay	571		571
Total Expenditures	3,388,208	209,793	3,598,001
Excess (Deficiency) of Revenues Over Expenditures	384,611		384,611
<b>OTHER FINANCING SOURCES (USES)</b>			
Total Other Financing Sources and Uses			
Net Change in Fund Balances	384,611		384,611
Fund Balance—July 1	26,918		26,918
Fund Balance—June 30	\$ 411,529	\$	\$ 411,529

**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, 2016**

<b>Total Net Change in Fund Balances - Governmental Funds (from B-2)</b>	\$ 384,611
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>	
<p>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.</p>	
Depreciation expense	(94,513)
<p>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.</p>	
	(161,967)
<p>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.</p>	
<p>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.</p>	
<b>Change in net assets of governmental activities (A-2)</b>	<u>\$ 128,131</u>

**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, 2016**

	<b>Business-Type Activities</b>	
	<b>Enterprise Fund</b>	
	<b>Shared</b>	
	<b>Services</b>	<b>Total</b>
	<b>Division</b>	<b>Enterprise</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$	\$
Accounts Receivable	901,555	901,555
	<hr/>	<hr/>
Total Current Assets	901,555	901,555
	<hr/>	<hr/>
Total Assets	\$ 901,555	\$ 901,555
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND EQUITY:</b>		
Current Liabilities:		
Interfund Accounts Payable	\$ 562,113	\$ 562,113
Accounts Payable	262,291	262,291
	<hr/>	<hr/>
Total Current Liabilities	824,404	824,404
	<hr/>	<hr/>
Net Position		
Unrestricted	77,151	77,151
	<hr/>	<hr/>
Total Fund Equity	77,151	77,151
	<hr/>	<hr/>
Total Liabilities & Net Position	\$ 901,555	\$ 901,555
	<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, 2016**

	<b>Business-Type Activities Enterprise Fund</b>	
	<b>Shared Services Division</b>	<b>Total Enterprise</b>
Operating Revenues:		
Charges for Services:		
Sales	\$ 871,933	\$ 871,933
Total Operating Revenue:	871,933	871,933
Operating Expenses:		
Cost of Sales	161,507	161,507
Salaries and Benefits	328,770	328,770
Other Purchased Services	355,545	355,545
Miscellaneous Other Expenses	24,087	24,087
Total Operating Expenses	869,909	869,909
Operating Income (Loss)	2,024	2,024
Non-operating Revenues (Expenses)		
Prior Year Expenditure Adjustments	1,973	1,973
Total Non-operating Revenues (Expenses)	1,973	1,973
Change in Net Position	3,997	3,997
Total Net Position - Beginning	73,154	73,154
Total Net Position - Ending	\$ 77,151	\$ 77,151

**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, 2016**

	<b>Business-Type Activities</b>	
	<b>Enterprise Funds</b>	
	<b>Shared</b>	
	<b>Services</b>	<b>Total</b>
	<b>Division</b>	<b>Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 871,933	\$ 871,933
Payments to Employees and Benefits	(328,770)	(328,770)
Payments to Suppliers	(545,136)	(545,136)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	(1,973)	(1,973)
	<hr/>	<hr/>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Prior Year Expenditure Adjustments	1,973	1,973
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Balances—Beginning of Year		
Balances—End of Year	\$ <hr/>	\$ <hr/>
	<hr/>	<hr/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided</b>		
<b>(Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ 2,024	\$ 2,024
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash</b>		
<b>Provided by (Used for) Operating Activities:</b>		
(Increase) Decrease in Accounts Receivable, Net	97,810	97,810
Increase (Decrease) in Interfund Payable	(348,344)	(348,344)
Increase (Decrease) in Accounts Payable	246,537	246,537
	<hr/>	<hr/>
Total Adjustments	(3,997)	(3,997)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	\$ (1,973)	\$ (1,973)
	<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, 2016**

	<b><u>Unemployment Compensation Insurance Trust</u></b>	<b><u>Agency Funds Payroll</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2	\$ 2,905
Total Assets	<u>2</u>	<u>2,905</u>
<b>LIABILITIES</b>		
Interfund Payable to General Fund		2,905
Total Liabilities		<u>\$ 2,905</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 2</u>	

**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, 2016**

	<b>Unemployment Trust Fund</b>
	<hr/>
<b>ADDITIONS</b>	
Contributions	\$ 478
<b>DEDUCTIONS</b>	
Expenditures	745
	<hr/>
Change in Net Position	(267)
Net Position—Beginning of the Year	269
	<hr/>
Net Position—End of the Year	\$ 2
	<hr/> <hr/>

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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**

**A. New Accounting Standards:**

The School District has adopted the following GASB statements:

- GASB No. 80 - *Blending Requirements for Certain Component Units - an Amendment of GASB No. 14*: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 80, did not impact the financial statements of the School District.
- GASB No. 79 - *Certain External Investment Pools and Pool Participants*: This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 79, did not impact the financial statements of the School District.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**A. New Accounting Standards (Continued):**

- GASB Statement No. 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*: The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78, did not impact the financial statements of the School District.
- GASB No. 77, *Tax Abatement Disclosures*: This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77, did not impact the financial statements of the School District.
- GASB No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*: The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76, did not impact the financial statements of the School District.
- GASB No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*: The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73, did not impact the financial statements of the School District.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**A. New Accounting Standards (Continued):**

- GASB No. 72 - *Fair Value Measurement and Application*: This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 72, did not impact the financial statements of the School District.

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

- GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 73*: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.
- GASB No. 81 - *Irrevocable Split-Interest Agreements*: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements.
- GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**A. New Accounting Standards (Continued):**

- GASB No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*: The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 74 on the School District's financial statements.

**B. 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, 2016**

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

**B. Basis of Presentation (Continued):**

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.

**C. 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, 2016**

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

**C. Fund Accounting (Continued):**

**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, 2016.

**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 2015-2016.

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

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

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

*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.

**E. 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, 2016**

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

**E. Budgets/Budgetary Control (Continued):**

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.

**F. 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, 2016**

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

**F. Encumbrances: (Continued):**

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 a balance of \$280,082 reserved for encumbrances at June 30, 2016.

**G. 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.

**H. Tuition Receivable/Payable:**

Tuition charges payable for the fiscal years 2013-14, 2014-15, and 2015-16 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.

**I. 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, 2016**

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

**J. 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

**K. Accrued Salaries and Wages:**

As of June 30, 2016, there were no wages earned or accrued.

**L. Compensated Absences:**

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

**M. Unearned Revenue:**

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

**N. 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, 2016**

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

**O. 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.

**P. 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.

**Q. 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.

**R. 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.

**S. 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, 2016**

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

**T. 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 expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2016.

**U. 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, 2016 cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<b>Cash and Cash Equivalents</b>
Checking accounts	\$ 275,648
New Jersey Cash Management	96
Total	<u>\$ 275,744</u>

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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, 2016, the School District's bank balances of \$857,590 custodial credit risk as follows:

Insured by Depository Insurance	\$250,096
Collateralized under GUDPA	<u>607,495</u>
Total	<u>\$857,590</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, 2016, 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, 2016.

**NOTE 6. MAINTENANCE RESERVE**

The District had no balance in the Maintenance Reserve, as of June 30, 2016.



**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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, 2016 is \$225,254.04. There was no balance in a Capital Reserve, as of June 30, 2016.

**NOTE 8. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 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	(2,271,762)	(94,184)		(2,365,946)
Equipment	(9,430)	(329)		(9,759)
Total Accumulated Depreciation	(2,216,476)	(94,513)		(2,405,950)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	2,125,056	(94,513)		2,030,543
<b>Government Activities Capital Assets, Net</b>	<b>\$ 2,241,287</b>	<b>\$ (94,513)</b>	<b>\$ -</b>	<b>\$ 2,146,774</b>
				<b>To A-1</b>
Depreciation expense was charged to governmental functions as Unallocated				<b>\$ 94,513</b>

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9. INTERFUND RECEIVABLES AND PAYABLES**

<u>Fiscal Year</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 565,018	\$ 2,106
Special Revenue	2,106	
Payroll Agency		2,905
Shared Service Fund		562,113
Total	<u>\$ 567,124</u>	<u>\$ 567,124</u>

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

At June 30, 2016, the District had no long-term obligations.

There were two State School Aid Loans payable on June 30, 2016. One was in the amount of \$66,995, maturing on June 8, 2016 and at 4.25% and the other in the amount of \$66,998, maturing on June 22, and at 4.25%.

**NOTE 11. COMPENSATED ABSENCES**

The District does not have any compensated absence liability as June 30, 2016.

**NOTE 12. PENSION PLANS**

**Description of Plans** - All required employees of the School District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey 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 School 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, 2016**

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

**Teachers' Pension and Annuity Fund (TPAF) (Continued)** - 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, 2016, the District did not recognize pension expense for support provided by the State.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, which equal the required contribution for each fiscal year, were as follows:

<b>Public Employees Retirement System</b>					
Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by District
2016	\$ 6,877	\$ 31,679	\$ 38,556	\$ N/A	\$ 38,556

**Vesting and Benefit Provisions**

**Teachers' Pension and Annuity Fund** - 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.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Vesting and Benefit Provisions (Continued):**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A.43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for TPAF and PERS:

**Tier Definition**

1. Members enrolled before July 1, 2007
2. Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
3. Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
4. Members eligible for enrollment after May 21, 2010 and before June 28, 2011
5. Members eligible for enrollment on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100% special funding situation with the State of New Jersey.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Contributions (Continued)**

**Teachers' Pension and Annuity Fund (Continued):**

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

<b><u>Year</u></b> <b><u>Funding</u></b>	<b><u>Annual</u></b> <b><u>Pension</u></b> <b><u>Cost (APC)</u></b>	<b><u>Percentage</u></b> <b><u>of APC</u></b> <b><u>Contributed</u></b>		<b><u>Net</u></b> <b><u>Pension</u></b> <b><u>Obligation</u></b>
6/30/16	\$ 0	100	%	\$ 0
6/30/15	0	100		0
6/30/14	0	100		0

During the fiscal year ended June 30, 2016, 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 2015-16 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, 2016 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.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Contributions to the pension plan from the School District were \$40,620 for the fiscal year ended June 30, 2016. Employee contributions were \$17,084 for the fiscal year ended June 30, 2016.

**Teachers' Pension and Annuity Fund** - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

**Teachers' Pension and Annuity Fund (Continued)** - The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

**Public Employees' Retirement System** - At June 30, 2016, the School District reported a liability of \$1,060,607 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School District's proportion was .004725%, which represents a .0013% increase from the prior year.

For the fiscal year ended June 30, 2016, the School District recognized \$214,944 in the government-wide financial statements, for pension expense for PERS.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,302	\$
Changes of assumptions	113,901	
Net difference between projected and actual earnings on pension plan investments		17,053
Changes in proportion and differences between District contributions and proportionate share of contributions	657,648	
District contributions subsequent to the measurement date	40,620	
Total	<u>\$ 837,471</u>	<u>\$ 17,053</u>

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Public Employees' Retirement System (Continued) -**

\$40,620 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS</u>
2016	\$ 127,487
2017	127,487
2018	127,487
2019	127,487
2020	127,487
Thereafter	142,363
Total	<u>\$ 779,798</u>

Collective balances at June 30, 2015 and 2016 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$ 5,086,138,484	\$ 1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability	46,170,131,656	38,849,838,953
District's Proportion	0.0047247292%	0.0034288567%

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>TPAF</u>
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Valuation Date	July 1, 2014	July 1, 2014
Investment Rate of Return	7.90%	7.90%
Salary Scale (Based on Age):		
2012-2021	2.15% - 4.40%	Varies based
Thereafter	3.15% - 5.40%	on Experience
Inflation	3.04%	2.50%

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Actuarial Assumptions (Continued)**

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Preretirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Postretirement 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.

For PERS, 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.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	PERS		TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	5.00%	0.53%
U.S. Treasuries	1.75%	1.64%	1.75%	1.39%
Investment Grade Credit	10.00%	1.79%	13.50%	2.72%
Mortgages	2.10%	1.62%	2.10%	2.54%
High Yield Bonds	2.00%	4.03%	2.00%	4.57%
Inflation-Indexed Bonds	1.50%	3.25%	1.50%	1.30%
Broad US Equities	27.25%	8.52%	27.25%	5.63%
Developed Foreign Equities	12.00%	6.88%	12.00%	6.22%
Emerging Market Equities	6.40%	10.00%	6.40%	8.46%
Private Equity	9.25%	12.41%	9.25%	9.15%
Hedge Funds/Absolute Return	12.00%	4.72%	12.00%	14.57%
Real Estate (Property)	2.00%	6.83%	4.25%	3.97%
Commodities	1.00%	5.32%	1.00%	3.58%
Timber	n/a	n/a	1.00%	4.61%
Farmland	n/a	n/a	1.00%	4.61%
Global Debt ex US	3.50%	-0.40%	n/a	n/a
Real Estate (REITS)	4.25%	5.12%	n/a	n/a
Total	100%		100%	



**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Actuarial Assumptions (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution.

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2016 calculated using a discount rate of 4.90% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
District's proportionate share of the net pension liability	\$ 1,318,205	\$ 1,060,607	\$ 844,639

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 13. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS.

It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**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:

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15. RISK MANAGEMENT (CONT'D)**

**New Jersey Unemployment Compensation Insurance (Continued)**

<b><u>Fiscal Year</u></b>	<b><u>District Contributions</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Amount Reimbursed</u></b>	<b><u>Ending Balance</u></b>
2015-2016	\$ None	\$ 478	\$	\$ 2
2014-2015	None	10		269
2013-2014	None	156		159

**NOTE 16. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$411,529 in General Fund balance at June 30, 2016, \$280,082 has been assigned for encumbrances and \$131,447 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. There was no excess fund balance at June 30, 2016 to be appropriated in the 2016-17 budget or in the 2017-18 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, 2016, 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 \$133,993.

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 19. DEFERRED COMPENSATION**

There are no employees and therefore, no deferred compensation.

**NOTE 20. RECEIVABLES**

Receivables at June 30, 2016 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	\$	\$ 77,850	\$	\$	\$ 77,850
State	40,341				40,341
Other Governmental Units	3,894		901,555		905,449
Other		2,778		1,227	1,227
Totals	<u>\$ 44,235</u>	<u>\$ 80,628</u>	<u>\$ 901,555</u>	<u>\$ 1,227</u>	<u>\$ 1,024,867</u>

**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, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,216,837	\$	\$ 2,216,837	\$ 2,216,837	\$
Rent	20,000		20,000	21,667	1,667
Interest	3,500		3,500	623	(2,877)
Miscellaneous				73,069	73,069
<b>Total - Local Sources</b>	<u>2,240,337</u>		<u>2,240,337</u>	<u>2,312,196</u>	<u>71,859</u>
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				39,819	39,819
Non-Public Transportation Aid				522	522
<b>Total - State Sources</b>	<u>1,425,282</u>		<u>1,425,282</u>	<u>1,465,623</u>	<u>40,341</u>
Federal Sources:					
<b>TOTAL REVENUES</b>	<u>3,665,619</u>		<u>3,665,619</u>	<u>3,777,819</u>	<u>112,200</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	2,285,813	266,500	2,552,313	2,275,629	276,684
Tuition - Other LEAs Within the State - Special	360,948	(186,772)	174,176	173,415	761
Tuition - To County Vocational School Dist. Regular	17,500	(2,000)	15,500	15,500	
Tuition - Co Spec Serv and Regional Day Schools	135,248	(91,000)	44,248	43,862	386
Tuition - Private Schls/Handicapped within State	306,753	(45,900)	260,853	260,618	235
Tuition - State Facilities		17,700	17,700	17,700	
<b>Total Undistributed Expenditures - Instruction</b>	<u>\$ 3,106,262</u>	<u>\$ (41,472)</u>	<u>\$ 3,064,790</u>	<u>\$ 2,786,724</u>	<u>\$ 278,066</u>

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

	<u>Original</u>	<u>Budget</u>	<u>Final</u>		<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
					<u>Favorable</u>
					<u>(Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Undistributed Expenditures: (Continued)					
Support Services General Administration:					
Legal Services	\$ 2,000	\$ 20,855	\$ 22,855	\$ 22,855	
Audit Fees	6,425	50	6,475	6,475	
Other Purchased Professional Services	2,400		2,400	2,400	
BOE Other Purchased Services	125		125		125
Other Purchased Services	2,000	2,423	4,423	4,343	80
General Supplies	950	(207)	743	559	184
BOE In-House Training/Meeting Supplies		1,534	1,534	1,534	
Miscellaneous Expenditures	750		750	750	
BOE Member Dues/Fees	1,500		1,500	1,069	431
<b>Total Support Services General Administration</b>	<b>16,150</b>	<b>24,655</b>	<b>40,805</b>	<b>39,985</b>	<b>820</b>
Central Services:					
Purchased Professional Services	40,530	49,075	89,605	89,605	
Purchased Technical Services	7,200	200	7,400	7,400	
Supplies and Materials	1,000	(200)	800		800
Miscellaneous Expenditures	1,500		1,500	819	681
<b>Total Central Services</b>	<b>50,230</b>	<b>49,075</b>	<b>99,305</b>	<b>97,824</b>	<b>1,481</b>
Required Maintenance:					
Cleaning, Repair and Maintenance Services	20,000	129,400	149,400	145,798	3,602
<b>Total Required Maintenance</b>	<b>20,000</b>	<b>129,400</b>	<b>149,400</b>	<b>145,798</b>	<b>3,602</b>
Other Operation and Maintenance of Plant:					
Purchased Professional and Technical Services	1,320	(970)	350	350	
Cleaning, Repair and Maintenance Services	4,704	5,700	10,404	10,400	4
Insurance	10,138	(3,800)	6,338	5,983	355
<b>Other Operation and Maintenance of Plant :</b>	<b>16,162</b>	<b>930</b>	<b>17,092</b>	<b>16,733</b>	<b>359</b>
Student Transportation Services:					
Contracted Services (Home/School) - Joint Agreements	191,281	(20,430)	170,851	170,785	66
Contracted Services (Special Ed. Students) - Joint Agreements	245,712	(173,225)	72,487	72,455	32
Contracted Services (Special Ed. Students) ESCs & CTSA	22,133	31,925	54,058	53,773	285
Contr Serv - Aid in Lieu of Payments - Nonpublic	7,100	(3,500)	3,600	3,560	40
<b>Total Student Transportation Services</b>	<b>\$ 466,226</b>	<b>\$ (165,230)</b>	<b>\$ 300,996</b>	<b>\$ 300,573</b>	<b>\$ 423</b>



**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FISCAL YEAR ENDED JUNE 30, 2016**  
(CONTINUED)

	<u>Original</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Unallocated Benefits					
Social Security Contributions	\$	\$	\$	\$	\$
Unemployment Compensation					
Workers' Compensation					
Total Unallocated Benefits					
Total Undistributed Expenditures	3,675,030	(2,642)	3,672,388	3,387,637	284,751
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<u>3,675,030</u>	<u>(2,642)</u>	<u>3,672,388</u>	<u>3,387,637</u>	<u>284,751</u>
<b>CAPITAL OUTLAY:</b>					
Increase in Capital Reserve					
Facilities Acquisition and Construction Services					
Debt Service Assessment	571		571	571	
<b>TOTAL CAPITAL OUTLAY</b>	<u>571</u>		<u>571</u>	<u>571</u>	
<b>TOTAL EXPENDITURES</b>	<u>3,675,601</u>	<u>(2,642)</u>	<u>3,672,959</u>	<u>3,388,208</u>	<u>284,751</u>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(9,982)	2,642	(7,340)	389,611	396,951
Other Financing Sources (Uses):					
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(9,982)	2,642	(7,340)	389,611	396,951
Fund Balances, July 1	155,911		155,911	155,911	
Fund Balances, June 30	\$ 145,929	\$ 2,642	\$ 148,571	\$ 545,522	\$ 396,951
<b>Recapitulation:</b>					
<b>Assigned Fund Balance:</b>					
Encumbrances			\$ 280,082		
<b>Unassigned Fund Balance</b>			265,440		
			545,522		
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(133,993)	
Fund Balance per Governmental funds (GAAP)			\$ 411,529		

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**AS OF JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$ 142,072	\$ (2,087)	\$ 139,985	\$ 131,943	\$
Federal Sources	45,590	37,716	83,306	77,850	
<b>Total Revenues</b>	<u>187,662</u>	<u>35,629</u>	<u>223,291</u>	<u>209,793</u>	
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Tuition		53,635	53,635	77,850	
Textbooks	9,014	1,507	10,521	11,533	
Purchased Professional - Educational Services	107,837	(872)	106,965	96,970	
General Supplies	25,221	(19,605)	5,616		
<b>Total Instruction</b>	<u>142,072</u>	<u>34,665</u>	<u>176,737</u>	<u>186,353</u>	
<b>Support Services</b>					
Materials and Supplies		29,671	29,671	4,990	
Purchased Professional Technical Services		16,883	16,883	18,450	
<b>Total Support Services</b>		<u>46,554</u>	<u>46,554</u>	<u>23,440</u>	
<b>Facilities Acquisition and Construction Services:</b>					
Non-instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<u>142,072</u>	<u>81,219</u>	<u>223,291</u>	<u>209,793</u>	
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<u>142,072</u>	<u>81,219</u>	<u>223,291</u>	<u>209,793</u>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

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**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTE TO RSI**  
**FISCAL YEAR ENDED JUNE 30, 2016**

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

		<u>General Fund</u>			<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$	3,777,819	[C-2] \$		209,793
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.		128,993			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.		(133,993)			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>3,772,819</u>	[B-2] \$		<u>209,793</u>
<b>Uses/outflows of resources</b>					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	3,388,208	[C-2] \$		209,793
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>3,388,208</u>	[B-2] \$		<u>209,793</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

SCHEDULE L-1

**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>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.00472473%	0.00342886%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,060,607	\$ 650,265
District's Covered-Employee Payroll	\$ 241,983	\$ 314,898
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	438.30%	206.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	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>2015</u>
Contractually Required Contribution	\$ 40,620
Contributions in Relation to the Contractually Required Contribution	(40,620)
Contribution Deficiency (Excess)	<u>\$ -</u>
 District's Covered-Employee Payroll	 \$ 241,983
Contributions as a Percentage of Covered-Employee Payroll	16.79%

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>2015</u>
District's Proportion of the Net Pension Liability(Asset)	N/A
State's proportionate share of the net pension liability (asset) associated with the District	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	28.71%

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



**SCHEDULE L-4**

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**

**SCHEDULE OF THE DISTRICT CONTRIBUTIONS**

**Teachers' Pension Plan**

The School District was not required to make any contributions towards TPAF.

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

**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, 2016

**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, 2016**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	I.D.E.A.		Auxiliary Services Chapter 192 & 193			Handicapped Services					Total		
	PART B	Pre	Non	Public	Non	Non	Non	Non	Non	Non	2016	2015	
	Basic	School	Public	Basic	Public	Public	Public	Public	Public	Public			
<b>REVENUES:</b>													
State Sources	\$	\$	\$ 11,533	\$ 29,018	\$ 5,199	\$ 10,840	\$ 19,431	\$ 27,253	\$ 18,450	\$ 4,990	\$ 5,229	\$ 131,943	\$ 139,985
Federal Sources	74,186	3,664										77,850	83,306
Local Programs													
<b>Total Revenues</b>	<b>\$ 74,186</b>	<b>\$ 3,664</b>	<b>\$ 11,533</b>	<b>\$ 29,018</b>	<b>\$ 5,199</b>	<b>\$ 10,840</b>	<b>\$ 19,431</b>	<b>\$ 27,253</b>	<b>\$ 18,450</b>	<b>\$ 4,990</b>	<b>\$ 5,229</b>	<b>\$ 209,793</b>	<b>\$ 223,291</b>
<b>EXPENDITURES:</b>													
Instruction:													
Tuition	\$ 74,186	\$ 3,664	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 77,850	\$ 53,635
Textbooks			11,533									11,533	10,521
Purchased Professional Educational Services				29,018	5,199	10,840	19,431	27,253			5,229	96,970	106,965
General Supplies													5,616
<b>Total Instruction</b>	<b>74,186</b>	<b>3,664</b>	<b>11,533</b>	<b>29,018</b>	<b>5,199</b>	<b>10,840</b>	<b>19,431</b>	<b>27,253</b>			<b>5,229</b>	<b>186,353</b>	<b>176,737</b>
Support Services:													
Purchased Professional Tech Serv.									18,450			18,450	16,883
Supplies and Materials										4,990		4,990	29,671
<b>Total Support Services</b>									<b>18,450</b>	<b>4,990</b>		<b>23,440</b>	<b>46,554</b>
Facilities Acquisition and Const. Serv.													
Non-Instructional Equipment													
<b>Total Expenditures</b>	<b>\$ 74,186</b>	<b>\$ 3,664</b>	<b>\$ 11,533</b>	<b>\$ 29,018</b>	<b>\$ 5,199</b>	<b>\$ 10,840</b>	<b>\$ 19,431</b>	<b>\$ 27,253</b>	<b>\$ 18,450</b>	<b>\$ 4,990</b>	<b>\$ 5,229</b>	<b>\$ 209,793</b>	<b>\$ 223,291</b>

**ENTERPRISE FUNDS**

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINED SCHEDULE OF NET POSITION**  
**AS OF JUNE 30, 2016 AND 2015**

	<b>Shared Services Division</b>	<b>Total</b>	
		<b>2016</b>	<b>2015</b>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$	\$	\$
Accounts Receivable	901,555	901,555	999,365
Total Current Assets	901,555	901,555	999,365
Total Assets	901,555	901,555	999,365
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Payable to General Fund	562,113	562,113	910,457
Accounts Payable	262,291	262,291	15,754
Total Current Liabilities	824,404	824,404	926,211
Total Liabilities	824,404	824,404	926,211
<b>NET POSITION:</b>			
Unrestricted	77,151	77,151	73,154
Total Net Position	\$ 77,151	\$ 77,151	\$ 73,154



**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	Shared Services Division	Total	
		2016	2015
<b>OPERATING REVENUES:</b>			
Local Sources:			
Sales	\$ 871,933	\$ 871,933	\$ 757,396
Total Operating Revenue	871,933	871,933	757,396
<b>OPERATING EXPENSES:</b>			
Cost of Sales	161,507	161,507	335,986
Salaries and Benefits	328,770	328,770	396,147
Other Purchased Services	355,545	355,545	
Miscellaneous Other Expenses	24,087	24,087	
Total Operating Expenses	869,909	869,909	732,133
Operating Income/(Loss)	2,024	2,024	25,263
<b>NON-OPERATING REVENUES:</b>			
Total Non-Operating Revenues			
Prior Year Expenditure Adjustments	1,973	1,973	
Net (Loss) Income	3,997	3,997	25,263
Net Position - July 1	73,154	73,154	47,891
Net Position - June 30	\$ 77,151	\$ 77,151	\$ 73,154

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**AS OF JUNE 30, 2016**

	<b>Shared Services Division</b>	<b>Total</b>	
		<b>2016</b>	<b>2015</b>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 871,933	\$ 871,933	\$ 757,396
Payments to Employees and Benefits	(328,770)	(328,770)	(396,147)
Payments to Suppliers	(545,136)	(545,136)	(361,249)
Net Cash Used by Operating Activities	(1,973)	(1,973)	-
Prior Year Expenditure Adjustments	1,973	1,973	
Net Increase/(Decrease) in Cash			
Cash and Cash Equivalents, July 1			
Cash and Cash Equivalents, June 30	\$	\$	\$
Operating Income (Loss)	\$ 2,024	\$ 2,024	\$ 25,263
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	97,810	97,810	(480,576)
Increase/(Decrease) in Interfund Accounts Payable	(348,344)	(348,344)	445,478
Increase/(Decrease) in Accounts Payable	246,537	246,537	9,835
Net Cash Provided by Noncapital Financing Activities	(3,997)	(3,997)	(25,263)
Net Cash Used by Operating Activities	\$ (1,973)	\$ (1,973)	\$ -

## 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**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**( with comparative totals for June 30, 2015)**

	Expendable		Totals	
	Unemployment Trust	Payroll	2016	2015
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 2	\$ 2,905	\$ 2,907	\$ 4,042
Accounts Receivable				1,227
Total Assets	<u>\$ 2</u>	<u>\$ 2,905</u>	<u>\$ 2,907</u>	<u>\$ 5,269</u>
<b>LIABILITIES, RESERVES AND NET POSITION:</b>				
Interfund Payable to General fund	\$	\$ 2,905	\$ 2,905	\$ 5,000
Net Position:				
Held in Trust for Unemployment				
Claims and Other Purposes	<u>2</u>		<u>2</u>	<u>269</u>
Total Net Position	<u>2</u>	<u>2,905</u>	<u>2,907</u>	<u>5,269</u>
Total Liabilities, Reserves and Net Position	<u>\$ 2</u>	<u>\$ 2,905</u>	<u>\$ 2,907</u>	<u>\$ 5,269</u>

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**FIDUCIARY FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016 AND 2015**

	Expendable Trust	Totals	
	Unemployment Funds	2016	2015
ADDITIONS:			
Employee Deductions	\$ 478	\$ 478	\$ 110
Total Additions	478	478	110
DEDUCTIONS:			
Total Deductions	745	745	
Change in Net Position	(267)	(267)	110
Net Position - Beginning of the Year	269	269	159
Net Position - End of the Year	\$ 2	\$ 2	\$ 269

**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2016</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 3,773	\$ 162,744	\$ 163,612	\$ 2,905
Accounts Receivable	1,227		1,227	
Total Assets	<u>\$ 5,000</u>	<u>\$ 162,744</u>	<u>\$ 164,839</u>	<u>\$ 2,905</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$	\$ 162,744	\$ 162,744	\$
Interfund Payable	5,000		2,095	2,905
Total Liabilities	<u>\$ 5,000</u>	<u>\$ 162,744</u>	<u>\$ 162,744</u>	<u>\$ 2,905</u>

**LONG-TERM DEBT SCHEDULES**

N/A

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

**STATISTICAL SECTION**



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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 2,146,774
Restricted	196,311	602,992	671,445	483,330		85,807	251,710			
Unrestricted	281,673	333,675	226,523	(112,373)	6,695	(77,137)	132,539	135,722	(51,304)	171,340
<b>Total Governmental Activities Net Position</b>	<b>\$ 3,465,983</b>	<b>\$ 3,859,778</b>	<b>\$ 3,722,201</b>	<b>\$ 3,096,312</b>	<b>\$ 2,633,172</b>	<b>\$ 2,455,438</b>	<b>\$ 2,649,555</b>	<b>\$ 2,723,680</b>	<b>\$ 2,189,983</b>	<b>\$ 2,318,114</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted										
Unrestricted								47,891	73,154	77,151
<b>Total Business-Type Activities Net Position</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 47,891</b>	<b>\$ 73,154</b>	<b>\$ 77,151</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 2,146,774
Restricted	196,311	602,992	671,445	483,330		85,807	251,710			
Unrestricted	281,673	333,675	226,523	(112,373)	6,695	(77,137)	152,077	183,613	21,850	248,491
<b>Total District-Wide Net Position</b>	<b>\$ 3,465,983</b>	<b>\$ 3,859,778</b>	<b>\$ 3,722,201</b>	<b>\$ 3,096,312</b>	<b>\$ 2,633,172</b>	<b>\$ 2,455,438</b>	<b>\$ 2,669,093</b>	<b>\$ 2,771,571</b>	<b>\$ 2,263,137</b>	<b>\$ 2,395,265</b>

Source: CAFR Schedule A-1

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Home Instruction	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Regular	161,410	133,843	103,150	132,638	120,727	84,596	80,941	102,257	123,102	108,503
Tuition			50,142	101,783	42,581	32,427	71,907	69,605	53,635	77,850
<b>Support Services</b>										
Tuition	2,307,126	2,038,560	2,819,333	3,089,400	3,325,939	3,127,337	2,564,218	2,569,453	3,367,507	2,786,724
Student and Instruction Related Services	92,982	50,415	58,893	54,300	35,056	30,374	9,094	12,970	46,554	23,440
General and Business Administrative Services	23,575	195,880	75,334	19,225	13,753	19,107	11,609	17,748	18,259	39,985
Central Services	36,809	38,645	39,255	40,813	41,601	43,020	48,947	81,192	49,668	97,824
Plant Operations and Maintenance	14,711	26,385	14,158	53,065	17,595	15,893	96,616	158,338	31,926	162,531
Pupil Transportation	140,389	191,299	179,872	221,809	240,867	277,736	334,542	393,075	533,159	300,573
Business and Other Support Services	16,262	8,658	500	500	500	500	9674	17107		
Unallocated Benefits										161,967
Amortization of Debt Issue Costs	6,725	6,725								
Interest on Long-Term Debt	2,832	1,241			714	415	570	504	571	571
Unallocated Depreciation and Amortization	98,878	98,878	98,878	98,878	98,878	100,122	101,366	94,961	94,961	94,513
<b>Total Governmental Activities Expenses</b>	<b>2,901,699</b>	<b>2,790,529</b>	<b>3,439,515</b>	<b>3,812,413</b>	<b>3,938,211</b>	<b>3,731,527</b>	<b>3,331,212</b>	<b>3,517,210</b>	<b>4,319,342</b>	<b>3,854,481</b>
<b>Business-Type Activities</b>										
<b>Total District Expenses</b>	<b>\$ 2,901,699</b>	<b>\$ 2,790,529</b>	<b>\$ 3,439,515</b>	<b>\$ 3,812,413</b>	<b>\$ 3,938,211</b>	<b>\$ 3,731,527</b>	<b>\$ 3,506,896</b>	<b>\$ 4,018,315</b>	<b>\$ 5,051,475</b>	<b>\$ 4,724,390</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Operating Grants and Contributions	\$ 188,113	\$ 150,859	\$ 161,496	\$ 239,902	\$ 165,650	\$ 117,023	\$ 161,942	\$ 184,832	\$ 223,291	\$ 209,793
<b>Total Governmental Activities Program Revenues</b>	<b>188,113</b>	<b>150,859</b>	<b>161,496</b>	<b>239,902</b>	<b>165,650</b>	<b>117,023</b>	<b>161,942</b>	<b>184,832</b>	<b>223,291</b>	<b>209,793</b>
<b>Business-Type Activities</b>										
<b>Total District Program Revenues</b>	<b>\$ 188,113</b>	<b>\$ 150,859</b>	<b>\$ 161,496</b>	<b>\$ 239,902</b>	<b>\$ 165,650</b>	<b>\$ 117,023</b>	<b>\$ 161,942</b>	<b>\$ 714,290</b>	<b>\$ 980,687</b>	<b>\$ 1,081,726</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	\$ (3,644,688)
Business-Type Activities							19,538	28,353	25,263	2,024
<b>Total District-Wide Net Expense</b>	<b>\$ (2,713,586)</b>	<b>\$ (2,639,670)</b>	<b>\$ (3,278,019)</b>	<b>\$ (3,572,511)</b>	<b>\$ (3,772,561)</b>	<b>\$ (3,614,504)</b>	<b>\$ (3,169,270)</b>	<b>\$ (3,304,025)</b>	<b>\$ (4,070,788)</b>	<b>\$ (3,642,664)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, net	\$ 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	\$ 2,216,837
Taxes Levied for Debt Service										
Unrestricted Grants and Contributions	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	1,460,623
Investment Earnings	4,222	5,307	5,433	3,934	1,681	1,009	1,267	711	480	623
Miscellaneous Income	51,058	245,000	75,000	85,000	97,908	107,030	15,000	28,632	32,447	96,709
Cancellation of Prior Year Receivables				(195,000)						
<b>Total Governmental Activities</b>	<b>2,750,463</b>	<b>3,033,465</b>	<b>3,140,442</b>	<b>2,946,622</b>	<b>3,309,421</b>	<b>3,436,770</b>	<b>3,363,387</b>	<b>3,406,503</b>	<b>3,562,354</b>	<b>3,774,792</b>
<b>Total District-Wide</b>	<b>\$ 2,750,463</b>	<b>\$ 3,033,465</b>	<b>\$ 3,140,442</b>	<b>\$ 2,946,622</b>	<b>\$ 3,309,421</b>	<b>\$ 3,436,770</b>	<b>\$ 3,363,387</b>	<b>\$ 3,406,503</b>	<b>\$ 3,562,354</b>	<b>\$ 3,774,792</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 36,877	\$ 393,795	\$ (137,577)	\$ (625,889)	\$ (463,140)	\$ (177,734)	\$ 194,117	\$ 74,125	\$ (533,697)	\$ 130,104
Business-Type Activities							19,538	28,353	25,263	2,024
<b>Total District-Wide</b>	<b>\$ 36,877</b>	<b>\$ 393,795</b>	<b>\$ (137,577)</b>	<b>\$ (625,889)</b>	<b>\$ (463,140)</b>	<b>\$ (177,734)</b>	<b>\$ 213,655</b>	<b>\$ 102,478</b>	<b>\$ (508,434)</b>	<b>\$ 132,128</b>

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>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>	<u>2016</u>
General Fund										
Restricted	\$ 268,339	\$ 578,189	\$ 654,906	\$ 229,524	\$	\$	\$ 85,807	\$ 9,982	\$	\$
Assigned								241,728	9,982	280,082
Unassigned	202,920	358,478	243,062	141,433	6,695	(77,137)	132,539	135,722	16,936	131,447
<b>Total General Fund</b>	<b>\$ 471,259</b>	<b>\$ 936,667</b>	<b>\$ 897,968</b>	<b>\$ 370,957</b>	<b>\$ 6,695</b>	<b>\$ (77,137)</b>	<b>\$ 218,346</b>	<b>\$ 387,432</b>	<b>\$ 26,918</b>	<b>\$ 411,529</b>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund										
Capital Projects Fund										
Debt Service Fund										
Permanent Fund										
<b>Total All Other Governmental Funds</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Source: CAFR Schedule B-1

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 2,216,837
Rent	50,000	245,000	75,000	85,000	97,342	106,220	15,000	17,500	17,500	21,667
Interest Earnings	4,222	5,307	5,433	3,934	1,681	1,009	1,267	711	480	623
Miscellaneous	1,058				2,908	7,030		11,132	14,947	73,069
State Sources	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	1,592,566
Federal Sources	43,250	48,537	50,142	308,625	42,581	81,955	71,907	69,605	83,306	77,850
<b>Total Revenues</b>	<b>2,938,576</b>	<b>3,184,324</b>	<b>3,301,938</b>	<b>3,381,524</b>	<b>3,475,071</b>	<b>3,553,793</b>	<b>3,525,329</b>	<b>3,591,335</b>	<b>3,785,645</b>	<b>3,982,612</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	161,410	133,843	103,150	132,638	120,727	84,596	82,669	102,257	123,102	108,503
Tuition			50,142	101,783	42,581	32,428	71,907	69,605	53,635	77,850
<b>Support Services</b>										
Tuition	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	2,786,724
Student and Instruction Related Services	92,982	50,415	58,893	54,300	35,056	30,374	9,094	12,970	46,554	23,440
General Administrative Services	23,575	195,880	75,334	19,225	13,753	19,107	11,609	17,748	18,259	39,985
Central Services	39,641	39,886	39,255	40,813	41,601	43,020	48,947	81,192	49,668	97,824
Plant Operations and Maintenance	14,711	26,385	14,158	53,065	17,595	15,893	96,616	158,338	31,926	162,531
Pupil Transportation	140,389	191,299	179,872	221,809	240,867	277,736	334,542	393,075	454,937	300,573
Business and Other Support Services	16,262									
Unallocated Employee Benefits	32,400	8,658	500	500	500	500	9,674	17,107		
Capital Outlay		33,990			714	6,635	570	504	571	571
<b>Total Expenditures</b>	<b>2,828,496</b>	<b>2,718,916</b>	<b>3,340,637</b>	<b>3,713,535</b>	<b>3,839,333</b>	<b>3,637,626</b>	<b>3,229,846</b>	<b>3,422,249</b>	<b>4,146,159</b>	<b>3,598,001</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	110,080	465,408	(38,699)	(332,011)	(364,262)	(83,833)	295,483	169,086	(360,514)	384,611
<b>Other Financing Sources (Uses)</b>										
Capital Lease										
Transfers										
<b>Total Other Financing Sources (Uses)</b>										
<b>Net Change in Fund Balances</b>	<b>\$ 110,080</b>	<b>\$ 465,408</b>	<b>\$ (38,699)</b>	<b>\$ (332,011)</b>	<b>\$ (364,262)</b>	<b>\$ (83,833)</b>	<b>\$ 295,483</b>	<b>\$ 169,086</b>	<b>\$ (360,514)</b>	<b>\$ 384,611</b>
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>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>
2016	\$ 623	\$ 21,667	\$ 67,064	\$	\$	\$ 6,005	\$ 95,359
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

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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2016	\$ 4,370,700	\$ 103,545,100	\$ 1,497,200	\$ 122,500	\$ 7,318,300	\$ 5,149,800	\$ 1,072,000	\$ 123,075,600	\$ 10,297,600	\$ 200,035	\$ 123,275,635	\$ 1.834	\$ 115,126,254
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	124,201,558	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

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

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> 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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Newfield	Gloucester County	Open Space	Total
2016	\$ 1.834		\$ 1.834	\$ 0.849	\$ 0.636	\$ 0.038	\$ 3.357
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

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)*

<b>Taxpayer</b>	<b>2016</b>		<b>2007</b>	
	<b>Taxable Assessed Value</b>	<b>% of Total District Net Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>% of Total District Net Assessed Value</b>
Shieldalloy Metallurgical Corp.	\$ 2,847,900	2.31%	\$ 1,163,400	1.97
Newfield National Bank	2,217,600	1.80%	1,055,200	1.79%
Taxpayer #1	519,400	0.42%		
AB Foxmoor At Newfield LLC	1,335,700	1.08%		
Steel-men LLC Southern NJ Steel	835,200	0.68%	416,400	0.71%
Taxpayer #2	466,300	0.38%	254,700	0.43%
Marshall Service, Inc.	528,800	0.43%	211,000	0.36%
Taxpayer #3	457,100	0.37%	241,700	0.41%
Baer Investment Group, LLC	680,100	0.55%		
Taxpayer #4	456,700	0.37%	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%
	<b>\$ 10,344,800</b>	<b>8.39%</b>	<b>\$ 4,392,000</b>	<b>7.44%</b>

Source: County Tax Assessor



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

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>% of Levy</b>	
2016	\$ 2,216,837	\$ 2,216,837	100.00%	\$
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%	

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 Personal Income <sup>a</sup> Per Capita <sup>a</sup>	
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2016	\$	\$	\$	\$	\$	N/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

**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 Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$	\$	\$	0.00%	\$
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%	

**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, 2016**  
*(Unaudited)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Newfield Borough	\$ 1,116,084	100%	\$ 1,116,084
<b>Other debt</b>			
Gloucester County - Borough's Share	242,588,532	0.45%	1,091,648
 Subtotal, Overlapping Debt			<hr/> 2,207,732
 Newfield Borough School District Direct Debt			<hr/> -
 Total Direct and Overlapping Debt			<hr/> <hr/> \$ 2,207,732

**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	
	2015	\$ 114,139,725
	2014	115,092,158
	2013	127,666,636
	[A]	\$ 356,898,519
Average Equalized Valuation of Taxable Property	[A/3]	\$ 118,966,173
Debt Limit (2.5% of Average Equalization Value)	[B]	2,974,154 <sup>a</sup>
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 2,974,154

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 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	\$ 2,974,154
Total Net Debt Applicable to Limit										
Legal Debt Margin	\$ 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	\$ 2,974,154
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records

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

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2016	** 1,531	\$ 72,064,469	\$ 47,070	7.4%
2015	1,534	71,846,447	46,836	7.4%
2014	1,536	71,582,208	46,603	7.7%
2013	1,539	69,271,929	45,011	8.5%
2012	1,543	68,496,856	44,392	9.9%
2011	1,549	66,971,015	43,235	9.7%
2010	1,553	64,468,136	41,512	9.2%
2009	1,672	68,536,952	40,991	9.4%
2008	1,671	69,022,326	41,306	6.3%
2007	1,672	65,391,920	39,110	4.9%

**Source:**

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

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

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

\*\* Estimate

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

<b><u>Employer</u></b>	<b><u>2016</u></b>		<b><u>2007</u></b>	
	<b><u>Employees</u></b>	<b><u>Percentage of Total Employment</u></b>	<b><u>Employees</u></b>	<b><u>Percentage of Total Employment</u></b>
Rowan University	2,000	N/A	1,300	N/A
Inspira Medical Center - Woodbury	1,222	N/A	1,810	N/A
County of Gloucester	1,200	N/A		
Walmart Supercenter	800	N/A		
Kennedy University Hospital	670	N/A	1,035	N/A
United Methodist Community At Pitman	500	N/A		
Mobility Parts & Service	500	N/A		
Aryzta LA Brea Bakery Inc.	500	N/A		
GGB Bearing Technology	300	N/A		
Checkpoint Systems, Inc.	250	N/A		
Washington Township			1,455	N/A
US Foodservices			900	N/A
Direct Group			850	N/A
Missa Bay, LLC			750	N/A
US Postal Service			700	N/A
Monroe Township School District			700	N/A
Deptford Township School District			633	N/A
	<b><u>7,942</u></b>	<b><u>0.00%</u></b>	<b><u>10,133</u></b>	<b><u>0.00%</u></b>

**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>2016</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>
Building A		\$ 145,798	\$ 16,445	\$ 68,960	\$ 52,629	\$ 1,320	\$ 1,370	\$ 31,080	\$ 1,320	\$ 8,650	\$ 1,200
Total School Facilities		145,798	16,445	68,960	52,629	1,320	1,370	31,080	1,320	8,650	1,200
Other Facilities											
Grand Total		\$ 145,798	\$ 16,445	\$ 68,960	\$ 52,629	\$ 1,320	\$ 1,370	\$ 31,080	\$ 1,320	\$ 8,650	\$ 1,200



**BOROUGH OF NEWFIELD SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

<b>Company</b>	<b>Type of Coverage</b>	<b>Coverage</b>	<b>Deductible</b>
NJSBAIG	School Package Policy		
	Property - Blanket Building & Contents	\$ 4,110,853	\$ 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	1000
	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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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Newfield School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the Newfield's basic financial statements and have issued our report thereon dated November 3, 2016. 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 Newfield Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 which is described in the accompanying schedule of findings and questioned costs in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 3, 2016, labeled Finding 2016-1. However, material weaknesses may exist that have not been identified.

**Newfield Board of Education's Response to Findings**

Newfield Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Compliance and Other Matters**

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

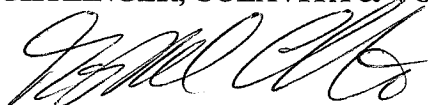
**Purpose of this Report**

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 solely for the information and use of management, the Newfield Board of Education, the New Jersey State Department of Education and other state and federal 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  
November 3, 2016

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES REQUIRED BY THE UNIFORM ADMINISTRATIVE REQUIREMENTS,  
COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS  
(UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 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 Federal and State Program**

We have audited the Board of Education of the Newfield School District, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Newfield School District's major federal and state programs for the fiscal year ended June 30, 2016. The Newfield Board of Education's major federal and 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 federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Newfield Board of Education's major federal and state compliance based on our audit of the types of compliance requirements 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 of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the 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 Newfield Board of Education's compliance with those requirements.

### Opinion on Each Major Program

In our opinion, the Board of Education of the 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 federal and state programs for the fiscal year ended June 30, 2016.

### Report on Internal Control Over Compliance

Management of the 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 major federal and state programs. In planning and performing our audit, we considered Newfield Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance in accordance with Uniform Guidance and New Jersey OMB 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 Newfield School District Board of Education's internal control over compliance.

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

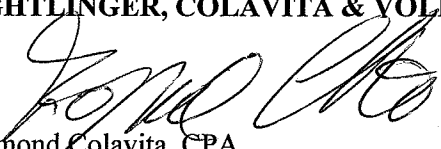
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 3, 2016. 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 Uniform Guidance and New Jersey OMB 15-08.

This report is intended solely for the information and use of the audit committee, management, the 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.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**

  
Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
November 3, 2016

**NEWFIELD SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SCHEDULE A**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	Adjust- ment	(Accounts Receivable) June 30, 2016	Deferred Revenue	Due to Grantor at June 30, 2016
<b>U.S. Department of Education</b>															
<b>General Fund:</b>															
Passed-through State Department of Education:															
Special Revenue Fund:															
I.D.E.A. Part B, Basic	84.027	H027A150100	IDEA-3580-16	\$123,306	7/1/15 to 6/30/16				\$ (74,186)		\$ (74,186)		\$ (74,186)		
I.D.E.A. Part B, Basic	84.027	H027A150100	IDEA-3580-15	112,977	7/1/14 to 6/30/15	\$ (83,306)		\$ 83,306							
I.D.E.A. Part B, Basic	84.027	H027A150100	IDEA-3580-14	69,605	9/1/13 to 8/31/14	(19,418)						\$ 19,418			
I.D.E.A. Preschool	84.173	H173A150114	IDEA-3580-16	3,664	7/1/15 to 6/30/16				(3,664)		(3,664)		(3,664)		
Total U.S. Department of Education						(102,724)		83,306	(77,850)		(77,850)	19,418	(77,850)		
Total Federal Financial Awards						\$ (102,724)		\$ 83,306	\$ (77,850)		\$ (77,850)	\$ 19,418	\$ (77,850)		

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 Uniform Guidance since the total of all federal grant expenditures was less than \$750,000.

**NEWFIELD SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2015				Balance at June 30, 2016				MEMO		
				Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Payment To Grantor	Adj.	(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
General Fund:														
Equalization Aid	15-495-034-5120-078	\$ 1,164,761	7/1/14 to 6/30/15	\$ (105,415)		\$ 105,415								
Equalization Aid	16-495-034-5120-078	1,164,761	7/1/15 to 6/30/16			1,055,260	\$ (1,164,761)			\$ (109,501)		* \$ 109,501	\$ 1,164,761	
Security Aid	15-495-034-5120-084	43,132	7/1/14 to 6/30/15	(3,903)		3,903								
Security Aid	16-495-034-5120-084	43,132	7/1/15 to 6/30/16			39,077	(43,132)			(4,055)		* 4,055	43,132	
Special Education Categorical Aid	15-495-034-5120-089	128,334	7/1/14 to 6/30/15	(11,615)		11,615								
Special Education Categorical Aid	16-495-034-5120-089	128,334	7/1/15 to 6/30/16			116,269	(128,334)			(12,065)		* 12,065	128,334	
Transportation Aid	15-495-034-5120-014	84,375	7/1/14 to 6/30/15	(7,636)		7,636								
Transportation Aid	16-495-034-5120-014	84,375	7/1/15 to 6/30/16			76,443	(84,375)			(7,932)		* 7,932	84,375	
PARCC Readiness Aid	15-495-034-5120-098	2,340	7/1/14 to 6/30/15	(212)		212								
PARCC Readiness Aid	16-495-034-5120-098	2,340	7/1/15 to 6/30/16			2,120	(2,340)			(220)		* 220	2,340	
Per Pupil Growth Aid	15-495-034-5120-097	2,340	7/1/14 to 6/30/15	(212)		212								
Per Pupil Growth Aid	16-495-034-5120-097	2,340	7/1/15 to 6/30/16			2,120	(2,340)			(220)		* 220	2,340	
Extraordinary Aid	15-100-034-5120-473	21,753	7/1/14 to 6/30/15	(21,753)		21,753								
Extraordinary Aid	16-100-034-5120-473	39,819	7/1/15 to 6/30/16				(39,819)			(39,819)		* 39,819		
Non Public Transportation	15-495-034-5120-014	2,010	7/1/14 to 6/30/15	(1,392)		1,392								
Non Public Transportation	16-495-034-5120-014	522	7/1/15 to 6/30/16				(522)			(522)		* 522		
<b>Total General Fund</b>				<b>(152,138)</b>		<b>1,443,427</b>	<b>(1,465,623)</b>			<b>(174,334)</b>			<b>133,993</b>	<b>1,465,623</b>
State Department of Education:														
Passed - Through State Department of Education														
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Nonpublic Nursing Aid	16-100-034-5120-070	18,450	7/1/15 to 6/30/16			18,450	(18,450)					* 18,450		
Nonpublic Textbook Aid	15-100-034-5120-064	10,605	7/1/14 to 6/30/15		\$ 84			\$ 84						
Nonpublic Textbook Aid	16-100-034-5120-064	11,706	7/1/15 to 6/30/16			11,706	(11,533)				\$ 173	* 11,533		
Nonpublic Security Aid	16-100-034-5120-509	5,125	7/1/15 to 6/30/16			5,125	(4,990)				135	* 4,990		
Nonpublic Technology Aid	15-100-034-5120-373	5,696	7/1/14 to 6/30/15		80			80						
Nonpublic Technology Aid	16-100-034-5120-373	5,330	7/1/15 to 6/30/16			5,330	(5,229)				101	* 5,229		
Auxiliary Services:														
Transportation	15-100-034-5120-068	12,742	7/1/14 to 6/30/15						\$ 94					
Transportation	16-100-034-5120-068	5,485	7/1/15 to 6/30/16			5,485	(5,199)				286	* 5,199		
Comp Education	16-100-034-5120-067	29,949	7/1/15 to 6/30/16			29,949	(29,018)				931	* 29,018		
ESL	16-100-034-5120-067	1,726	7/1/15 to 6/30/16			1,726					1,726			
Handicapped Services:														
Supplemental Instruction	16-100-034-5120-066	11,139	7/1/15 to 6/30/16			11,139	(10,840)				299	* 10,840		
Examination & Classification	16-100-034-5120-066	19,431	7/1/15 to 6/30/16			19,431	(19,431)					* 19,431		
Corrective Speech	16-100-034-5120-066	31,771	7/1/15 to 6/30/16			31,771	(27,253)				4,518	* 27,253		
<b>Total Special Revenue Fund</b>					<b>164</b>	<b>140,112</b>	<b>(131,943)</b>	<b>164</b>	<b>94</b>			<b>8,263</b>	<b>131,943</b>	
<b>Total State Financial Assistance Subject to OMB 15-08</b>				<b>\$ (152,138)</b>	<b>\$ 164</b>	<b>\$ 1,583,539</b>	<b>\$ (1,597,566)</b>	<b>\$ 164</b>	<b>\$ 94</b>	<b>\$ (174,334)</b>		<b>\$ 8,263</b>	<b>* \$ 133,993</b>	<b>\$ 1,597,566</b>

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, 2016**

**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 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 15-08. 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 (\$5,000) 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, 2016**  
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 1,460,623	\$ 1,460,623
Special Revenue Fund	77,850	131,943	209,793
Total Awards & Financial Assistance	\$ 77,850	\$ 1,592,566	\$ 1,670,416

**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, 2016.

**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, 2016.

**NOTE 7: ADJUSTMENTS AND AMOUNTS RETURNED TO THE STATE**

There was an adjustment in the prior year IDEA accounts receivable from a pass-through entity in the amount of \$19,418, as shown on Schedule A.

There was \$164 paid back to the State Department of Education from unspent prior year Non-public Aid and \$8,263 due back to the State as of June 30, 2016. See Schedule B

NEWFIELD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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?   yes  X  none reported

Noncompliance material to basic financial statements noted?   yes  X  no

Federal Awards

Internal control over major programs: N/A

- 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: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?   yes   no

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
----------------	----------------	------------------------------------

N/A

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  X  yes   no

NEWFIELD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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 15-08   yes  X  no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-014	Transportation Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid

**NEWFIELD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)**

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Circular 15-08 audit.

**Finding:** 2016-1 (AMR Finding 2016-2)

**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, 2016. 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 has a material accounts receivable balance and it is unknown as to whether they are collectible.

**Effect:**

There remains a significant accounts receivable balance in the Shared Services, as of June 30, 2016.

**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, 2016  
(continued)

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

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable, for State Financial Assistance.

**FEDERAL AWARDS**

**Finding:** NONE

**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  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a) (b) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

**STATUS OF PRIOR - YEAR FINDINGS**

**Finding:** 2015-1

**Condition:**

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

**Current Status**

This finding has been resolved.

**Finding:** 2015-2

**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.

**Current Status**

Unresolved, see finding 2016-1.