

**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, 2017

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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, 2017**

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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 2, 2017

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, 2017, 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, 2017.

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, 2017 the District had no outstanding debt. The available debt amount that may be voted upon is \$2,867,814.

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,

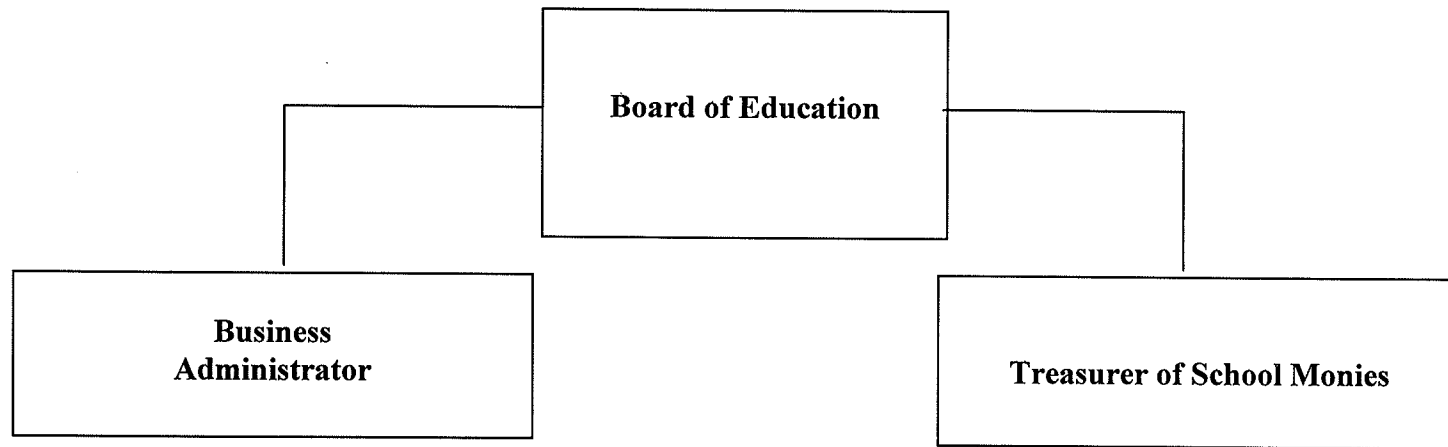


Henry Bermann
SBA/Board Secretary

BOROUGH OF NEWFIELD BOARD OF EDUCATION
NEWFIELD, NEW JERSEY

Organizational Chart

JUNE 30, 2017



BOROUGH OF NEWFIELD BOARD OF EDUCATION
NEWFIELD, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2017

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
John Paladino, President	2019
Joseph Curcio III	2017
Barbara Carey	2019
John Garavento	2017
Zachary Slaven	2018
<u>OTHER OFFICIALS</u>	<u>Bond Amount</u>
Henry Bermann, Business Administrator/Board Secretary	\$132,000
Terri A. Oliver, Treasurer of School Monies	150,000
Ms. Jane B. Capasso, Solicitor	
Connor Strong and Buckelew Companies, Inc.	

BOROUGH OF NEWFIELD BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

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

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

November 2, 2017

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, 2017, 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, 2017, 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, budgetary comparison information and schedules related to accounting and reporting for pensions 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 Borough of Newfield School 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 accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, 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 also not a required part of the basic financial statements.

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

The introductory 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 2, 2017 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, 2017

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, 2017. 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 2017 are as follows:

- ❖ General revenues accounted for \$3,519,379 in revenue or 84.5% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$643,414 or 15.5% percent to total revenues of \$4,162,793.
- ❖ Total net position of governmental activities decreased by \$676,057, which represents decreases in cash and receivables.
- ❖ The School District had \$4,916,001 in expenses and \$643,414 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes of \$2,261,174 and Federal and State aid not restricted of \$1,490,981 were not adequate to provide for these programs.
- ❖ The General Governmental Fund had \$3,803,548 in revenues, \$3,888,530 in expenditures and \$281,962 in other financing uses, which were \$267,787 transferred to the Shared Services Fund and \$14,175 transferred to Charter Schools. The General Fund's fund balance decreased \$366,944 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 2017?" 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 2017 and 2016.

Table 1 Net Position		2017	2016
Assets			
Current and Other Assets	\$	1,030,688	\$ 1,866,379
Capital Assets, Net		2,049,296	2,146,774
Total Assets		3,079,984	4,013,153
Deferred Outflows of Resources			
Deferred Pension Outflows		878,895	837,471
Liabilities			
Short-term Loan Payable		134,853	133,993
Other Liabilities		2,098,030	2,304,313
Total Liabilities		2,232,883	2,438,306
Deferred Inflows of Resources			
Deferred Pension Inflows		83,939	17,053
Net Position			
Invested in Capital Assets, Net of Debt		2,049,296	2,146,774
Restricted		26,030	280,082
Unrestricted (Deficit)		(433,269)	(31,591)
Total Net Position	\$	1,642,057	\$ 2,395,265

Table 2 shows the changes in Net Position from fiscal year's 2017 and 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
Revenues		
Programs Revenues		
Shared Services Division	\$ 426,736	\$ 871,933
Operating Grants and Contributions	216,678	209,793
General Revenues		
Property Taxes	2,261,174	2,216,837
Grants and Entitlements	1,490,981	1,460,623
Other	(232,776)	97,332
Total Revenues	<u>4,162,793</u>	<u>4,856,518</u>
Program Expenses		
Instruction	189,378	186,353
Support Services		
Tuition	3,401,134	2,786,724
Other Student Support	29,800	23,440
General Administration and Business	17,455	39,985
Central Services	51,921	97,824
Operations and Maintenance of Facilities	77,964	162,531
Pupil Transportation	284,109	300,573
Employee Benefits	264,511	161,967
Shared Services Division	501,680	869,909
Other	98,049	95,084
Total Expenses	<u>4,916,001</u>	<u>4,724,390</u>
Increase/(Decrease) in Net Position	<u>\$ (753,208)</u>	<u>\$ 132,128</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 \$3,803,548 for the fiscal year ended June 30, 2017, excluding transfers out of \$281,962. Property taxes of \$2,261,174 made up 59.5% percent of revenues for governmental activities for the Borough of Newfield School District for fiscal year 2017. Federal, state and local grants accounted for \$1,490,981 or 39.2%, rental revenue of \$25,000 accounted for .6% and miscellaneous revenue of \$25,895 accounted for .7%. The total cost of all programs and services was \$4,197,643 after eliminating operating grant revenue of \$216,678. Instruction, including tuition charges was funded by operating grants of \$189,378.

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 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction				
Other Instruction	\$ 143,795	\$	\$ 108,503	\$ (23,440)
Tuition	45,583		77,850	
Support Services				
Tuition	3,401,134	3,401,134	2,786,724	2,786,724
Pupils and Instructional Staff	29,800	2,500	23,440	23,440
General Administration and Business	17,455	17,455	39,985	39,985
Central Services	51,921	51,921	97,824	97,824
Operation and Maintenance of Facilities	77,964	77,964	162,531	162,531
Pupil Transportation	284,109	284,109	300,573	300,573
Employee Benefits	264,511	264,511	161,967	161,967
Other	98,049	98,049	95,084	95,084
Total Expenses	<u>\$ 4,414,321</u>	<u>\$ 4,197,643</u>	<u>\$ 3,854,481</u>	<u>\$ 3,644,688</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 expenses of \$426,736 exceeded revenues of \$501,680, resulting in a decrease in net position of \$74,944. There were also cancellations of accounts receivables totaling \$270,000, offset by a transfer from the general fund in the amount of \$267,787.

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 \$4,020,226 and expenditures of \$4,105,208. The net negative change in fund balance for the year was \$84,982. 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, 2017, 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 2016</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 2,312,567	57.53%	\$ 371	0.02%
State Sources	1,662,076	41.34%	69,510	4.36%
Federal Sources	45,583	1.13%	(32,267)	-41.45%
Total	\$ 4,020,226	100.00%	\$ 37,614	0.94%

The increase in Local Sources is attributed to increases in local tax levy of \$44,337 and rent of \$3,333, offset by decreases in interest earned of \$125 and miscellaneous of \$47,174.

The increase in State Sources is attributed to increases in various categorical aids totaling \$30,358 and special project grants of \$39,152.

The decrease in Federal Sources is attributed to the decrease in the Federal IDEA special project grant of \$32,267.

The following schedule presents a summary of general fund, and special revenue fund expenditures for the fiscal year ended June 30, 2017.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction - Grant Programs	\$ 189,378	4.61%	\$ 3,025	1.62%
Undistributed Expenditures	3,915,259	95.38%	504,182	14.78%
Capital Outlay	571	0.01%	-	0.00%
Total	\$ 4,105,208	100.00%	\$ 507,207	14.10%

The increase in Current – Grant Instruction is attributed to the increase in other instruction of \$35,292, offset by the decrease in tuition of \$32,267. The increase in undistributed expenditures is attributed to increases in tuition of \$614,410, student and instruction related services of \$6,360 and unallocated benefits of \$52,876, offset by decreases in general administrative services of \$22,530, central services of \$45,903, plant operations and maintenance of \$84,567 and transportation cost of \$16,464.

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 2017, 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 \$366,084. This was due mainly to financing transfers out and expenditures being more than realized revenue.

- ❖ Actual revenues were \$82,140 more than expected, due to positive variances in state aid of \$54,247, miscellaneous revenue of \$22,395, rent of \$5,000, and interest revenues of \$498.
- ❖ The actual expenditures were \$99,645 lower than expected, due to favorable variance in various line items, but mostly \$91,649 in tuition and \$5,557 in plant maintenance.

Capital Assets

At the end of the fiscal year 2017, the School District had \$2,049,296 invested in land, buildings, furniture and equipment. Table 4 shows fiscal 2017 balances compared to 2016.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 116,231	\$ 116,231
Building and Improvements	1,933,065	2,030,542
Machinery and Equipment	-	1
Totals	<u>\$ 2,049,296</u>	<u>\$ 2,146,774</u>

Overall capital assets decreased \$97,478 from fiscal year 2016 to fiscal year 2017. The decrease in capital assets resulted from depreciation expense for the year.

Debt Administration

At June 30, 2017, the School District did not have any outstanding debt payable and the School District's overall legal debt margin was \$2,867,814, 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, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 424,040	\$	\$ 424,040
Receivables, Net	250,060	356,588	606,648
Capital Assets, Net (Note 8):	2,049,296		2,049,296
	<hr/>	<hr/>	<hr/>
Total Assets	2,723,396	356,588	3,079,984
	<hr/>	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	878,895		878,895
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts Payable	475,924	20	475,944
Loan Payable	134,853		134,853
Due to Grantor	4,387		4,387
Net Pension Liability	1,246,780		1,246,780
Unearned Revenue	14,351		14,351
Cash Overdraft		356,568	356,568
	<hr/>	<hr/>	<hr/>
Total Liabilities	1,876,295	356,588	2,232,883
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	83,939		83,939
	<hr/>	<hr/>	<hr/>
Net Position			
Restricted:			
Invested in Capital Assets, Net of Related Debt	2,049,296		2,049,296
Other	26,030		26,030
Unrestricted (Deficit)	(433,269)		(433,269)
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 1,642,057	\$	\$ 1,642,057
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF NEWFIELD SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<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		143,795	143,795			
Tuition		45,583	45,583			
Support Services:						
Tuition	3,401,134			(3,401,134)		(3,401,134)
Student & Instruction Related Services	29,800		27,300	(2,500)		(2,500)
General Administrative Services	17,455			(17,455)		(17,455)
Central Services	51,921			(51,921)		(51,921)
Plant Operations and Maintenance	77,964			(77,964)		(77,964)
Pupil Transportation	284,109			(284,109)		(284,109)
Unallocated Benefits	264,511			(264,511)		(264,511)
Other	571			(571)		(571)
Unallocated Depreciation	97,478			(97,478)		(97,478)
Total Governmental Activities	4,414,321		216,678	(4,197,643)		(4,197,643)
Business-type Activities:						
Shared Services Division	501,680	426,736			(74,944)	(74,944)
Total Business-type Activities	501,680	426,736			(74,944)	(74,944)
Total Primary Government	\$ 4,916,001	\$ 426,736	\$ 216,678	\$ (4,197,643)	\$ (74,944)	\$ (4,272,587)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 2,261,174	\$	\$ 2,261,174
Federal and State Aid not Restricted				1,490,981		1,490,981
Investment Earnings				498		498
Rent				25,000		25,000
Miscellaneous Income				25,895	6	25,901
Transfers				(281,962)	267,787	(14,175)
Cancellation Prior Year Accounts Receivable					(270,000)	(270,000)
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,521,586	(2,207)	3,519,379
Change in Net Position				(676,057)	(77,151)	(753,208)
Net Position—Beginning				2,318,114	77,151	2,395,265
Net Position—Ending				\$ 1,642,057	\$	\$ 1,642,057

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, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$	\$ 67,472	\$ 67,472
Local School Tax Receivable	188,431		188,431
State Aid Receivable	54,247		54,247
Federal Aid Receivable		7,382	7,382
Interfund Receivable	359,927	62,242	422,169
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 602,605	\$ 137,096	\$ 739,701
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 423,167	\$ 52,757	\$ 475,924
Interfund Payable		65,601	65,601
Loans Payable	134,853		134,853
Due to Grantor		4,387	4,387
Deferred Revenue		14,351	14,351
	<hr/>	<hr/>	<hr/>
Total Liabilities	558,020	137,096	695,116
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Restricted Surplus:			
Assigned:			
Designated for Subsequent Year's Expenditures	26,030		26,030
Unassigned Reported In:			
General Fund	18,555		18,555
	<hr/>	<hr/>	<hr/>
Total Fund Balances	44,585		44,585
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 602,605	\$ 137,096	
	<hr/> <hr/>	<hr/> <hr/>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,552,724 and the accumulated depreciation is \$2,503,428 (Note 8).

2,049,296

Deferred Outflow of Resources - Deferred Pension Contribution.

878,895

Deferred Inflows of Resources - Pension Actuarial Gains.

(83,939)

Long Term Net Pension Liability

(1,246,780)

Net Position of Governmental Activities

\$ 1,642,057

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, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	\$ 2,261,174	\$	\$ 2,261,174
Interest Earned	498		498
Rent	25,000		25,000
Miscellaneous	25,895		25,895
Total - Local Sources	2,312,567		2,312,567
State Sources	1,490,981	171,095	1,662,076
Federal Sources		45,583	45,583
Total Revenues	3,803,548	216,678	4,020,226
EXPENDITURES			
Current:			
Instruction:			
Other Instruction		143,795	143,795
Tuition		45,583	45,583
Support Services:			
Tuition	3,401,134		3,401,134
Student & Instruction Related Services	2,500	27,300	29,800
General Administrative Services	17,455		17,455
Central Services	51,921		51,921
Plant Operations and Maintenance	77,964		77,964
Pupil Transportation	284,109		284,109
Unallocated Benefits	52,876		52,876
Capital Outlay	571		571
Total Expenditures	3,888,530	216,678	4,105,208
Excess (Deficiency) of Revenues Over Expenditures	(84,982)		(84,982)
OTHER FINANCING SOURCES (USES)			
Transfer to General Fund	(267,787)		(267,787)
Transfer of Funds to Charter Schools	(14,175)		(14,175)
Net Change in Fund Balances	(366,944)		(366,944)
Fund Balance—July 1	411,529		411,529
Fund Balance—June 30	\$ 44,585	\$	\$ 44,585

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, 2017

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ (366,944)
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	(97,478)
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.	
	(211,635)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.	
Change in net assets of governmental activities (A-2)	\$ <u>(676,057)</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, 2017

	Business-Type Activities Enterprise Fund	
	Shared Services Division	Total Enterprise
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	\$
Accounts Receivable	356,588	356,588
Total Current Assets	356,588	356,588
Total Assets	\$ 356,588	\$ 356,588
LIABILITIES AND FUND EQUITY:		
Current Liabilities:		
Interfund Accounts Payable	\$ 356,568	\$ 356,568
Accounts Payable	20	20
Total Current Liabilities	356,588	356,588
Net Position		
Unrestricted		
Total Fund Equity		
Total Liabilities & Net Position	\$ 356,588	\$ 356,588

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, 2017

	Business-Type Activities	
	Enterprise Fund	
	Shared	
	Services	Total
	Division	Enterprise
	<hr/>	<hr/>
Operating Revenues:		
Charges for Services:		
Sales	\$ 426,736	\$ 426,736
	<hr/>	<hr/>
Total Operating Revenue:	426,736	426,736
	<hr/>	<hr/>
Operating Expenses:		
Cost of Sales	30,390	30,390
Salaries and Benefits	104,417	104,417
Other Purchased Services	364,271	364,271
Miscellaneous Other Expenses	2,602	2,602
	<hr/>	<hr/>
Total Operating Expenses	501,680	501,680
	<hr/>	<hr/>
Operating Income (Loss)	(74,944)	(74,944)
	<hr/>	<hr/>
Non-operating Revenues (Expenses)		
Prior Year Expenditure Adjustments	6	6
Transfer from General Fund	267,787	267,787
Cancellation Prior Year Accounts Receivable	(270,000)	(270,000)
	<hr/>	<hr/>
Total Non-operating Revenues (Expenses)	(2,207)	(2,207)
	<hr/>	<hr/>
Change in Net Position	(77,151)	(77,151)
	<hr/>	<hr/>
Total Net Position - Beginning	77,151	77,151
	<hr/>	<hr/>
Total Net Position - Ending	\$	\$
	<hr/> <hr/>	<hr/> <hr/>

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, 2017

	Business-Type Activities	
	Enterprise Funds	
	Shared	
	Services	Total
	Division	Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 426,736	\$ 426,736
Payments to Employees and Benefits	(104,417)	(104,417)
Payments to Suppliers	(382,354)	(382,354)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	(60,035)	(60,035)
	<hr/>	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Prior Year Expenditure Adjustments	(2,207)	(2,207)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents		
Balances—Beginning of Year		
Balances—End of Year	\$	\$
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (74,944)	\$ (74,944)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
(Increase) Decrease in Accounts Receivable, Net	544,967	544,967
Increase (Decrease) in Interfund Payable	(267,787)	(267,787)
Increase (Decrease) in Accounts Payable	(262,271)	(262,271)
	<hr/>	<hr/>
Total Adjustments	14,909	14,909
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	\$ (60,035)	\$ (60,035)
	<hr/> <hr/>	<hr/> <hr/>

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

FIDUCIARY FUNDS

BOROUGH OF NEWFIELD SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Unemployment Compensation Insurance Trust	Agency Funds Payroll
	<hr/>	<hr/>
ASSETS		
Cash and Cash Equivalents	\$ 71	\$ 2,845
Total Assets	<hr/> 71	<hr/> 2,845
	<hr/>	<hr/>
LIABILITIES		
Interfund Payable to General Fund		2,845
Total Liabilities		<hr/> \$ 2,845
		<hr/>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	\$ 71	
	<hr/>	

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

BOROUGH OF NEWFIELD SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Unemployment Trust Fund
	<hr/>
ADDITIONS	
Contributions	\$ 4,485
DEDUCTIONS	
Expenditures	4,416
	<hr/>
Change in Net Position	69
Net Position—Beginning of the Year	2
	<hr/>
Net Position—End of the Year	\$ 71
	<hr/> <hr/>

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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. 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. The adoption of GASB 74, did not impact the financial statements of the School District.
- *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. The adoption of GASB 81, did not impact the financial statements of the School District.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

A. New Accounting Standards (Continued):

The School District has adopted the following GASB statements:

- *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. The adoption of GASB 82, will 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. 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. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.
- *GASB No. 83 - Certain Asset Retirement Obligations:* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

A. New Accounting Standards (Continued):

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 85 - *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 85 on the School District's financial statements.
- GASB No. 86 - *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 86 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

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.

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

C. Fund Accounting (Continued):

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

GOVERNMENTAL FUNDS

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

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

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

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

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

Debt Service Fund - The District would account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance majority property acquisition, construction and improvement programs in the debt service fund. There was, however, no bonded debt as of June 30, 2017.

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

C. Fund Accounting (Continued):

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 2016-2017.

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.

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

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.

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

E. Budgets/Budgetary Control (Continued):

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.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end. The District had no amount reserved for encumbrances at June 30, 2017.

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

G. Cash, Cash Equivalents and Investments (Continued):

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 2014-15, 2015-16, and 2016-17 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.

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

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

K. Accrued Salaries and Wages:

As of June 30, 2017, there were no wages earned or accrued.

L. Compensated Absences:

The District has no compensated absence liability.

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.

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

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.

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 be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2017.

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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

U. Revenues – Exchange and Non-exchange Transactions (Continued):

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, 2017 cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash</u>
	<u>Equivalents</u>
Checking accounts	\$ 70,292
New Jersey Cash Management	<u>96</u>
Total	\$ <u>70,388</u>

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, 2017, the School District's bank balances of \$666,598 custodial credit risk as follows:

Insured by Depository Insurance	\$250,096
Collateralized under GUDPA	<u>416,502</u>
Total	\$ <u>666,598</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.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

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, 2017, 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, 2017.

NOTE 6. MAINTENANCE RESERVE

The District had no balance in the Maintenance Reserve, as of June 30, 2017.

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, 2017 LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 is \$225,254. There was no balance in a Capital Reserve as of June 30, 2017.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 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	<u>116,231</u>			<u>116,231</u>
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	<u>4,436,493</u>			<u>4,436,493</u>
Less Accumulated Depreciation for :				
Site Improvement	(30,245)			(30,245)
Building and Improvements	(2,365,946)	(97,477)		(2,463,423)
Equipment	(9,759)	(1)		(9,760)
Total Accumulated Depreciation	<u>(2,405,950)</u>	<u>(97,478)</u>		<u>(2,503,428)</u>
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	<u>2,030,543</u>	<u>(97,478)</u>		<u>1,933,065</u>
Government Activities Capital Assets, Net	<u><u>\$ 2,146,774</u></u>	<u><u>\$ (97,478)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,049,296</u></u>
				To A-1
Depreciation expense was charged to governmental functions as Unallocated				<u><u>\$ 97,478</u></u>

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 359,927	\$
Special Revenue	62,242	65,601
Shared Service		356,568
	<u>\$ 422,169</u>	<u>\$ 422,169</u>

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

At June 30, 2017, the District had no long-term obligations.

There were two State School Aid Loans payable on June 30, 2017. One was in the amount of \$67,427, maturing on July 8, 2017 and at 4.75% and the other in the amount of \$67,426, maturing on July 22, 2017 and at 4.75%.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11. COMPENSATED ABSENCES

The District does not have any compensated absence liability as June 30, 2017.

NOTE 12. PENSION PLANS

Description of Plans - All required employees of the School District are covered by either the Public Employees' Retirement System (PERS) which has 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 the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members.

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 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

P.L. 1987, c. 384 and P.L. 1990, c.6 required 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 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. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS who retired from a municipality with 25 years of service.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Contributions - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The District's contributions to PERS for the years ended June 30, 2017, and 2016, were \$37,622 and \$40,620 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The total payroll for the year ended June 30, 2017 was \$147,620. Payroll covered by PERS was \$33,698 for fiscal year 2017.

Information regarding contributions made by the State of New Jersey on behalf of the District is not available. Contributions to the system for the year ended June 30, 2017 is as follows:

	<u>PERS</u>
Employees	\$ 2,426
District	<u>37,622</u>
Total	\$ <u>40,048</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2017, as follows:

Public Employees Retirement System					
<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Contribution</u>	<u>Accrued</u> <u>Liability</u>	<u>Total</u> <u>Liability</u>	<u>Funded by</u> <u>State</u>	<u>Paid by</u> <u>District</u>
<u>2017</u>	\$ <u>5,850</u>	\$ <u>29,770</u>	\$ <u>37,622</u>	\$ <u>N/A</u>	\$ <u>37,622</u>

Components of Net Pension Liability - At June 30, 2017, the District's proportionate share of the PERS net pension liability was \$1,246,780. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2016. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The District's proportion measured as of June 30, 2016 was 0.004210% which was a decrease of 0.00052% from its proportion measured as of June 30, 2015.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2017 PERS pension expense, with respect to GASB 68, was \$246,034. The District's 2017 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,186	\$
Changes of assumptions	258,266	
Net difference between projected and actual earnings on pension plan investments	47,541	
Changes in proportion	512,280	83,939
Contributions subsequent to the measurement date	37,622	
Total	<u>\$ 878,895</u>	<u>\$ 83,939</u>

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>
2018	\$	198,073
2019		198,073
2020		207,637
2021		126,173
2022		27,378
Thereafter		
Total	\$	<u>757,334</u>

Additional Information - Collective Balances at June 30, 2017 and 2016 are as follows:

<u>Year</u>		<u>6/30/2017</u>		<u>6/30/2016</u>
Collective deferred outflows of resources	\$	878,895	\$	796,851
Collective deferred inflows of resources	\$	83,939	\$	17,053
Collective Net Pension Liability	\$	1,246,780	\$	1,060,607
District's Proportion		0.004210%		0.004725%

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Actuarial Assumptions - The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Investment Rate of Return	7.65%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	3.08%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return - 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 Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	PERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

Discount Rate - The discount rate as of June 30, 2016 used to measure the total pension liability was 3.98% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 rate 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(2.98%)</u>	<u>Current</u> <u>Discount</u> <u>(3.98%)</u>	<u>1%</u> <u>Increase</u> <u>(4.98%)</u>
District's proportionate share of the net pension liability	\$ <u>1,527,783</u>	\$ <u>1,246,780</u>	\$ <u>1,014,787</u>

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.

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, 2016, there were 110,512 retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14. LITIGATION

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

NOTE 15. RISK MANAGEMENT

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ None	\$ 4,485	\$ 4,416	\$ 71
2015-2016	None	478		2
2014-2015	None	10		269

NOTE 16. FUND BALANCE APPROPRIATED

General Fund - Of the \$44,585 in General Fund balance at June 30, 2017, \$26,030 has been assigned, appropriated and included as anticipated revenue for the year ending June 30, 2018 and \$18,555 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, 2017 to be appropriated in the 2017-18 budget or in the 2018-19 budget.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, 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 \$134,853.

NOTE 19. DEFERRED COMPENSATION

There are no employees and therefore, no deferred compensation.

NOTE 20. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

BOROUGH OF NEWFIELD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 21. RECEIVABLES

Receivables at June 30, 2017 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:	General Fund	Special Revenue Fund	Shared Service Fund	Total
Federal	\$	\$ 7,382	\$	\$ 7,382
State	54,247			54,247
Local	188,431			188,431
Other Governmental Units			356,588	356,588
Totals	\$ 242,678	\$ 7,382	\$ 356,588	\$ 606,648

NOTE 22. SUBSEQUENT EVENTS

There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

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, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,261,174		\$ 2,261,174	\$ 2,261,174	\$
Rent	20,000		20,000	25,000	5,000
Interest				498	498
Miscellaneous	3,500		3,500	25,895	22,395
Total - Local Sources	2,284,674		2,284,674	2,312,567	27,893
State Sources:					
Categorical Special Education Aid	130,013		130,013	130,013	
Equalization Aid	1,168,356		1,168,356	1,168,356	
Categorical Security Aid	43,725		43,725	43,725	
Transportation Aid	88,650		88,650	88,650	
Professional Learning Community Aid	2,170		2,170	2,170	
PARCC Readiness Aid	2,340		2,340	2,340	
Per Pupil Growth Aid	2,340		2,340	2,340	
Other State Aid:					
Extraordinary Aid				53,725	53,725
Non-Public Transportation Aid				522	522
Total - State Sources	1,437,594		1,437,594	1,491,841	54,247
Federal Sources:					
TOTAL REVENUES	3,722,268		3,722,268	3,804,408	82,140
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	2,542,832	125,836	2,668,668	2,582,099	86,569
Tuition - Other LEAs Within the State - Special	417,896	(12,552)	405,344	401,566	3,778
Tuition - To County Vocational School Dist. Regular	15,500	1,000	16,500	16,500	
Tuition - Co Spec Serv and Regional Day Schools	83,751	27,991	111,742	111,130	612
Tuition - Private Schls/Handicapped within State	243,488	47,041	290,529	289,839	690
Total Undistributed Expenditures - Instruction	\$ 3,303,467	\$ 189,316	\$ 3,492,783	\$ 3,401,134	\$ 91,649

BOROUGH OF NEWFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures: (Continued)					
Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	\$	\$ 2,000	\$ 2,000	\$ 1,900	\$ 100
Total Speech, OT, PT and Related Services		2,000	2,000	1,900	100
Child Study Team:					
Purchased Professional - Educational Services		1,500	1,500	600	900
Total Child Study Team		1,500	1,500	600	900
Support Services General Administration:					
Legal Services	2,500	(1,388)	1,112	1,111	1
Audit Fees	6,750	(178)	6,572	6,572	
Other Purchased Professional Services	2,400		2,400	2,400	
BOE Other Purchased Services	125	(125)			
Other Purchased Services	2,800	2,051	4,851	4,849	2
General Supplies	1,000	(520)	480	479	1
Miscellaneous Expenditures	1,000	(250)	750	750	
BOE Member Dues/Fees	1,500	(191)	1,309	1,294	15
Total Support Services General Administration	18,075	(601)	17,474	17,455	19
Central Services:					
Purchased Professional Services	41,341	2,905	44,246	44,246	
Purchased Technical Services	7,344	206	7,550	7,550	
Supplies and Materials	1,000	(1,000)			
Miscellaneous Expenditures	1,500	(841)	659	125	534
Total Central Services	51,185	1,270	52,455	51,921	534
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	20,000	(712)	19,288	16,332	2,956
Total Required Maintenance for School Facilities	20,000	(712)	19,288	16,332	2,956
Other Operation and Maintenance of Plant:					
Custodial Services					
Salaries		47,767	47,767	47,766	1
Purchased Professional and Technical Services	1,320		1,320	700	620
Cleaning, Repair and Maintenance Services	4,704	2,324	7,028	7,028	
Insurance	10,118	(2,000)	8,118	6,138	1,980
Total Custodial Services	16,142	48,091	64,233	61,632	2,601
Student Transportation Services:					
Contr Serv - Aid in Lieu of Payments - Nonpublic	7,100	(2,670)	4,430	3,544	886
Contracted Services (Home/School) - Joint Agreements	174,534	(4,703)	169,831	169,831	
Contracted Services (Special Ed. Students) - Joint Agreements	64,959	(18,649)	46,310	46,310	
Contracted Services (Special Ed. Students) ESCs & CTSA	52,060	12,364	64,424	64,424	
Total Student Transportation Services	\$ 298,653	\$ (13,658)	\$ 284,995	\$ 284,109	\$ 886

BOROUGH OF NEWFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
		<u>Transfers</u>	<u>Budget</u>		<u>Final to Actual</u>
					<u>Favorable</u>
					<u>(Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Unallocated Benefits					
Social Security Contributions	\$	\$ 3,654	\$ 3,654	\$ 3,654	\$
Other Retirement Contribution - PERS		37,622	37,622	37,622	
Workers' Compensation		11,600	11,600	11,600	
Total Unallocated Benefits		<u>52,876</u>	<u>52,876</u>	<u>52,876</u>	
Total Undistributed Expenditures	<u>3,707,522</u>	<u>280,082</u>	<u>3,987,604</u>	<u>3,887,959</u>	<u>99,645</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>3,707,522</u>	<u>280,082</u>	<u>3,987,604</u>	<u>3,887,959</u>	<u>99,645</u>
CAPITAL OUTLAY:					
Increase in Capital Reserve					
Facilities Acquisition and Construction Services					
Debt Service Assessment	<u>571</u>		<u>571</u>	<u>571</u>	
TOTAL CAPITAL OUTLAY	<u>571</u>		<u>571</u>	<u>571</u>	
TOTAL EXPENDITURES	<u>3,708,093</u>	<u>280,082</u>	<u>3,988,175</u>	<u>3,888,530</u>	<u>99,645</u>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	<u>14,175</u>	<u>(280,082)</u>	<u>(265,907)</u>	<u>(84,122)</u>	<u>181,785</u>
Other Financing Sources (Uses):					
Transfer of Funds to Charter Schools	<u>(14,175)</u>		<u>(14,175)</u>	<u>(14,175)</u>	
Transfer to General Fund				<u>(267,787)</u>	<u>(267,787)</u>
Total Other Financing Sources	<u>(14,175)</u>		<u>(14,175)</u>	<u>(281,962)</u>	<u>(267,787)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		<u>(280,082)</u>	<u>(280,082)</u>	<u>(366,084)</u>	<u>(86,002)</u>
Fund Balances, July 1	<u>545,522</u>		<u>545,522</u>	<u>545,522</u>	
Fund Balances, June 30	<u>\$ 545,522</u>	<u>\$ (280,082)</u>	<u>\$ 265,440</u>	<u>\$ 179,438</u>	<u>\$ (86,002)</u>
Recapitulation:					
Restricted Fund Balance					
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				\$ 26,030	
Unassigned Fund Balance				<u>153,408</u>	
				<u>179,438</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(134,853)</u>	
Fund Balance per Governmental funds (GAAP)				<u>\$ 44,585</u>	

BOROUGH OF NEWFIELD SCHOOL DISTRICT
SPECIAL REVENUE FUND
AS OF JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 113,416	\$ 61,970	\$ 175,386	\$ 171,095	\$ 4,291
Federal Sources	74,613	(29,030)	45,583	45,583	
Total Revenues	188,029	32,940	220,969	216,678	4,291
EXPENDITURES:					
Instruction					
Tuition	74,613	(29,030)	45,583	45,583	
Textbooks	9,950	1,290	11,240	11,240	
Purchased Professional - Educational Services	78,896	52,880	131,776	127,504	4,272
General Supplies	4,531	539	5,070	5,051	19
Total Instruction	167,990	25,679	193,669	189,378	4,291
Support Services					
Materials and Supplies	4,356	5,394	9,750	9,750	
Purchased Professional Technical Services	15,683	1,867	17,550	17,550	
Total Support Services	20,039	7,261	27,300	27,300	
Facilities Acquisition and Construction Services:					
Non-instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	188,029	32,940	220,969	216,678	4,291
Other Financing Sources (Uses)					
Total Outflows	188,029	32,940	220,969	216,678	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

BOROUGH OF NEWFIELD SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FISCAL YEAR ENDED JUNE 30, 2017

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 3,804,408	[C-2] \$ 216,678
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.	133,993	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(134,853)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>3,803,548</u>	[B-2] \$ <u>216,678</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,888,530	[C-2] \$ 216,678
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>3,888,530</u>	[B-2] \$ <u>216,678</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

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>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.004210%	0.004725%	0.003429%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,246,780	\$ 1,060,607	\$ 650,265
District's Covered-Employee Payroll	\$ 33,698	\$ 241,983	\$ 314,898
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	3699.86%	438.30%	206.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 37,622	\$ 40,620	\$ 28,261
Contributions in Relation to the Contractually Required Contribution	(37,622)	(40,620)	(28,261)
Contribution Deficiency (Excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
District's Covered-Employee Payroll	\$ 33,698	\$ 241,983	\$ 314,898
Contributions as a Percentage of Covered-Employee Payroll	111.64%	16.79%	8.97%

SCHEDULE L-3

BOROUGH OF NEWFIELD SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION PART III
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS PENSION PLAN

	<u>2016</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	22.33%

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

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 four 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, 2017

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, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	<u>I.D.E.A.</u>	<u>I.D.E.A.</u>	Non Public Textbooks	<u>Auxiliary Services</u> <u>Chapter 192</u>		<u>Handicapped Services</u> <u>Chapter 193</u>					<u>Total</u>		
	<u>PART B</u> <u>Basic</u>	<u>Pre</u> <u>School</u>		Non Public Basic Skills	Non Public Transport	Non Public Exam/Class	Non Public Speech	Non Public Suppl Ins	Non Public Nursing	Non Public Technology	Non Public Security	2017	2016
REVENUES:													
State Sources	\$	\$	\$ 11,240	\$ 36,190	\$ 6,039	\$ 32,778	\$ 36,489	\$ 16,008	\$ 17,550	\$ 5,051	\$ 9,750	\$ 171,095	\$ 131,943
Federal Sources	41,865	3,718										45,583	77,850
Local Programs													
Total Revenues	\$ 41,865	\$ 3,718	\$ 11,240	\$ 36,190	\$ 6,039	\$ 32,778	\$ 36,489	\$ 16,008	\$ 17,550	\$ 5,051	\$ 9,750	\$ 216,678	\$ 209,793
EXPENDITURES:													
Instruction:													
Tuition	\$ 41,865	\$ 3,718	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 45,583	\$ 77,850
Textbooks			11,240									11,240	11,533
Purchased Professional Educational Services				36,190	6,039	32,778	36,489	16,008				127,504	96,970
General Supplies										5,051		5,051	
Total Instruction	41,865	3,718	11,240	36,190	6,039	32,778	36,489	16,008		5,051		189,378	186,353
Support Services:													
Purchased Professional Tech Serv.									17,550			17,550	18,450
Supplies and Materials											9,750	9,750	4,990
Total Support Services									17,550		9,750	27,300	23,440
Facilities Acquisition and Const. Serv.													
Non-Instructional Equipment													
Total Expenditures	\$ 41,865	\$ 3,718	\$ 11,240	\$ 36,190	\$ 6,039	\$ 32,778	\$ 36,489	\$ 16,008	\$ 17,550	\$ 5,051	\$ 9,750	\$ 216,678	\$ 209,793

CAPITAL PROJECTS FUND DETAIL STATEMENT

N/A

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

PROPRIETARY FUND DETAIL STATEMENTS

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

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

ENTERPRISE FUNDS

BOROUGH OF NEWFIELD SCHOOL DISTRICT
ENTERPRISE FUND
COMBINED SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017 AND 2016

	Shared Services Division	Total	
		2017	2016
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$	\$	\$
Accounts Receivable	356,588	356,588	901,555
Total Current Assets	356,588	356,588	901,555
Total Assets	356,588	356,588	901,555
LIABILITIES:			
Current Liabilities:			
Interfund Payable to General Fund	294,326	294,326	562,113
Interfund Payable to Special Revenue Fund	62,242	62,242	
Accounts Payable	20	20	262,291
Total Current Liabilities	356,588	356,588	824,404
Total Liabilities	356,588	356,588	824,404
NET POSITION:			
Unrestricted (Deficit)			77,151
Total Net Position	\$	\$	\$ 77,151

BOROUGH OF NEWFIELD SCHOOL DISTRICT
ENTERPRISE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	Shared Services Division	Total	
		2017	2016
OPERATING REVENUES:			
Local Sources:			
Sales	\$ 426,736	\$ 426,736	\$ 871,933
Total Operating Revenue	426,736	426,736	871,933
OPERATING EXPENSES:			
Cost of Sales	30,390	30,390	161,507
Salaries and Benefits	104,417	104,417	328,770
Other Purchased Services	364,271	364,271	355,545
Miscellaneous Other Expenses	2,602	2,602	24,087
Total Operating Expenses	501,680	501,680	869,909
Operating Income/(Loss)	(74,944)	(74,944)	2,024
NON-OPERATING REVENUES:			
Total Non-Operating Revenues			
Prior Year Expenditure Adjustments	6	6	1,973
Transfer from General Fund	267,787	267,787	
Cancellation Prior Year Accounts Receivable	(270,000)	(270,000)	
Net (Loss) Income	(77,151)	(77,151)	3,997
Net Position - July 1	77,151	77,151	73,154
Net Position - June 30	\$	\$	\$ 77,151

BOROUGH OF NEWFIELD SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2017

	Shared Services Division	Total	
		2017	2016
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 426,736	\$ 426,736	\$ 871,933
Payments to Employees and Benefits	(104,417)	(104,417)	(328,770)
Payments to Suppliers	(382,354)	(382,354)	(545,136)
	<hr/>	<hr/>	<hr/>
Net Cash Used by Operating Activities	(60,035)	(60,035)	(1,973)
	<hr/>	<hr/>	<hr/>
Prior Year Expenditure Adjustments	6	6	1,973
	<hr/>	<hr/>	<hr/>
Net Increase/(Decrease) in Cash			
Cash and Cash Equivalents, July 1			
	<hr/>	<hr/>	<hr/>
Cash and Cash Equivalents, June 30	\$	\$	\$
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	\$ (74,944)	\$ (74,944)	\$ 2,024
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	544,967	544,967	97,810
Increase/(Decrease) in Interfund Accounts Payable	(267,787)	(267,787)	(348,344)
Increase/(Decrease) in Accounts Payable	(262,271)	(262,271)	246,537
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	14,909	14,909	(3,997)
	<hr/>	<hr/>	<hr/>
Net Cash Used by Operating Activities	\$ (60,035)	\$ (60,035)	\$ (1,973)
	<hr/>	<hr/>	<hr/>

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

BOROUGH OF NEWFIELD SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(with comparative totals for June 30, 2016)

	Expendable		Totals	
	Unemployment		2017	2016
	Trust	Payroll		
ASSETS:				
Cash and Cash Equivalents	\$ 71	\$ 2,845	\$ 2,916	\$ 2,907
Total Assets	\$ 71	\$ 2,845	\$ 2,916	\$ 2,907
LIABILITIES, RESERVES AND NET POSITION:				
Interfund Payable to General fund	\$	\$ 2,845	\$ 2,845	\$ 2,905
Net Position:				
Held in Trust for Unemployment				
Claims and Other Purposes	71		71	2
Total Net Position	71	2,845	2,916	2,907
Total Liabilities, Reserves and Net Position	\$ 71	\$ 2,845	\$ 2,916	\$ 2,907

BOROUGH OF NEWFIELD SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017 AND 2016

	Expendable Trust	Totals	
	Unemployment		
	Funds	2017	2016
ADDITIONS:			
Employee Deductions	\$ 4,485	\$ 4,485	\$ 478
Total Additions	4,485	4,485	478
DEDUCTIONS:			
Total Deductions	4,416	4,416	745
Change in Net Position	69	69	(267)
Net Position - Beginning of the Year	2	2	269
Net Position - End of the Year	\$ 71	\$ 71	\$ 2

BOROUGH OF NEWFIELD SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 2,905	\$ 195,788	\$ 195,848	\$ 2,845
Total Assets	<u>\$ 2,905</u>	<u>\$ 195,788</u>	<u>\$ 195,848</u>	<u>\$ 2,845</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$	\$ 93,492	\$ 93,492	\$
Interfund Payable	2,905		60	2,845
Net Payroll		102,296	102,296	
Total Liabilities	<u>\$ 2,905</u>	<u>\$ 195,788</u>	<u>\$ 195,848</u>	<u>\$ 2,845</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)

	<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>	<u>2017</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 2,049,296
Restricted	602,992	671,445	483,330			85,807	251,710			26,030
Unrestricted	333,675	226,523	(112,373)	6,695	(77,137)	132,539	135,722	(51,304)	171,340	(433,269)
Total Governmental Activities Net Position	<u>\$ 3,859,778</u>	<u>\$ 3,722,201</u>	<u>\$ 3,096,312</u>	<u>\$ 2,633,172</u>	<u>\$ 2,455,438</u>	<u>\$ 2,649,555</u>	<u>\$ 2,723,680</u>	<u>\$ 2,189,983</u>	<u>\$ 2,318,114</u>	<u>\$ 1,642,057</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted										
Unrestricted							47,891	73,154	77,151	
Total Business-Type Activities Net Position	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 47,891</u>	<u>\$ 73,154</u>	<u>\$ 77,151</u>	<u>\$</u>
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 2,049,296
Restricted	602,992	671,445	483,330			85,807	251,710			26,030
Unrestricted (Deficit)	333,675	226,523	(112,373)	6,695	(77,137)	152,077	183,613	21,850	248,491	(433,269)
Total District-Wide Net Position	<u>\$ 3,859,778</u>	<u>\$ 3,722,201</u>	<u>\$ 3,096,312</u>	<u>\$ 2,633,172</u>	<u>\$ 2,455,438</u>	<u>\$ 2,669,093</u>	<u>\$ 2,771,571</u>	<u>\$ 2,263,137</u>	<u>\$ 2,395,265</u>	<u>\$ 1,642,057</u>

Source: CAFR Schedule A-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Home Instruction						\$ 1,728				
Regular	\$ 133,843	\$ 103,150	\$ 132,638	\$ 120,727	\$ 84,596	\$ 80,941	\$ 102,257	\$ 123,102	\$ 108,503	\$ 143,795
Tuition		50,142	101,783	42,581	32,427	71,907	69,605	53,635	77,850	45,583
Support Services										
Tuition	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	3,401,134
Student and Instruction Related Services	50,415	58,893	54,300	35,056	30,374	9,094	12,970	46,554	23,440	29,800
General and Business Administrative Services	195,880	75,334	19,225	13,753	19,107	11,609	17,748	18,259	39,985	17,455
Central Services	38,645	39,255	40,813	41,601	43,020	48,947	81,192	49,668	97,824	51,921
Plant Operations and Maintenance	26,385	14,158	53,065	17,595	15,893	96,616	158,338	31,926	162,531	77,964
Pupil Transportation	191,299	179,872	221,809	240,867	277,736	334,542	393,075	533,159	300,573	284,109
Business and Other Support Services	8,658	500	500	500	500	9674	17107			
Unallocated Benefits									161967	264,511
Amortization of Debt Issue Costs	6,725									
Interest on Long-Term Debt	1,241			714	415	570	504	571	571	571
Unallocated Depreciation and Amortization	98,878	98,878	98,878	98,878	100,122	101,366	94,961	94,961	94,513	97,478
Total Governmental Activities Expenses	2,790,529	3,439,515	3,812,413	3,938,211	3,731,527	3,331,212	3,517,210	4,319,342	3,854,481	4,414,321
Business-Type Activities						175,684	501,105	732,133	869,909	501,680
Total District Expenses	\$ 2,790,529	\$ 3,439,515	\$ 3,812,413	\$ 3,938,211	\$ 3,731,527	\$ 3,506,896	\$ 4,018,315	\$ 5,051,475	\$ 4,724,390	\$ 4,916,001
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 150,859	\$ 161,496	\$ 239,902	\$ 165,650	\$ 117,023	\$ 161,942	\$ 184,832	\$ 223,291	\$ 209,793	\$ 216,678
Total Governmental Activities Program Revenues	150,859	161,496	239,902	165,650	117,023	161,942	184,832	223,291	209,793	216,678
Business-Type Activities						195,222	529,458	757,396	871,933	426,736
Total District Program Revenues	\$ 150,859	\$ 161,496	\$ 239,902	\$ 165,650	\$ 117,023	\$ 161,942	\$ 714,290	\$ 980,687	\$ 1,081,726	\$ 643,414
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (4,197,643)
Business-Type Activities						19,538	28,353	25,263	2,024	(74,944)
Total District-Wide Net Expense	\$ (2,639,670)	\$ (3,278,019)	\$ (3,572,511)	\$ (3,772,561)	\$ (3,614,504)	\$ (3,169,270)	\$ (3,304,025)	\$ (4,070,788)	\$ (3,642,664)	\$ (4,272,587)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 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	\$ 2,261,174
Taxes Levied for Debt Service										
Unrestricted Grants and Contributions	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	1,490,981
Investment Earnings	5,307	5,433	3,934	1,681	1,009	1,267	711	480	623	498
Miscellaneous Income	245,000	75,000	85,000	97,908	107,030	15,000	28,632	32,447	96,709	50,901
Cancellation of Prior Year Receivables			(195,000)							
Transfers										(14,175)
Cancellation Prior Year Accounts Receivable										(270,000)
Total Governmental Activities	3,033,465	3,140,442	2,946,622	3,309,421	3,436,770	3,363,387	3,406,503	3,562,354	3,774,792	3,519,379
Total District-Wide	\$ 3,033,465	\$ 3,140,442	\$ 2,946,622	\$ 3,309,421	\$ 3,436,770	\$ 3,363,387	\$ 3,406,503	\$ 3,562,354	\$ 3,774,792	\$ 3,519,379
Change in Net Position										
Governmental Activities	\$ 393,795	\$ (137,577)	\$ (625,889)	\$ (463,140)	\$ (177,734)	\$ 194,117	\$ 74,125	\$ (533,697)	\$ 130,104	\$ (678,264)
Business-Type Activities						19,538	28,353	25,263	2,024	(74,944)
Total District-Wide	\$ 393,795	\$ (137,577)	\$ (625,889)	\$ (463,140)	\$ (177,734)	\$ 213,655	\$ 102,478	\$ (508,434)	\$ 132,128	\$ (753,208)

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>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>	<u>2017</u>
General Fund										
Restricted	\$ 578,189	\$ 654,906	\$ 229,524	\$	\$	\$ 85,807	\$ 9,982	\$	\$	\$
Assigned							241,728	9,982	280,082	26,030
Unassigned	358,478	243,062	141,433	6,695	(77,137)	132,539	135,722	16,936	131,447	18,555
Total General Fund	<u>\$ 936,667</u>	<u>\$ 897,968</u>	<u>\$ 370,957</u>	<u>\$ 6,695</u>	<u>\$ (77,137)</u>	<u>\$ 218,346</u>	<u>\$ 387,432</u>	<u>\$ 26,918</u>	<u>\$ 411,529</u>	<u>\$ 44,585</u>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund										
Capital Projects Fund										
Debt Service Fund										
Permanent Fund										
Total All Other Governmental Funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Source: CAFR Schedule B-1

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

	<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>	<u>2017</u>
Revenues										
Tax Levy	\$ 1,609,315	\$ 1,673,688	\$ 1,688,966	\$ 1,908,742	\$ 1,939,717	\$ 1,931,297	\$ 1,950,610	\$ 2,079,911	\$ 216,837	\$ 2,261,174
Rent	245,000	75,000	85,000	97,342	106,220	15,000	17,500	17,500	21,667	25,000
Interest Earnings	5,307	5,433	3,934	1,681	1,009	1,267	711	480	623	498
Miscellaneous				2,908	7,030		11,132	14,947	73,069	25,895
State Sources	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	1,662,076
Federal Sources	48,537	50,142	308,625	42,581	81,955	71,907	69,605	83,306	77,850	45,583
Total Revenues	3,184,324	3,301,938	3,381,524	3,475,071	3,553,793	3,525,329	3,591,335	3,785,645	1,982,612	4,020,226
Expenditures										
Instruction										
Regular Instruction	133,843	103,150	132,638	120,727	84,596	82,669	102,257	123,102	108,503	143,795
Tuition		50,142	101,783	42,581	32,428	71,907	69,605	53,635	77,850	45,583
Support Services										
Tuition	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	3,401,134
Student and Instruction Related Services	50,415	58,893	54,300	35,056	30,374	9,094	12,970	46,554	23,440	29,800
General Administrative Services	195,880	75,334	19,225	13,753	19,107	11,609	17,748	18,259	39,985	17,455
Central Services	39,886	39,255	40,813	41,601	43,020	48,947	81,192	49,668	97,824	51,921
Plant Operations and Maintenance	26,385	14,158	53,065	17,595	15,893	96,616	158,338	31,926	162,531	77,964
Pupil Transportation	191,299	179,872	221,809	240,867	277,736	334,542	393,075	454,937	300,573	284,109
Business and Other Support Services										
Unallocated Employee Benefits	8,658	500	500	500	500	9,674	17,107			52,876
Capital Outlay	33,990			714	6,635	570	504	571	571	571
Total Expenditures	2,718,916	3,340,637	3,713,535	3,839,333	3,637,626	3,229,846	3,422,249	4,146,159	3,598,001	4,105,208
Excess (Deficiency) of Revenues Over (Under) Expenditures	465,408	(38,699)	(332,011)	(364,262)	(83,833)	295,483	169,086	(360,514)	384,611	(84,982)
Other Financing Sources (Uses)										
Transfer to General Fund										(267,787)
Transfer of Funds to Charter Schools										(14,175)
Total Other Financing Sources (Uses)										(281,962)
Net Change in Fund Balances	\$ 465,408	\$ (38,699)	\$ (332,011)	\$ (364,262)	\$ (83,833)	\$ 295,483	\$ 169,086	\$ (360,514)	\$ 384,611	\$ (366,944)
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

EXHIBIT J-5

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>
2017	\$ 498	\$ 25,000	\$	\$	\$	25,895	\$ 51,393
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

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^d	Estimated Actual (County Equalized Value)
2017	\$ 3,751,200	\$ 106,924,300	\$ 1,658,400	\$ 124,400	\$ 8,923,000	\$ 5,149,800	\$ 1,072,000	\$ 127,603,100	\$ 9,800,700	\$ -	\$ 127,603,100	1.885	\$ 119,132,761
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		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

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

* Not Available at time of Audit

** Estimate

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

Year Ended June 30,	Borough of Newfield Board of Education			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Newfield	Gloucester County	Open Space	Total
2017	\$ 1.885		\$ 1.885	\$ 0.884	\$ 0.639	\$ 0.038	\$ 3.446
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

Source: District Records and Municipal Tax Collector

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

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

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

BOROUGH OF NEWFIELD SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Taxpayer</u>	<u>2017</u>		<u>2008</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Shieldalloy Metallurgical Corp.	\$ 2,847,900	2.31%	\$ 1,163,400	1.86%
First National Bank of Newfield	2,217,600	1.80%	1,055,200	1.69%
Livingston Associates C/O J. Levy	1,217,000	0.99%		
Steel-Men LLC Southern NJ Steel	835,200	0.68%	416,400	0.71%
Baer Investment Group, LLC	680,100	0.55%		
AB Foxmoor At Newfield LLC	618,800	0.50%		
Marshall Service, Inc.	528,800	0.43%	211,000	0.34%
Taxpayer #1	480,500	0.39%		
Taxpayer #2	466,300	0.38%	241,700	0.39%
Taxpayer #3	457,100	0.37%	213,700	0.34%
Paul Bros, Inc.			346,800	0.55%
Shangra-la Investment Group, LLC			300,000	0.48%
Newfield Bank			232,000	0.37%
Hari Ram Corp			199,400	0.32%
	<u>\$ 10,349,300</u>	<u>8.40%</u>	<u>\$ 4,379,600</u>	<u>7.05%</u>

Source: County Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2017	\$ 2,261,174	\$ 2,261,174	100.00%	\$
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%	

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

BOROUGH OF NEWFIELD SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income ^a		Per Capita ^a	
2017	\$	\$	\$	\$	\$	N/A	\$	
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		

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,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2017	\$	\$	\$	0.00%	\$
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%	

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, 2017
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Newfield Borough	\$ 1,068,098	100%	\$ 1,068,098
Other debt			
Gloucester County - Borough's Share	229,844,000	0.46%	1,057,282
 Subtotal, Overlapping Debt			<hr/> 2,125,380
 Newfield Borough School District Direct Debt			<hr/> -
 Total Direct and Overlapping Debt			<hr/> <hr/> \$ 2,125,380

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	
	2016	\$ 114,905,798
	2015	114,139,725
	2014	115,092,158
		<hr/>
	[A]	\$ 344,137,681
		<hr/>
Average Equalized Valuation of Taxable Property	[A/3]	\$ 114,712,560
		<hr/>
Debt Limit (2.5% of Average Equalization Value)	[B]	2,867,814 ^a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 2,867,814
		<hr/> <hr/>

	<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>		<u>2017</u>
Debt Limit	\$ 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	\$	2,867,814
Total Net Debt Applicable to Limit																			
Legal Debt Margin	\$ 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	\$	2,867,814
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%

Source: Abstract of Ratables and District Records

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

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

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2017	** 1,563	\$ 73,938,568	\$ 47,306	6.4%
2016	1,567	73,758,996	47,070	7.0%
2015	1,571	73,579,380	46,836	7.7%
2014	1,573	73,306,519	46,603	8.0%
2013	1,576	70,937,336	45,011	9.4%
2012	1,579	70,094,968	44,392	11.3%
2011	1,585	68,527,475	43,235	9.3%
2010	1,589	65,962,568	41,512	10.3%
2009	1,672	68,536,952	40,991	9.4%
2008	1,671	69,022,326	41,306	6.3%

Source:

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

^b Personal income

^c Per Capita

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

** Estimate

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

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Rowan University	1,913	N/A		
Inspira Medical Center - Woodbury	1,400	N/A		
County of Gloucester	1,200	N/A		
Walmart Supercenter	800	N/A		
Kennedy University Hospital	670	N/A		
Aryzta LA Brea Bakery Inc.	500	N/A		
Mobility Parts & Service	500	N/A		
Honda of Turnersville	499	N/A		
Paulsboro Refinery LLC	402	N/A		
Gloucester County College	400	N/A		
National Guard	400	N/A		
Johnson Matthey Inc.	379	N/A		
NJ Transit	350	N/A		
Walmart Supercenter	335	N/A		
Walmart Supercenter	335	N/A		
Walmart Supercenter	335	N/A		
Amerisource Bergen	300	N/A		
Flower Transfer Logistics	300	N/A		
GGB Bearing Technology	300	N/A		
	<u>11,318</u>	<u>0.00%</u>		<u>0.00%</u>

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

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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2017</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>
Building A		\$ 16,332	\$ 145,798	\$ 16,445	\$ 68,960	\$ 52,629	\$ 1,320	\$ 1,370	\$ 31,080	\$ 1,320	\$ 8,650
Total School Facilities		<u>16,332</u>	<u>145,798</u>	<u>16,445</u>	<u>68,960</u>	<u>52,629</u>	<u>1,320</u>	<u>1,370</u>	<u>31,080</u>	<u>1,320</u>	<u>8,650</u>
Other Facilities											
Grand Total		<u>\$ 16,332</u>	<u>\$ 145,798</u>	<u>\$ 16,445</u>	<u>\$ 68,960</u>	<u>\$ 52,629</u>	<u>\$ 1,320</u>	<u>\$ 1,370</u>	<u>\$ 31,080</u>	<u>\$ 1,320</u>	<u>\$ 8,650</u>

BOROUGH OF NEWFIELD SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
NJSBAIG	School Package Policy		
	Property - Blanket Building & Contents	\$ 4,110,853	\$ 1,000
	Comprehensive General Liability		
	Products and Completed Operation	6,000,000	
	Personal Advertising Injury Limit	6,000,000	
	Bodily Injury & Property Damage	6,000,000	
	Boiler and Machinery	100,000,000	1,000
	Commercial Inland Marine (Hardware/Software)	25,000	1,000
	School Board Legal Liability	1,000,000	5,000
Ohio Casualty Insurance Company	Surety Bonds		
	Business Administrator	132,000	
	Treasurer	150,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

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, 2017, 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 2, 2017. 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 of the financial statements, we considered the Newfield Board of Education's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 2, 2017, labeled Finding 2017-1. 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.

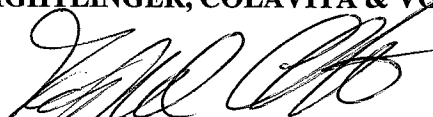
Purpose of this Report

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 2, 2017

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2017. 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 statutes, regulations, and the terms and conditions of its 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, 2017.

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 that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over 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.

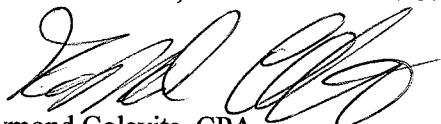
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We 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 2, 2017. 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 2, 2017

NEWFIELD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2016	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	(Accounts Receivable) June 30, 2017	Deferred Revenue June 30, 2017	Due to Grantor at June 30, 2017
U.S. Department of Education														
General Fund:														
Passed-through State Department of Education:														
Special Revenue Fund:														
IDEA Cluster:														
I.D.E.A. Part B, Basic	84.027	H027A160100	IDEA-3580-17	\$41,865	7/1/16 to 6/30/17			\$ 41,865	\$ (41,865)		\$ (41,865)			
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						
I.D.E.A. Preschool	84.173	H173A160114	IDEAPS-3580-17	3,718	7/1/16 to 6/30/17				(3,718)		(3,718)	\$ (3,718)		
I.D.E.A. Preschool	84.173	H173A150114	IDEAPS-3580-16	3,664	7/1/15 to 6/30/16	(3,664)						(3,664)		
Total U.S. Department of Education						(77,850)		116,051	(45,583)		(45,583)	(7,382)		
Total Federal Financial Awards						\$ (77,850)		\$ 116,051	\$ (45,583)		\$ (45,583)	\$ (7,382)		

(A) There were no awards passed through to subrecipients.

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, 2017**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2016			Budgetary Expenditures	Payment To Grantor	Balance at June 30, 2017			MEMO			
				Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received			(Accounts Receivable)	Unearned Revenue/	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures		
State Department of Education:															
General Fund:															
Equalization Aid	16-495-034-5120-078	1,164,761	7/1/15 to 6/30/16	\$ (109,501)		\$ 109,501									
Equalization Aid	17-495-034-5120-078	1,168,356	7/1/16 to 6/30/17			1,058,761	\$(1,168,356)						* \$ 109,595	\$ 1,168,356	
Security Aid	16-495-034-5120-084	43,132	7/1/15 to 6/30/16	(4,055)		4,055									
Security Aid	17-495-034-5120-084	43,725	7/1/16 to 6/30/17			39,623	(43,725)		(4,102)				* 4,102	43,725	
Special Education Categorical Aid	16-495-034-5120-089	128,334	7/1/15 to 6/30/16	(12,065)		12,065									
Special Education Categorical Aid	17-495-034-5120-089	130,013	7/1/16 to 6/30/17			117,817	(130,013)		(12,196)				* 12,196	130,013	
Transportation Aid	16-495-034-5120-014	84,375	7/1/15 to 6/30/16	(7,932)		7,932									
Transportation Aid	17-495-034-5120-014	88,650	7/1/16 to 6/30/17			80,334	(88,650)		(8,316)				* 8,316	88,650	
PARCC Readiness Aid	16-495-034-5120-098	2,340	7/1/15 to 6/30/16	(220)		220									
PARCC Readiness Aid	17-495-034-5120-098	2,340	7/1/16 to 6/30/17			2,120	(2,340)		(220)				* 220	2,340	
Per Pupil Growth Aid	16-495-034-5120-097	2,340	7/1/15 to 6/30/16	(220)		220									
Per Pupil Growth Aid	17-495-034-5120-097	2,340	7/1/16 to 6/30/17			2,120	(2,340)		(220)				* 220	2,340	
Professional Learning Community Aid	17-495-034-5120-101	2,170	7/1/16 to 6/30/17			1,966	(2,170)		(204)				* 204	2,170	
Extraordinary Aid	16-100-034-5120-473	39,819	7/1/15 to 6/30/16	(39,819)		39,819									
Extraordinary Aid	17-100-034-5120-473	53,725	7/1/16 to 6/30/17				(53,725)		(53,725)					53,725	
Non Public Transportation	16-495-034-5120-014	522	7/1/15 to 6/30/16	(522)		522									
Non Public Transportation	17-495-034-5120-014	522	7/1/16 to 6/30/17				(522)		(522)					522	
Total General Fund				(174,334)		1,477,075	(1,491,841)		(189,100)				134,853	1,491,841	
State Department of Education:															
Passed - Through State Department of Education															
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Nonpublic Nursing Aid	17-100-034-5120-070	17,550	7/1/16 to 6/30/17			17,550	(17,550)						*	17,550	
Nonpublic Textbook Aid	16-100-034-5120-064	11,706	7/1/15 to 6/30/16		\$ 173			\$ (173)					*		
Nonpublic Textbook Aid	17-100-034-5120-064	11,240	7/1/16 to 6/30/17			11,240	(11,240)						*	11,240	
Nonpublic Security Aid	16-100-034-5120-509	5,125	7/1/15 to 6/30/16		135			(135)					*		
Nonpublic Security Aid	17-100-034-5120-509	9,750	7/1/16 to 6/30/17			9,750	(9,750)						*	9,750	
Nonpublic Technology Aid	16-100-034-5120-373	5,330	7/1/15 to 6/30/16		101			(101)							
Nonpublic Technology Aid	17-100-034-5120-373	5,070	7/1/16 to 6/30/17			5,070	(5,051)				\$ 19		*	5,051	
Auxiliary Services:															
Transportation	15-100-034-5120-068	12,742	7/1/14 to 6/30/15		94									94	
Transportation	16-100-034-5120-068	5,485	7/1/15 to 6/30/16		286			(284)						2	
Transportation	17-100-034-5120-068	6,083	7/1/16 to 6/30/17			6,083	(6,039)							44 *	
Comp Education	16-100-034-5120-067	29,949	7/1/15 to 6/30/16		931			(931)						6,039	
Comp Education	17-100-034-5120-067	37,444	7/1/16 to 6/30/17			37,444	(36,190)				1,254		*	36,190	
ESL	16-100-034-5120-067	1,726	7/1/15 to 6/30/16		1,726			(1,726)							
ESL	17-100-034-5120-067	1,827	7/1/16 to 6/30/17			1,827								1,827	
Handicapped Services:															
Supplemental Instruction	16-100-034-5120-066	11,139	7/1/15 to 6/30/16		299			(299)							
Supplemental Instruction	17-100-034-5120-066	16,087	7/1/16 to 6/30/17			16,087	(16,008)						79 *	16,008	
Examination & Classification	17-100-034-5120-066	33,140	7/1/16 to 6/30/17			33,140	(32,778)						362 *	32,778	
Corrective Speech	16-100-034-5120-066	31,771	7/1/15 to 6/30/16		4,518			(4,518)							
Corrective Speech	17-100-034-5120-066	37,195	7/1/16 to 6/30/17			37,195	(36,489)						706 *	36,489	
Total Special Revenue Fund						8,263	175,386	(171,095)	(8,167)				4,387	171,095	
Total State Financial Assistance Subject to OMB 15-08				\$ (174,334)	\$ 8,263	\$ 1,652,461	\$ (1,662,936)	\$(8,167)	\$(189,100)				\$ 4,387	* \$ 134,853	\$ 1,662,936

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, 2017

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. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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 (\$860) 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, 2017
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 1,490,981	\$ 1,490,981
Special Revenue Fund	45,583	171,095	216,678
Total Awards & Financial Assistance	<u>\$ 45,583</u>	<u>\$ 1,662,076</u>	<u>\$ 1,707,659</u>

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 Federal or State loan balances outstanding at June 30, 2017.

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, 2017.

NOTE 7: ADJUSTMENTS AND AMOUNTS RETURNED TO THE STATE

There were no adjustments shown on Schedule A.

There was \$8,167 paid back during the year to the State Department of Education from unspent prior year Non-public Aid and \$4,387 due back to the State as of June 30, 2017. See Schedule B

NEWFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

N/A

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

Auditee qualified as low-risk auditee? yes no

NEWFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Special Education Categorical Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-014	Transportation Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-101	Professional Learning Community Aid

**NEWFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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: 2017-1

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, 2017. 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, 2017.

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, 2017
(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 N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS N/A

Finding:

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, 2017**

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: 2016-1

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: 2016-2

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, 2016. 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 2017-1.