

**TOWN OF NEWTON  
SCHOOL DISTRICT**

**Town of Newton School District  
Newton, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2013**

**Comprehensive Annual  
Financial Report**

**of the**

**Town of Newton School District  
Board of Education**

**Newton, New Jersey**

**For the Fiscal Year Ended June 30, 2013**

**Prepared by**

**Town of Newton School District  
Board Office**

TOWN OF NEWTON SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2013

INTRODUCTORY SECTION (Unaudited)

|                                |   |
|--------------------------------|---|
| Letter of Transmittal.....     | 1 |
| Organizational Chart.....      | 6 |
| Roster of Officials .....      | 7 |
| Consultants and Advisors ..... | 8 |

FINANCIAL SECTION..... 9

|                                   |    |
|-----------------------------------|----|
| Independent Auditors' Report..... | 10 |
|-----------------------------------|----|

|  |    |
|--|----|
| Required Supplementary Information .....               | 13 |
| Management's Discussion and Analysis (Unaudited) ..... | 14 |

Basic Financial Statements (Sections A and B) ..... 23

|   |    |
|---|----|
| A. District-Wide Financial Statements ..... | 24 |
| A-1 Statement of Net Position.....          | 25 |
| A-2 Statement of Activities .....           | 26 |

|   |    |
|---|----|
| B. Fund Financial Statements .....  | 28 |
| B-1 Balance Sheet – Governmental Funds.....   | 29 |
| B-2 Statement of Revenue, Expenditures and Changes in Fund Balances –<br>Governmental Funds.....  | 31 |
| B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in<br>Fund Balances of Governmental Funds to the Statement of Activities ..... | 32 |
| B-4 Statement of Net Position – Proprietary Funds .....   | 33 |
| B-5 Statement of Revenue, Expenses and Changes in Fund Net<br>Position – Proprietary Funds.....   | 34 |
| B-6 Statement of Cash Flows – Proprietary Funds .....   | 35 |
| B-7 Statement of Fiduciary Net Position – Fiduciary Funds .....   | 36 |
| B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....   | 37 |

|   |    |
|---|----|
| Notes to the Basic Financial Statements ..... | 38 |
|---|----|

Supplementary Schedules (C.-I.)

|  |    |
|--|----|
| C. Budgetary Comparison Schedules (Unaudited).....   | 59 |
| C-1 Budgetary Comparison Schedule – General Fund .....   | 60 |
| C-2 Budgetary Comparison Schedule - Special Revenue Fund.....  | 73 |
| C-3 Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI.....                    | 75 |
| D. School Level Schedules (Not Applicable).....  | 77 |
| E. Special Revenue Fund.....   | 78 |
| E-1 Combining Schedule of Program Revenue and Expenditures - Special Revenue<br>Fund – Budgetary Basis ..... | 79 |
| E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable).....                 | 83 |

TOWN OF NEWTON SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

FINANCIAL SECTION (Cont'd)

|  |    |
|--|----|
| F. Capital Projects Fund (Not Applicable).....                                     | 84 |
| G. Proprietary Funds (Enterprise Fund).....  | 85 |
| G-1 Combining Statement of Net Position.....                                       | 86 |
| G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Position..... | 87 |
| G-3 Combining Statement of Cash Flows.....   | 88 |
| H. Fiduciary Funds.....  | 90 |
| H-1 Combining Statement of Net Position.....                                       | 91 |
| H-2 Statement of Changes in Fiduciary Net Position.....                            | 92 |
| H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....       | 93 |
| H-4 Payroll Agency Fund Schedule of Receipts and Disbursements.....                | 94 |
| I. Long-Term Debt .....  | 95 |
| I-1 Schedule of Serial Bonds .....   | 96 |
| I-2 Debt Service Fund Budgetary Comparison Schedule (Unaudited).....               | 97 |

STATISTICAL SECTION

|   |     |
|---|-----|
| J. Statistical Section (Unaudited).....                                 | 98  |
| J-1 Net Position by Component .....                                     | 99  |
| J-2 Changes in Net Position .....                                       | 100 |
| J-3 Fund Balances - Governmental Funds .....                            | 103 |
| J-4 Changes in Fund Balances - Governmental Funds .....                 | 104 |
| J-5 General Fund Other Local Revenue by Source.....                     | 106 |
| J-6 Assessed Value and Actual Value of Taxable Property.....            | 107 |
| J-7 Direct and Overlapping Property Tax Rates .....                     | 108 |
| J-8 Principal Property Taxpayers, Current Year and Nine Years Ago ..... | 109 |
| J-9 Property Tax Levies and Collections .....                           | 110 |
| J-10 Ratios of Outstanding Debt by Type.....                            | 111 |
| J-11 Ratios of Net General Bonded Debt Outstanding .....                | 112 |
| J-12 Ratios of Overlapping Governmental Activities Debt .....           | 113 |
| J-13 Legal Debt Margin Information .....                                | 114 |
| J-14 Demographic and Economic Statistics.....                           | 115 |
| J-15 Principal Employers, Current Year and Nine Years Ago.....          | 116 |
| J-16 Full-time Equivalent District Employees by Function/Program .....  | 117 |
| J-17 Operating Statistics .....   | 118 |
| J-18 School Building Information.....                                   | 119 |
| J-19 Schedule of Required Maintenance.....                              | 120 |
| J-20 Insurance Schedule.....  | 121 |

TOWN OF NEWTON SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

|     |   |     |
|-----|---|-----|
| K.  | SINGLE AUDIT SECTION .....  | 122 |
| K-1 | Independent Auditors' Report on Internal Control Over Financial Reporting and<br>on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance With <i>Government Auditing Standards</i> ..... | 123 |
| K-2 | Independent Auditors' Report on Compliance for Each Major Federal and State<br>Program and Report on Internal Control over Compliance Required by<br>OMB Circular A-133 and New Jersey OMB's Circular 04-04.....                      | 125 |
|     | Schedule of Expenditures of Federal Awards .....  | 127 |
|     | Schedule of Expenditures of State Awards .....  | 129 |
|     | Notes to the Schedules of Expenditures of Federal and State Awards.....   | 131 |
|     | Schedule of Findings and Questioned Costs .....   | 133 |
|     | Summary Schedule of Prior Audit Findings .....  | 135 |

INTRODUCTORY SECTION

***Newton Public Schools***  
***57 Trinity Street ♦ Newton, NJ 07860-1831***  
***973-383-7392 phone ♦ 973-383-5378 fax***  
***www.newtonnj.org***

*Dr. G. Kennedy Greene*  
*Superintendent*

*Donna C. Snyder*  
*Business Administrator*

August 30, 2013

The Honorable President and Members of  
the Board of Education  
Town of Newton School District  
County of Sussex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Town of Newton School District (the "District") for the fiscal year ended June 30, 2013, 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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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 Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The Town of Newton School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Town of Newton School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2012-2013 fiscal year with an average daily enrollment of 1,507 students, a slight decrease from the previous year's enrollment.

The Honorable President and Members of  
the Board of Education  
Town of Newton School District  
Page 2  
August 30, 2013

1) REPORTING ENTITY AND ITS SERVICES: The below table details the changes in the student enrollment of the District over the last ten years:

| <u>Fiscal Year</u> | <u>Average Daily Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------------|-----------------------|
| 2012-2013          | 1,507                           | -0.40%                |
| 2011-2012          | 1,513                           | 0.80%                 |
| 2010-2011          | 1,501                           | -2.34%                |
| 2009-2010          | 1,537                           | -1.41%                |
| 2008-2009          | 1,559                           | -1.70%                |
| 2007-2008          | 1,586                           | -2.34%                |
| 2006-2007          | 1,624                           | -5.58%                |
| 2005-2006          | 1,720                           | -1.15%                |
| 2004-2005          | 1,740                           | 0.00%                 |
| 2003-2004          | 1,740                           | 2.8%                  |
| 2002-2003          | 1,692                           | 1.4%                  |

2) ECONOMIC CONDITION AND OUTLOOK: As the County Seat, the Town of Newton continues to have increasing numbers of low-income families; social services are available in Newton, as is the ability to walk to government offices, the library for internet access and schools. Homeless shelters throughout the County are full, and an increasing amount of staff time is spent trying to keep accurate track of students and determining which district bears the financial responsibility for educating them. The stabilization of the local tax levy remains a constant source of concern for the Board of Education, as well as the municipality. Both entities continue to recognize the importance of offering quality programs and facilities while maintaining fiscal responsibility.

The District continued the educational partnerships with Thorlabs and Picatinny as they supported the Robotics Team. As Thorlabs reaches its capacity, there should be further opportunities to expand the existing partnerships and develop new ones with the companies that will evolve to meet the needs of the research and development headquarters. To support this important opportunity, the District continues to look for ways to increase STEM education throughout the district. For instance, a science lab was created at the elementary school, and the 21<sup>st</sup> Century Learning Center Grant for grades 4-8 will be focused on a STEM theme and curricula.

In the 2012-2013 school year, Newton High School received students from Andover Borough, Andover Township and Green Township, which constituted approximately 55% of the high school population, and realized approximately \$6.4 million in regular education tuition revenue for these students.

In order to continue to develop a budget that is both educationally and economically sound, the Board and Administration continue to work together to ensure the most effective use of resources to deal with the educational needs of the students they serve. The Board of Education strives to promote effective education while maintaining costs by recruiting tuition students for special programs, returning out-of-district placements to the local schools, and constantly seeking cost-minimizing ways of providing supplies and services.

For instance, during the 2012-2013 school year, the District, through participation in the County-wide solar project, completed both a parking canopy and roof project at Merriam Avenue School and a roof project at Newton High School. These projects at were built at no cost to the District and will generate savings on utility costs for years to come.

The Honorable President and Members of  
 the Board of Education  
 Town of Newton School District  
 Page 3  
 August 30, 2013

2) ECONOMIC CONDITION AND OUTLOOK: (Cont'd) The District entered into an energy conservation project with Donnelly Energy acting as the agent for the New Jersey Office of Clean Energy Direct Install Program. The program covered Merriam Avenue School and Halsted Middle School; the high school is not eligible because the square footage exceeds that allowed for the program. The program included replacement lighting with more efficient fixtures, installation of light sensors, and the replacement of HVAC systems (primarily air conditioners). The total cost of the project was \$217,178, of which the state NJ Clean Energy Incentive program covered \$127,745, almost 60% of the cost. Through the savings generated by these measures, the estimated payback period for the District's share or the cost is 2.9 years.

As the Town of Newton continues its efforts on several redevelopment plans, the Board, Administration and municipal officials will continue to work together to benefit the residents of Newton. Communication between the governmental agencies is critical as the community begins to rebuild. A 50 unit town-home development was recently approved and there is another potential project for approximately 75 rental town home units. Newton is exploring the feasibility of a Business Improvement District and, the Board of Education and Town will be working on a joint public relations initiative.

### 3) MAJOR INITIATIVES:

A) Tri-District Consortium – This group was started in the spring of the 2008-2009 school year. The group is comprised of representatives from the administration and boards of Newton, Andover and Green School Districts; its goal is to focus on ensuring the achievement of the New Jersey Core Curriculum Content Standards through an enriched educational environment for all students through: a common curriculum for each core content area, “three eighth grades become one ninth grade”; a unified professional development plan designed by our combined staffs; cooperative services for all students; and continued exploration of all areas relating to joint/shared services and facilities ensuring fiscal responsibility. Tri-District accomplishments from the 2012-13 school year included:

- Provided training for administrators and teachers on the new teacher evaluation framework.
- Integrated curricular development with teacher evaluation model.
- Developed a shared mentoring plan.
- Identified training needs for parents of special needs students and provided workshops based on identified topics.
- Examined pre-referral practices (to Child Study Team) to develop a protocol that clearly outlines the interventions, the intensity, and their effectiveness, so that the IEP team can make more informed decisions about the need for CST evaluations.

(B) Tri-District Pre-school – New Jersey schools are required to educate handicapped students from ages 3-21. Pre-school Disabled (PSD) students are required to have the opportunity to interact with their non-disabled peers; this has been a challenge for many districts since the implementation of this regulation a few years ago. The Tri-District Consortium decided to solve the problem by opening a regular education pre-school program at the Merriam Avenue School. The program grew significantly in its second year, from fourteen regular education tuition-paying students to twenty.

(C) Facility Maintenance/Upgrades - The first area to be cut in budgets during times of financial difficulties is usually facility maintenance, and Newton was no exception. Although a 2001 referendum resolved the need for additional space, redesigned media centers, completed asbestos abatements and installed new roofing, there was no significant money put into facilities after that project was completed. A Facility Assessment Study was completed in March 2011, identifying facility deficits that need to be addressed as well as facility changes desired to meet future educational programs. A number of significant facility repairs and renovations took place throughout the 2012-13 school year, creating a safer, more efficient environment for our students and community.

The Honorable President and Members of  
 the Board of Education  
 Town of Newton School District  
 Page 4  
 August 30, 2013

### 3) MAJOR INITIATIVES: (Cont'd)

#### Merriam Avenue School:

- Gym floors refinished
- Installation of waterless screens/valves in urinals throughout building
- Solar projects – parking lot canopy and roof mounted

#### Halsted Middle School:

- Lockers replaced
- Trophy display cases replaced
- Gym floors refinished

#### Newton High School:

- Synthetic turf field was installed, achieving a community goal and generating town-wide pride
- Installation of additional exterior lighting for security and safety
- Installation of sensors and upgrade electric panels to switches
- Univent upgrades
- Gym and stage floors refinished
- Solar project – roof mounted

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system 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 system 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. The Board of Education adopted a comprehensive Standard Operating Procedures Manual and Internal Controls Document at the end of 2009, which was updated in 2013.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) 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, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2013.

The Honorable President and Members of  
 the Board of Education  
 Town of Newton School District  
 Page 5  
 August 30, 2013

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic 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, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance Insurance Fund ("SAIF"). SAIF is a risk-sharing public entity risk management fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

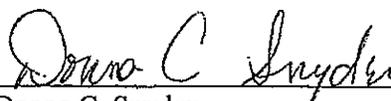
9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

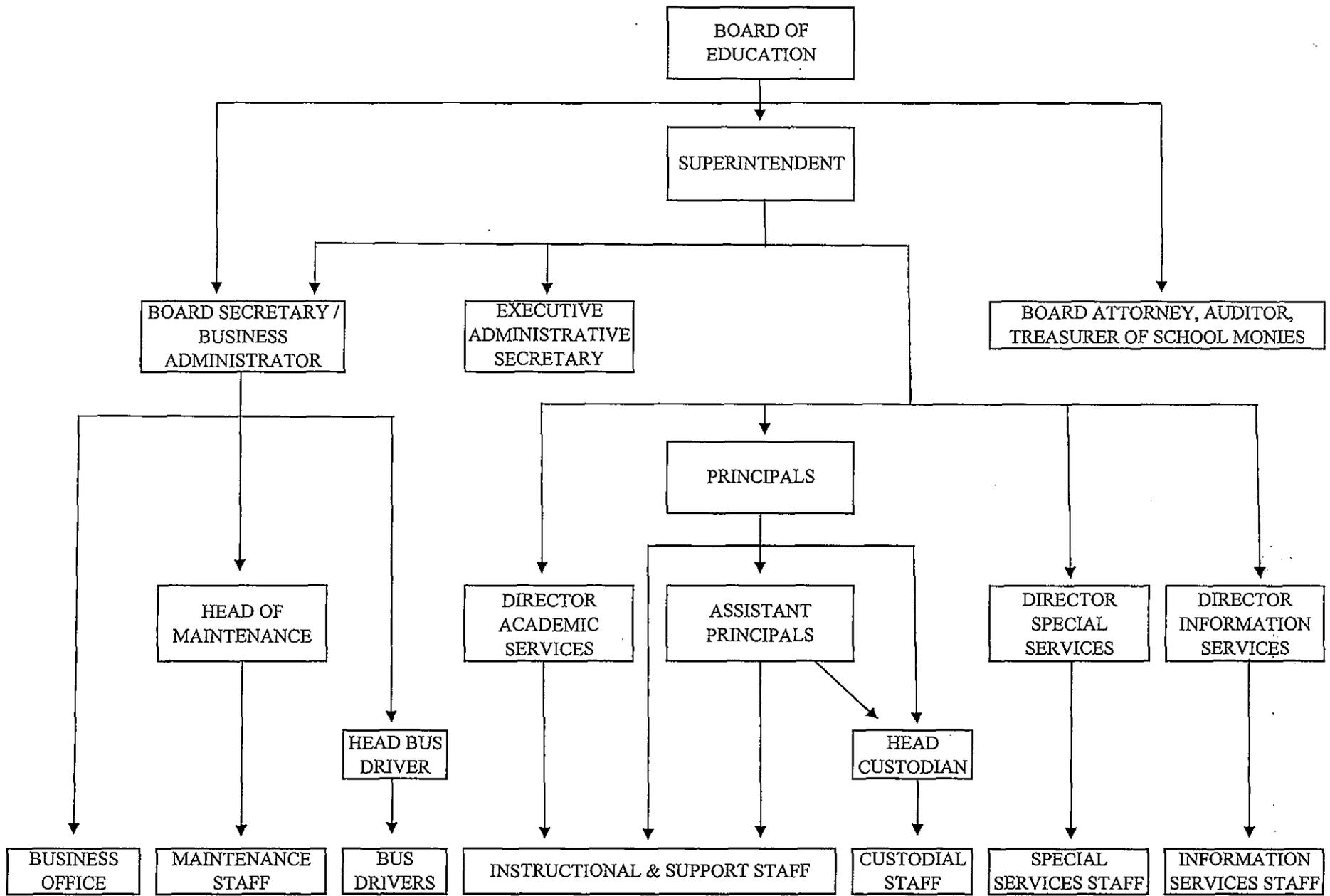


Dr. G. Kennedy Greene  
 Superintendent of Schools



Donna C. Snyder  
 Business Administrator/Board Secretary

# NEWTON PUBLIC SCHOOLS ORGANIZATIONAL CHART



**TOWN OF NEWTON SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2013**

| <u>Members of the Board of Education</u>        | <u>Term Expires</u> |
|---|---------------------|
| Richard Heckman, President                      | 2015                |
| Stella Dunn, Vice President                     | 2014                |
| Ed Caffrey                                      | 2013                |
| Jessica Egner                                   | 2015                |
| Joan Faye                                       | 2015                |
| Stephen Goldschmidt                             | 2014                |
| Tina Larsen                                     | 2014                |
| Raymond Morris                                  | 2013                |
| Nanette Thomas                                  | 2013                |
| Sarah Balzano (Andover Regional Representative) | 2013                |
| Ann Marie Cooke (Green Township Representative) | 2013                |

| <u>Other Officers</u> | <u>Title</u>                           |
|-----------------------|--|
| Dr. G. Kennedy Greene | Superintendent of Schools              |
| Donna C. Snyder       | Business Administrator/Board Secretary |
| Dawn Babcock          | Treasurer of School Monies             |
| Allan P. Dzwilewski   | School Board Attorney                  |

**TOWN OF NEWTON BOARD OF EDUCATION**

Consultants and Advisors

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road Suite 300  
Mount Arlington, NJ 07856-1320  
And  
Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Attorney**

Allan P. Dzwilewski  
Schwartz, Simon, Edelstein, Celso & Kessler LLP  
14 Whippany Road  
Morristown, NJ 07962

**Architect of Record**

Greg Somjen  
Parette Somjen Architects LLC  
439 Route 46 East  
Rockaway, NJ 07866

**Bond Counsel**

Wilentz, Goldman & Spitzer  
90 Woodbridge Center Drive  
Suite 900, Box 10  
Woodbridge, NJ 07095

**Official Depositories**

Lakeland Bank  
One Cochran Plaza  
Newton, NJ 07860

State of New Jersey Cash Management Fund  
Division of Investment  
Department of the Treasury  
Trenton, NJ 08625

Municipal Investors Service Corp. (MBIA)  
120 Wood Avenue, Suite 300  
Iselin, NJ 08830

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

### Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Town of Newton School District  
 County of Sussex, 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 Town of Newton School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the 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.

#### ***Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 District'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 District'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 presentation of the financial statements.

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

The Honorable President and Members  
of the Board of Education  
Town of Newton School District  
Page 2

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Town of Newton School District, in the County of Sussex, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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, which follows this report, and the budgetary comparison information in Exhibits C-1 through C-3 and I-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members  
of the Board of Education  
Town of Newton School District  
Page 3

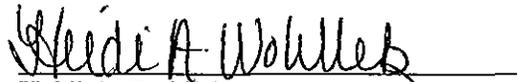
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

August 30, 2013  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

This section of Town of Newton School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

**Financial Highlights**

- The District’s financial status improved on a district-wide basis, but declined on a fund basis.
- Overall revenue was \$28.62 million.
- Overall expenses were \$27.93 million.
- Enrollment in the District has decreased approximately .4%.

**Overview of the Financial Statements**

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

**Organization of the School District’s Financial Report**

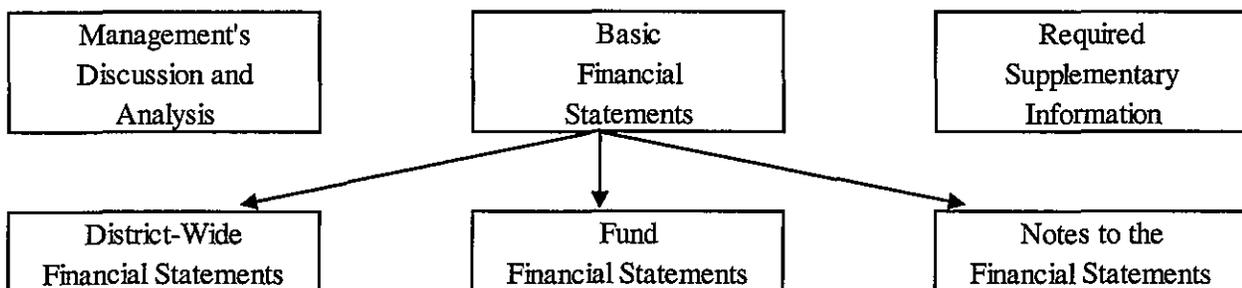


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

|  | District-Wide Statements   | Fund Financial Statements  |   |   |
|--|--|--|---|---|
|  |  | Governmental Funds   | Proprietary Funds   | Fiduciary Funds   |
| Scope                                  | Entire District (except fiduciary funds)   | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance   | Activities the District operates similar to private businesses: food services and after care program  | Instances in which the District administers resources on behalf of someone else, such as student activities monies.                               |
| Required Financial Statements          | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul> |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus   | Accrual accounting and economic resources focus   |
| Type of Asset/Liability Information    | All assets and liabilities, both financial and capital, short-term and long-term                                 | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included                | All assets and liabilities, both financial and capital, short-term and long-term  | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                       |
| Type of Inflow/Outflow Information     | All revenue and expenses during the year, regardless of when cash is received or paid                            | Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenue and expenses during the year, regardless of when cash is received or paid   | All additions and deductions during the year, regardless of when cash is received or paid   |

### ***District-wide Statements***

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service and after care program are included here.

### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

- *Notes to Basic Financial Statements:* Provide additional information essential to a full understanding of the District-wide and fund financial statements.

### Financial Analysis of the District as a Whole

*Net Position.* The District's combined net position increased by \$694,751. Net position from governmental activities increased by \$657,740 and net position from business-type activities increased by \$37,011. Net investment in capital assets increased by \$1,226,498, restricted net position increased by \$9,308, and unrestricted net position decreased by \$541,055.

Figure A-3

|                        | Condensed Statement of Net Position |                     |                          |                   |                       |                     | Percentage<br>Change<br>2012/13 |
|------------------------|-------------------------------------|---------------------|--------------------------|-------------------|-----------------------|---------------------|---------------------------------|
|                        | Government Activities               |                     | Business-Type Activities |                   | Total School District |                     |                                 |
|                        | 2012/13                             | 2011/12             | 2012/13                  | 2011/12           | 2012/13               | 2011/12             |                                 |
| Current and            |                                     |                     |                          |                   |                       |                     |                                 |
| Other Assets           | \$ 738,615                          | \$ 1,254,565        | \$ 200,950               | \$ 180,682        | \$ 939,565            | \$ 1,435,247        | -34.54%                         |
| Capital Assets         | 15,375,529                          | 14,414,494          | 36,177                   | 1,751             | 15,411,706            | 14,416,245          | 6.91%                           |
| Total Assets           | <u>16,114,144</u>                   | <u>15,669,059</u>   | <u>237,127</u>           | <u>182,433</u>    | <u>16,351,271</u>     | <u>15,851,492</u>   | 3.15%                           |
| Long-Term Debt         |                                     |                     |                          |                   |                       |                     |                                 |
| Outstanding            | 8,426,442                           | 8,626,074           |                          |                   | 8,426,442             | 8,626,074           | -2.31%                          |
| Other Liabilities      | 324,871                             | 337,894             | 63,034                   | 45,351            | 387,905               | 383,245             | 1.22%                           |
| Total Liabilities      | <u>8,751,313</u>                    | <u>8,963,968</u>    | <u>63,034</u>            | <u>45,351</u>     | <u>8,814,347</u>      | <u>9,009,319</u>    | -2.21%                          |
| Net Position:          |                                     |                     |                          |                   |                       |                     |                                 |
| Investment in          |                                     |                     |                          |                   |                       |                     |                                 |
| Capital Assets         | 7,695,818                           | 6,503,746           | 36,177                   | 1,751             | 7,731,995             | 6,505,497           | 18.85%                          |
| Restricted             | 409,867                             | 400,559             |                          |                   | 409,867               | 400,559             | 2.32%                           |
| Unrestricted/(Deficit) | <u>(742,854)</u>                    | <u>(199,214)</u>    | <u>137,916</u>           | <u>135,331</u>    | <u>(604,938)</u>      | <u>(63,883)</u>     | -846.95%                        |
| Total Net Position     | <u>\$ 7,362,831</u>                 | <u>\$ 6,705,091</u> | <u>\$ 174,093</u>        | <u>\$ 137,082</u> | <u>\$ 7,536,924</u>   | <u>\$ 6,842,173</u> | 10.15%                          |

*Changes in Net Position.* The District's combined net position was \$7,536,924 on June 30, 2013, an increase of \$694,751 or 10.15% more than the year before. (See Figure A-3). Net Investment in Capital Assets increased primarily due to the current year maturity of serial bonds payable of \$245,000 as well as current year capital assets additions of \$1,537,678 offset by current year depreciation expense of \$535,092. Restricted net position increased by \$9,308 primarily due to the decrease in utilization of excess surplus of \$132,102; offset by a net increase in Capital Reserve of \$141,409. The decrease in unrestricted net position was due primarily to a decrease in General Fund fund balance designated for subsequent year's expenditures of \$486,675; a net increase in compensated absences of approximately \$31,400; and a decrease in year-end encumbrances of \$36,844; offset by a decrease in accrued interest payable of approximately \$4,071 and amortization of bond issuance premium of \$9,770.

Figure A-4

## Changes in Net Position from Operating Results

|  | Governmental<br>Activities<br>2012/13 | Business-<br>Type<br>Activities<br>2012/13 | Governmental<br>Activities<br>2011/12 | Business-<br>Type<br>Activities<br>2011/12 | Total<br>School<br>District<br>2012/13 | Total<br>School<br>District<br>2011/12 | Percentage<br>Change<br>2012/13 |
|--|---------------------------------------|--|---------------------------------------|--|--|--|---------------------------------|
| <b>Revenue:</b>                                |                                       |  |                                       |  |  |  |                                 |
| <b>Program Revenue:</b>                        |                                       |  |                                       |  |  |  |                                 |
| Charges for Services                           | \$ 7,034,786                          | \$ 456,122                                 | \$ 6,268,933                          | \$ 490,550                                 | \$ 7,490,908                           | \$ 6,759,483                           | 10.82%                          |
| Operating Grants and<br>Contributions          | 3,786,560                             | 304,799                                    | 3,519,456                             | 284,735                                    | 4,091,359                              | 3,804,191                              | 7.55%                           |
| <b>General Revenue:</b>                        |                                       |  |                                       |  |  |  |                                 |
| Property Taxes                                 | 11,757,068                            |  | 11,642,619                            |  | 11,757,068                             | 11,642,619                             | 0.98%                           |
| Unrestricted State and<br>Federal Aid          | 5,217,548                             |  | 4,990,916                             |  | 5,217,548                              | 4,990,916                              | 4.54%                           |
| Other  | 66,533                                | 252  | 79,947                                | 251  | 66,785                                 | 80,198                                 | -16.72%                         |
| <b>Total Revenue</b>                           | <b>27,862,495</b>                     | <b>761,173</b>                             | <b>26,501,871</b>                     | <b>775,536</b>                             | <b>28,623,668</b>                      | <b>27,277,407</b>                      | <b>4.94%</b>                    |
| <b>Expenses:</b>                               |                                       |  |                                       |  |  |  |                                 |
| Instruction                                    | 15,660,489                            |  | 14,449,287                            |  | 15,660,489                             | 14,449,287                             | 8.38%                           |
| Pupil and Instruction Services                 | 4,268,134                             |  | 4,123,708                             |  | 4,268,134                              | 4,123,708                              | 3.50%                           |
| Administrative and Business                    | 3,127,525                             |  | 3,049,944                             |  | 3,127,525                              | 3,049,944                              | 2.54%                           |
| Maintenance and Operations                     | 2,703,116                             |  | 2,720,977                             |  | 2,703,116                              | 2,720,977                              | -0.66%                          |
| Transportation                                 | 581,774                               |  | 519,128                               |  | 581,774                                | 519,128                                | 12.07%                          |
| Capital Outlay                                 | 106,641                               |  | 322,415                               |  | 106,641                                | 322,415                                | -66.92%                         |
| Other  | 757,076                               | 724,162                                    | 715,825                               | 734,714                                    | 1,481,238                              | 1,450,539                              | 2.12%                           |
| <b>Total Expenses</b>                          | <b>27,204,755</b>                     | <b>724,162</b>                             | <b>25,901,284</b>                     | <b>734,714</b>                             | <b>27,928,917</b>                      | <b>26,635,998</b>                      | <b>4.85%</b>                    |
| <b>Increase/(Decrease) in Net<br/>Position</b> | <b>\$ 657,740</b>                     | <b>\$ 37,011</b>                           | <b>\$ 600,587</b>                     | <b>\$ 40,822</b>                           | <b>\$ 694,751</b>                      | <b>\$ 641,409</b>                      | <b>8.32%</b>                    |

*Revenue Sources.* The District's total revenue for the 2012/13 school year was \$28,623,668. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$11,757,068 of the total, or 41.08 percent. (See Figure A-5). Another 32.52 percent came from state and federal aid and the remainder from miscellaneous sources and charges for services.

Figure A-5

## Sources of Revenue for Fiscal Year 2013

|                                    | Amount               | Percentage     |
|------------------------------------|----------------------|----------------|
| <b>Sources of Income:</b>          |                      |                |
| Grants and Contributions           | \$ 4,091,359         | 14.29%         |
| Property Taxes                     | 11,757,068           | 41.08%         |
| Unrestricted Federal and State Aid | 5,217,548            | 18.23%         |
| Charges for Services               | 7,490,908            | 26.17%         |
| Other                              | 66,785               | 0.23%          |
|                                    | <b>\$ 28,623,668</b> | <b>100.00%</b> |

The total cost of all programs and services was \$27,928,917. The District's expenses are predominantly related to instructing and providing pupil services (71.36 percent). (See Figure A-6). The District's administrative and business activities accounted for 11.20 percent of total costs. The Town of Newton School District operates 3 schools, an administration building and a maintenance building which results in higher maintenance costs (9.68 percent). It is important to note that expenses for the year include \$535,092 of depreciation.

Figure A-6

## Expenses for Fiscal Year 2013

| Expense Category:              | <u>Amount</u>        | <u>Percentage</u> |
|--------------------------------|----------------------|-------------------|
| Instruction                    | \$ 15,660,489        | 56.08%            |
| Pupil and Instruction Services | 4,268,134            | 15.28%            |
| Administrative and Business    | 3,127,525            | 11.20%            |
| Maintenance and Operations     | 2,703,116            | 9.68%             |
| Transportation                 | 581,774              | 2.08%             |
| Capital Outlay                 | 106,641              | 0.38%             |
| Other                          | 1,481,238            | 5.30%             |
|                                | <u>\$ 27,928,917</u> | <u>100.00%</u>    |

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District improved. However, maintaining existing programs with a slight decrease in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary, benefits and energy costs places great demands on the District's resources.

Careful management of expenses and increase in revenues remains essential for the District to sustain its financial health. Among the many significant cost savings and revenue generation actions implemented during the year were:

- The solar projects at Merriam Avenue School and Newton High School were activated in late Spring 2013. Even though the Newton Public Schools projects are completed and closed out, there is litigation on the county-wide project that has prevented the District from having accurate estimates of cost savings. The overlap of the solar and Direct Install program will make calculations of savings difficult to assign.
- The SDA construction grant was closed out in July 2012; a challenge to the assessments generated additional state aid of \$60,083 for the 2013-2014 school year.
- The system for calculating Extraordinary Aid was expanded, doubling the revenue from the State in spite of a decrease in the percentage reimbursed.
- The District hired an in-house electrician. He has been able to upgrade facilities both to meet technology needs and to generally update the infrastructure; if the District had had to design and bid this work at prevailing wage, it would have been a very significant expense.

It is crucial that the District examine its expenditures carefully. Staff, parental and student demands for salary increases, activities, small class sizes and programs must be evaluated thoroughly. District resources are at their tightest level in a decade. Figure A-7 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, capital outlay and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7**

|                                | <b>Net Cost of Governmental Activities</b> |                         |                           |                         |
|--------------------------------|--|-------------------------|---------------------------|-------------------------|
|                                | Total Cost of<br>Services                  | Net Cost of<br>Services | Total Cost of<br>Services | Net Cost of<br>Services |
|                                | 2012/13                                    | 2012/13                 | 2011/12                   | 2011/12                 |
| Instruction                    | \$ 15,660,489                              | \$ 9,079,291            | \$ 14,449,287             | \$ 8,662,948            |
| Pupil and Instruction Services | 4,268,134                                  | 2,328,440               | 4,123,708                 | 2,212,411               |
| Administrative and Business    | 3,127,525                                  | 2,016,660               | 3,049,944                 | 2,066,137               |
| Maintenance and Operations     | 2,703,116                                  | 1,820,234               | 2,720,977                 | 1,909,110               |
| Transportation                 | 581,774                                    | 376,569                 | 519,128                   | 372,104                 |
| Capital Outlay                 | 106,641                                    | 78,572                  | 322,415                   | 243,042                 |
| Other                          | 757,076                                    | 683,643                 | 715,825                   | 647,143                 |
|                                | <u>\$ 27,204,755</u>                       | <u>\$ 16,383,409</u>    | <u>\$ 25,901,284</u>      | <u>\$ 16,112,895</u>    |

### **Business-Type Activities**

Net position from the District's business-type activity increased by \$37,011. (Refer to Figure A-4) The increase in net position was primarily due to the following:

- Increase in enrollment in the After Care Program, which resulted in an increase of approximately \$14,500 in fees.
- Increase in approximately \$21,000 in meals claimed for federal and state lunch and breakfast reimbursements due to the increase in reimbursement rates and the addition of the HHFKA program.

### **Financial Analysis of the District's Funds**

The District's financial position in the General Fund decreased primarily due to a withdrawal from the capital reserve and the use of budgeted fund balance in the fiscal year ended June 30, 2013 General Fund budget and shortfalls in tuition revenue and Medicaid assistance program which were not fully offset by unexpended budget appropriations. The District's financial position improved despite difficult economic times. The District has utilized creative staffing and scheduling to avoid eliminating instructional and co-curricular programs. Not only has the District not cut programs, but increases in technology and programming have been implemented. During the 2012-2013 school year first grade and fifth grade classroom sections were added to address higher enrollment in those grades. An additional high school social studies teacher was hired in part to address the new financial literacy requirement. The High School Multiple Disabled program received additional support to expand the community-based learning experience and an LLD program was added at Halsted Middle School. New coaching stipends for lacrosse, ice hockey, and winter track were added. In terms of technology, we researched and purchased a new student management system (PowerSchool) and an instructional improvement system (Schoolnet) and rolled over a computer lab.

To maintain a stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were due to:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The SHBP January 2013 increase was approximately 14%, requiring a transfer of \$129,468 to that line item.

### General Fund Budgetary Highlights (Cont'd)

- Although repairs due to Hurricane Sandy required transfers initially, the District did receive insurance funds for all out-of-district expenses;
- \$36,000 was allocated to repair pavement, sidewalks and install signage at Halsted Middle School.
- Annual expenses for utilities were reduced in all expenses, contributing towards the Capital Reserve deposit.

### Capital Asset and Debt Administration

Figure A-8

|                                     | Capital Assets (Net of Depreciation) |                      |                          |                 |                       |                      | Percentage<br>Change<br>2012/13 |
|-------------------------------------|--------------------------------------|----------------------|--------------------------|-----------------|-----------------------|----------------------|---------------------------------|
|                                     | Government Activities                |                      | Business-Type Activities |                 | Total School District |                      |                                 |
|                                     | 2012/13                              | 2011/12              | 2012/13                  | 2011/12         | 2012/13               | 2011/12              |                                 |
| Sites and Site Improvements         | \$ 1,679,349                         | \$ 461,854           |                          |                 | \$ 1,679,349          | \$ 461,854           | 263.61%                         |
| Buildings and Building Improvements | 12,989,050                           | 13,254,533           |                          |                 | 12,989,050            | 13,254,533           | -2.00%                          |
| Machinery and Equipment             | 707,130                              | 698,107              | \$ 36,177                | \$ 1,751        | 743,307               | 699,858              | 6.21%                           |
| <b>Total</b>                        | <b>\$ 15,375,529</b>                 | <b>\$ 14,414,494</b> | <b>\$ 36,177</b>         | <b>\$ 1,751</b> | <b>\$ 15,411,706</b>  | <b>\$ 14,416,245</b> | <b>6.91%</b>                    |

### Long-term Debt

At year-end, the District had \$7,945,000 in general obligation bonds outstanding – a decrease of \$245,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

|   | Outstanding Long-Term Debt |                     | Percentage<br>Change<br>2012/13 |
|---|----------------------------|---------------------|---------------------------------|
|   | Total School District      |                     |                                 |
|   | 2012/13                    | 2011/12             |                                 |
| General Obligation Bonds (Financed with Property Taxes) | \$ 7,945,000               | \$ 8,190,000        | -2.99%                          |
| Less: Deferred Amount on Refunding                      | (265,289)                  | (279,252)           | -5.00%                          |
|   | 7,679,711                  | 7,910,748           | -2.92%                          |
| Other Long-Term Debt                                    | 746,731                    | 715,326             | 4.39%                           |
|   | <b>\$ 8,426,442</b>        | <b>\$ 8,626,074</b> | <b>-2.31%</b>                   |

The District continued to pay down its bonded debt, retiring \$245,000 of outstanding bonds. In fiscal year 2012 there was a net accrual of \$31,405 in compensated absences.

**Factors Bearing on the District's Future Revenue/Expense Changes**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The State of New Jersey is going through significant changes and these changes impact the District. Long-term financial planning has always been difficult; it is now impossible. The current definition of prudent fiscal planning means being flexible, knowing what your needs are if revenue increases and also knowing what programs or expenses will be reduced if revenue decreases. The reversal of the SDA Assessment calculation indicates that the District needs to continue to be active at the state level.
- The Tri-District Preschool opened in September 2011, providing needed services and saving all three districts' money.
- The District's Elementary After School Care program continued to generate a profit in its second year. Project Self-Sufficiency and the Newton Board of Education applied for and received a 21<sup>st</sup> Century Learning Center grant that will allow the expansion of the K-3 program as the 4<sup>th</sup> and 5<sup>th</sup> graders will be included in the new program.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 57 Trinity Street, Newton, New Jersey 07860.

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2013

|   | Governmental<br>Activities | Business-type<br>Activities | Total        |
|---|----------------------------|-----------------------------|--------------|
| <b>ASSETS</b>   |                            |                             |              |
| Cash and Cash Equivalents   |                            | \$ 136,548                  | \$ 136,548   |
| Receivables from State Government   | \$ 164,020                 | 533                         | 164,553      |
| Receivables from Federal Government   | 76,257                     | 21,501                      | 97,758       |
| Receivables from Other Governments  | 984                        |                             | 984          |
| Other Receivables   |                            | 25,569                      | 25,569       |
| Internal Balances   | (1,460)                    | 1,460                       |              |
| Inventories   |                            | 15,339                      | 15,339       |
| Unamortized Bond Issuance Costs   | 88,948                     |                             | 88,948       |
| Restricted Assets:  |                            |                             |              |
| Capital Reserve Account - Cash  | 409,866                    |                             | 409,866      |
| Capital Assets, Net:  |                            |                             |              |
| Sites (Land)  | 72,620                     |                             | 72,620       |
| Depreciable Site Improvements, Buildings and Building<br>Improvements and Machinery and Equipment | 15,302,909                 | 36,177                      | 15,339,086   |
| Total Assets  | 16,114,144                 | 237,127                     | 16,351,271   |
| <b>LIABILITIES</b>  |                            |                             |              |
| Current Liabilities:  |                            |                             |              |
| Accounts Payable  | 22,773                     | 54,767                      | 77,540       |
| Accrued Interest Payable  | 159,729                    |                             | 159,729      |
| Payable to State Government   | 26,220                     |                             | 26,220       |
| Unearned Revenue  | 37,994                     | 8,267                       | 46,261       |
| Unamortized Bond Issuance Premium   | 78,155                     |                             | 78,155       |
| Noncurrent Liabilities:   |                            |                             |              |
| Due Within One Year   | 255,000                    |                             | 255,000      |
| Due Beyond One Year   | 8,171,442                  |                             | 8,171,442    |
| Total Liabilities   | 8,751,313                  | 63,034                      | 8,814,347    |
| <b>NET POSITION/(Deficit)</b>   |                            |                             |              |
| Net Investment in Capital Assets  | 7,695,818                  | 36,177                      | 7,731,995    |
| Restricted for:   |                            |                             |              |
| Capital Projects  | 409,866                    |                             | 409,866      |
| Debt Service  | 1                          |                             | 1            |
| Other Purposes  |                            |                             |              |
| Unrestricted/(Deficit)  | (742,854)                  | 137,916                     | (604,938)    |
| Total Net Position  | \$ 7,362,831               | \$ 174,093                  | \$ 7,536,924 |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| Functions/Programs                       | Expenses             | Program Revenues        |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                     |
|--|----------------------|-------------------------|--|--|-----------------------------|---------------------|
|  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total               |
| <b>Governmental Activities:</b>          |                      |                         |  |  |                             |                     |
| <b>Instruction:</b>                      |                      |                         |  |  |                             |                     |
| Regular                                  | \$ 11,760,258        | \$ 3,095,445            | \$ 1,379,362                             | \$ (7,285,451)                                       |                             | \$ (7,285,451)      |
| Special Education                        | 2,473,321            | 651,008                 | 967,468                                  | (854,845)  |                             | (854,845)           |
| Other Special Instruction                | 161,434              | 42,491                  | 17,709                                   | (101,234)  |                             | (101,234)           |
| School Sponsored/Other Instruction       | 1,265,476            | 333,089                 | 94,626                                   | (837,761)  |                             | (837,761)           |
| <b>Support Services:</b>                 |                      |                         |  |  |                             |                     |
| Tuition                                  | 741,923              | 195,283                 | 163,080                                  | (383,560)  |                             | (383,560)           |
| Student and Instruction Related Services | 3,526,211            | 928,142                 | 653,189                                  | (1,944,880)  |                             | (1,944,880)         |
| General Administrative Services          | 604,690              | 159,162                 | 37,404                                   | (408,124)  |                             | (408,124)           |
| School Administrative Services           | 1,747,873            | 460,062                 | 182,936                                  | (1,104,875)  |                             | (1,104,875)         |
| Central Services                         | 531,189              | 139,815                 | 53,426                                   | (337,948)  |                             | (337,948)           |
| Administrative Information Technology    | 243,773              | 64,164                  | 13,896                                   | (165,713)  |                             | (165,713)           |
| Plant Operations and Maintenance         | 2,703,116            | 711,493                 | 171,389                                  | (1,820,234)  |                             | (1,820,234)         |
| Pupil Transportation                     | 581,774              | 153,130                 | 52,075                                   | (376,569)  |                             | (376,569)           |
| Transfer of Funds to Charter School      | 120,345              |                         |  | (120,345)  |                             | (120,345)           |
| Interest on Long-Term Debt               | 357,744              |                         |  | (357,744)  |                             | (357,744)           |
| Capital Outlay                           | 106,641              | 28,069                  |  | (78,572)   |                             | (78,572)            |
| Unallocated Depreciation                 | 278,987              | 73,433                  |  | (205,554)  |                             | (205,554)           |
| <b>Total Governmental Activities</b>     | <b>27,204,755</b>    | <b>7,034,786</b>        | <b>3,786,560</b>                         | <b>(16,383,409)</b>                                  |                             | <b>(16,383,409)</b> |
| <b>Business-Type Activities:</b>         |                      |                         |  |  |                             |                     |
| Food Service                             | 666,769              | \$ 385,617              | 304,799                                  |  | \$ 23,647                   | 23,647              |
| After Care                               | 57,393               | 70,505                  |  |  | 13,112                      | 13,112              |
| <b>Total Business-Type Activities</b>    | <b>724,162</b>       | <b>456,122</b>          | <b>304,799</b>                           |  | <b>36,759</b>               | <b>36,759</b>       |
| <b>Total Primary Government</b>          | <b>\$ 27,928,917</b> | <b>\$ 456,122</b>       | <b>\$ 4,091,359</b>                      | <b>(16,383,409)</b>                                  | <b>36,759</b>               | <b>(16,346,650)</b> |

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| Functions/Programs                | Expenses   | Program Revenues        |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |               |
|-----------------------------------|--|-------------------------|--|--|-----------------------------|---------------|
|                                   |  | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total         |
| General Revenues and Other Items: |  |                         |  |  |                             |               |
| Taxes:                            |  |                         |  |  |                             |               |
|                                   | Property Taxes, Levied for General Purposes, Net |                         |  | \$ 11,159,127  |                             | \$ 11,159,127 |
|                                   | Taxes Levied for Debt Service                    |                         |  | 597,941  |                             | 597,941       |
|                                   | Federal, State and Local Aid not Restricted      |                         |  | 5,217,548  |                             | 5,217,548     |
|                                   | Interest Earnings                                |                         |  | 3,130  | \$ 252                      | 3,382         |
|                                   | Miscellaneous Income                             |                         |  | 63,403   |                             | 63,403        |
|                                   | Total General Revenues and Other Items           |                         |  | 17,041,149   | 252                         | 17,041,401    |
|                                   | Change in Net Position                           |                         |  | 657,740  | 37,011                      | 694,751       |
|                                   | Net Position - Beginning                         |                         |  | 6,705,091  | 137,082                     | 6,842,173     |
|                                   | Net Position - Ending                            |                         |  | \$ 7,362,831   | \$ 174,093                  | \$ 7,536,924  |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

TOWN OF NEWTON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

|  | General<br>Fund   | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--|-------------------|----------------------------|-------------------------|--------------------------------|
| <b>ASSETS</b>                              |                   |                            |                         |                                |
| Interfund Receivable                       | \$ 10,736         |                            | \$ 1                    | \$ 10,737                      |
| Receivables From State Government          | 164,020           |                            |                         | 164,020                        |
| Receivables From Federal Government        |                   | \$ 76,257                  |                         | 76,257                         |
| Receivables From Other Governments         | 984               |                            |                         | 984                            |
| Restricted Cash and Cash Equivalents       | 409,866           |                            |                         | 409,866                        |
| <b>Total Assets</b>                        | <b>\$ 585,606</b> | <b>\$ 76,257</b>           | <b>\$ 1</b>             | <b>\$ 661,864</b>              |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |                            |                         |                                |
| <b>Liabilities:</b>                        |                   |                            |                         |                                |
| Interfund Payable                          | \$ 1,461          | \$ 10,736                  |                         | \$ 12,197                      |
| Accounts Payable                           | 18,391            | 4,382                      |                         | 22,773                         |
| Payable to State Government                |                   | 26,220                     |                         | 26,220                         |
| Unearned Revenue                           | 3,075             | 34,919                     |                         | 37,994                         |
| <b>Total Liabilities</b>                   | <b>22,927</b>     | <b>76,257</b>              |                         | <b>99,184</b>                  |
| <b>Fund Balances:</b>                      |                   |                            |                         |                                |
| <b>Restricted:</b>                         |                   |                            |                         |                                |
| Capital Reserve Account                    | 409,866           |                            |                         | 409,866                        |
| Debt Service                               |                   |                            | \$ 1                    | 1                              |
| <b>Assigned:</b>                           |                   |                            |                         |                                |
| Designated for Subsequent Year's           |                   |                            |                         |                                |
| Expenditures                               | 36,138            |                            |                         | 36,138                         |
| Other Purposes                             | 114,550           |                            |                         | 114,550                        |
| Unassigned                                 | 2,125             |                            |                         | 2,125                          |
| <b>Total Fund Balances</b>                 | <b>562,679</b>    |                            | <b>1</b>                | <b>562,680</b>                 |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 585,606</b> | <b>\$ 76,257</b>           | <b>\$ 1</b>             |                                |

Amounts Reported for *Governmental Activities* in the Statement of Net Position (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 21,789,721 and the Accumulated Depreciation is \$6,414,192. 15,375,529

Bond Issuance Costs are Reported as Expenditures in the Governmental Funds. The Cost is \$121,716 and the Accumulated Amortization is \$32,768. 88,948

TOWN OF NEWTON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

Total  
Governmental  
Funds

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

|  |                            |
|--|----------------------------|
| Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$146,542 and the Accumulated Amortization is \$68,387. | \$ (78,155)                |
| Deferred Interest Costs are not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure.   | 265,289                    |
| Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.  | (159,729)                  |
| Long-Term Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.                      | <u>(8,691,731)</u>         |
| Net Position of Governmental Activities  | <u><u>\$ 7,362,831</u></u> |

Exhibit B-2

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | General<br>Fund   | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|---|-------------------|----------------------------|-------------------------|--------------------------------|
| <b>REVENUES:</b>                                      |                   |                            |                         |                                |
| <b>Local Sources:</b>                                 |                   |                            |                         |                                |
| Local Tax Levy  | \$ 11,159,127     |                            | \$ 597,941              | \$ 11,757,068                  |
| Tuition from Other LEAs                               | 6,975,152         |                            |                         | 6,975,152                      |
| Tuition from Individuals                              | 35,150            |                            |                         | 35,150                         |
| Tuition from Other Sources                            | 24,484            |                            |                         | 24,484                         |
| Interest Earned on Capital Reserve Funds              | 261               |                            |                         | 261                            |
| Miscellaneous   | 66,272            | \$ 6,614                   |                         | 72,886                         |
| <b>Total - Local Sources</b>                          | <b>18,260,446</b> | <b>6,614</b>               | <b>597,941</b>          | <b>18,865,001</b>              |
| State Sources   | 8,307,383         | 81,693                     |                         | 8,389,076                      |
| Federal Sources                                       | 4,737             | 603,681                    |                         | 608,418                        |
| <b>Total Revenues</b>                                 | <b>26,572,566</b> | <b>691,988</b>             | <b>597,941</b>          | <b>27,862,495</b>              |
| <b>EXPENDITURES:</b>                                  |                   |                            |                         |                                |
| <b>Current:</b>                                       |                   |                            |                         |                                |
| Regular Instruction                                   | 8,330,948         | 185,220                    |                         | 8,516,168                      |
| Special Education Instruction                         | 1,670,514         | 22,798                     |                         | 1,693,312                      |
| Other Special Instruction                             | 115,412           |                            |                         | 115,412                        |
| School-Sponsored/Other Instruction                    | 954,841           |                            |                         | 954,841                        |
| <b>Support Services and Undistributed Costs:</b>      |                   |                            |                         |                                |
| Tuition   | 578,843           | 163,080                    |                         | 741,923                        |
| Student and Other Instruction Related Services        | 2,306,211         | 320,810                    |                         | 2,627,021                      |
| General Administrative Services                       | 499,339           |                            |                         | 499,339                        |
| School Administrative Services                        | 1,228,027         |                            |                         | 1,228,027                      |
| Central Services                                      | 375,132           |                            |                         | 375,132                        |
| Administrative Information Technology                 | 196,789           |                            |                         | 196,789                        |
| Plant Operations and Maintenance                      | 1,983,401         |                            |                         | 1,983,401                      |
| Student Transportation                                | 460,891           |                            |                         | 460,891                        |
| Unallocated Benefits                                  | 6,664,286         |                            |                         | 6,664,286                      |
| <b>Debt Service:</b>                                  |                   |                            |                         |                                |
| Principal   |                   |                            | 245,000                 | 245,000                        |
| Interest and Other Charges                            |                   |                            | 352,940                 | 352,940                        |
| Capital Outlay  | 1,599,674         | 80                         |                         | 1,599,754                      |
| Transfer of Funds to Charter School                   | 120,345           |                            |                         | 120,345                        |
| <b>Total Expenditures</b>                             | <b>27,084,653</b> | <b>691,988</b>             | <b>597,940</b>          | <b>28,374,581</b>              |
| Excess/(Deficit) of Revenue Over/(Under) Expenditures | (512,087)         |                            | 1                       | (512,086)                      |
| Fund Balance - July 1                                 | 1,074,766         |                            |                         | 1,074,766                      |
| Fund Balance - June 30                                | \$ 562,679        | \$ -0-                     | \$ 1                    | \$ 562,680                     |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL  
STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-3

TOWN OF NEWTON SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   |    |                  |
|---|----|------------------|
| Total Net Change in Fund Balances - Governmental Funds (from B-2)   | \$ | (512,086)        |
| 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 and deletions of capital assets, net of accumulated depreciation in the period.   |    |                  |
| Depreciation Expense  | \$ | (532,078)        |
| Deletion of Capital Assets, net of Accumulated Depreciation   |    | (7,125)          |
| Capital Outlays   |    | <u>1,500,238</u> |
|   |    | 961,035          |
| The governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.  |    |                  |
|   |    | (4,682)          |
| In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).   |    |                  |
|   |    | 4,071            |
| Repayment of serial bonds 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.   |    |                  |
|   |    | 245,000          |
| The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.  |    |                  |
|   |    | 9,770            |
| The governmental funds report the effect of deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.   |    |                  |
|   |    | (13,963)         |
| In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). |    |                  |
|   |    | <u>(31,405)</u>  |
| Change in Net Position of Governmental Activities   | \$ | <u>657,740</u>   |

## Exhibit B-4

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

|  | <u>Business-type<br/>Activities -<br/>Enterprise Funds<br/>Non-Major Funds</u> |
|--|--|
| <u>ASSETS:</u>                         |  |
| Current Assets:                        |  |
| Cash and Cash Equivalents              | \$ 136,548   |
| Intergovernmental Accounts Receivable: |  |
| State                                  | 533  |
| Federal                                | 21,501   |
| Other Accounts Receivable              | 25,569   |
| Interfund Receivable - General Fund    | 1,460  |
| Inventories                            | 15,339   |
|  | 200,950  |
| Total Current Assets                   | 200,950  |
| Non-Current Assets:                    |  |
| Capital Assets                         | 201,058  |
| Less: Accumulated Depreciation         | (164,881)  |
|  | 36,177   |
| Total Non-Current Assets               | 36,177   |
| Total Assets                           | 237,127  |
| <u>LIABILITIES:</u>                    |  |
| Current Liabilities:                   |  |
| Accounts Payable - Vendors             | 54,767   |
| Unearned Revenue                       | 8,267  |
|  | 63,034   |
| Total Current Liabilities              | 63,034   |
| <u>NET POSITION:</u>                   |  |
| Net Investment in Capital Assets       | 36,177   |
| Unrestricted                           | 137,916  |
|  | 174,093  |
| Total Net Position                     | \$ 174,093   |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | <u>Business-type<br/>Activities -<br/>Enterprise Funds<br/>Non-Major Funds</u> |
|---|--|
| Operating Revenue:                      |  |
| Local Sources:                          |  |
| Daily Sales - Reimbursable Programs     | \$ 223,767   |
| Daily Sales - Non-Reimbursable Programs | 153,368  |
| Other Income                            | 70,505   |
| Special Events                          | <u>8,482</u>   |
| Total Operating Revenue                 | <u>456,122</u>   |
| Operating Expenses:                     |  |
| Cost of Sales                           | 262,232  |
| Salaries, Benefits & Payroll Taxes      | 321,873  |
| Other Purchased Services                | 4,539  |
| Supplies, Insurance and Other Costs     | 34,262   |
| Management Fee                          | 93,309   |
| Miscellaneous Expenditures              | 4,933  |
| Depreciation Expense                    | <u>3,014</u>   |
| Total Operating Expenses                | <u>724,162</u>   |
| Operating Loss                          | <u>(268,040)</u>   |
| Non-Operating Revenue:                  |  |
| Local Sources:                          |  |
| Interest Income                         | 252  |
| State Sources:                          |  |
| State School Lunch Program              | 7,189  |
| Federal Sources:                        |  |
| National School Lunch Program           | 237,854  |
| School Breakfast Program                | 35,680   |
| Food Distribution Program               | <u>24,076</u>  |
| Total Non-Operating Revenue             | <u>305,051</u>   |
| Change in Net Position                  | 37,011   |
| Net Position - Beginning of Year        | <u>137,082</u>   |
| Net Position - End of Year              | <u>\$ 174,093</u>  |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | Business-type<br>Activities -<br>Enterprise Funds |
|---|---|
|   | Non-Major Funds                                   |
| Cash Flows from Operating Activities:   |   |
| Receipts from Customers   | \$ 455,666  |
| Payments to Food Service Contractor   | (584,022)   |
| Payments to/for Employees   | (77,823)  |
| Payments for Supplies   | (24,055)  |
| Net Cash Used for Operating Activities  | (230,234)   |
| Cash Flows from Capital and Related Financing Activities:                     |   |
| Purchases of Capital Assets   | (37,440)  |
| Net Cash Used for Capital and Related Financing Activities                    | (37,440)  |
| Cash Flows from Investing Activities:   |   |
| Interest Income   | 252   |
| Net Cash Provided by Investing Activities                                     | 252   |
| Cash Flows from Noncapital Financing Activities:                              |   |
| Interfund Returned  | 3,921   |
| State Sources   | 6,902   |
| Federal Sources   | 259,499   |
| Net Cash Provided by Noncapital Financing Activities                          | 270,322   |
| Net Increase in Cash and Cash Equivalents                                     | 2,900   |
| Cash and Cash Equivalents, July 1   | 133,648   |
| Cash and Cash Equivalents, June 30  | \$ 136,548  |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities:   |   |
| Operating Loss  | \$ (268,040)                                      |
| Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities: |   |
| Depreciation  | 3,014   |
| Food Distribution Program   | 24,076  |
| Changes in Assets and Liabilities:  |   |
| Increase in Unearned Revenue  | 101   |
| Increase in Accounts Payable  | 17,582  |
| (Increase) in Other Accounts Receivable                                       | (7,127)   |
| Decrease in Inventory   | 160   |
| Net Cash Used for Operating Activities  | \$ (230,234)                                      |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$24,252 and utilized U.S.D.A. Commodities valued at \$24,076.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

## Exhibit B-7

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

|  | <u>Student<br/>Activity</u> | <u>Payroll</u> | <u>Total<br/>Agency</u>          | <u>Private Purpose<br/>Scholarship<br/>Trust</u> |
|--|-----------------------------|----------------|----------------------------------|--|
| <u>ASSETS:</u>   |                             |                |                                  |  |
| Cash and Cash Equivalents                                    | \$ 186,928                  | \$ 123,438     | \$ 310,366                       | \$ 1,551   |
| Investments  | 13,000                      |                | 13,000                           | 72,154   |
| Total Assets   | <u>199,928</u>              | <u>123,438</u> | <u>323,366</u>                   | <u>73,705</u>                                    |
| <u>LIABILITIES:</u>  |                             |                |                                  |  |
| Payroll Deductions and Withholdings<br>Due to Student Groups | <u>199,928</u>              | 123,438        | <u>123,438</u><br><u>199,928</u> |  |
| Total Liabilities  | <u>199,928</u>              | <u>123,438</u> | <u>323,366</u>                   |  |
| <u>NET POSITION:</u>   |                             |                |                                  |  |
| Restricted for Scholarships                                  |                             |                |                                  | <u>73,705</u>                                    |
| Total Net Position   | <u>\$ -0-</u>               | <u>\$ -0-</u>  | <u>\$ -0-</u>                    | <u>\$ 73,705</u>                                 |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|                                      | <u>Private Purpose<br/>Scholarship<br/>Trust</u> |
|--------------------------------------|--|
| <b>ADDITIONS:</b>                    |  |
| Investment Earnings:                 |  |
| Interest                             | \$ 31  |
| Net Investment Earnings              | <u>31</u>  |
| Total Additions                      | <u>31</u>  |
| <b>DEDUCTIONS:</b>                   |  |
| Scholarships Awarded                 | <u>9,000</u>                                     |
| Total Deductions                     | <u>9,000</u>                                     |
| Change in Net Position               | (8,969)  |
| Net Position - Beginning of the Year | <u>82,674</u>                                    |
| Net Position - End of the Year       | <u>\$ 73,705</u>                                 |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school, a middle school as well as a high school located in the Town of Newton. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other on exchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund. These resources can be transferred from and to current expenses by board resolution.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria operations and after care program. The Food Service Fund and After Care Program are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and the Private Purpose Scholarship Trust.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. 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 to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2013 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution.

All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

**TOWN OF NEWTON SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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

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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> |
|--|-------------------------|-------------------------------------|
| Sources/Inflows of Resources:  |                         |                                     |
| Actual Amounts (Budgetary Basis) "Revenue" from the<br>Budgetary Comparison Schedule   | \$ 26,600,376           | \$ 705,549                          |
| Differences - Budget to GAAP:  |                         |                                     |
| Grant Accounting Budgetary Basis Differs from GAAP in that the<br>Budgetary Basis Recognizes Encumbrances as Expenditures and<br>Revenue, Whereas the GAAP Basis does not. |                         |                                     |
| Current Year Encumbrances  |                         | (14,194)                            |
| Prior Year Encumbrances  |                         | 633                                 |
| Prior Year State Aid Payments Recognized for GAAP Statements   | 547,258                 |                                     |
| Current Year State Aid Payments Recognized for Budgetary Purposes,<br>not Recognized for GAAP Statements   | <u>(575,068)</u>        |                                     |
| Total Revenues as Reported on the Statement of Revenues,<br>Expenditures and Changes in Fund Balances - Governmental Funds   | <u>\$ 26,572,566</u>    | <u>\$ 691,988</u>                   |

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

|  | General<br>Fund | Special<br>Revenue<br>Fund |
|--|-----------------|----------------------------|
| Uses/Outflows of Resources:  |                 |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule  | \$ 27,084,653   | \$ 705,549                 |
| Differences - Budget to GAAP:  |                 |                            |
| Encumbrances for supplies and equipment ordered but<br>not received are reported in the year the order is placed for<br>budgetary purposes, but in the year the supplies are received<br>for financial reporting purposes. |                 |                            |
| Current Year Encumbrances  |                 | (14,194)                   |
| Prior Year Encumbrances  |                 | 633                        |
| Total Expenditures as Reported on the Statement of Revenue,<br>Expenditures, and Changes in Fund Balances - Governmental Funds   | \$ 27,084,653   | \$ 691,988                 |

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A 17:9-41et 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 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 market value of 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 the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions: (Cont'd)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed and/or assigned 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue 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.

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. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

|                                 | <u>Estimated Useful Life</u> |
|---------------------------------|------------------------------|
| Buildings                       | 50 years                     |
| Site Improvements               | 20 years                     |
| Furniture and Equipment         | 10 to 15 years               |
| Computer and Related Technology | 5 years                      |
| Vehicles                        | 8 years                      |

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and the related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond issuance costs as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2013.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee contracts/agreements.

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$562,679 General Fund fund balance at June 30, 2013, \$114,550 is assigned for encumbrances; \$409,866 is restricted in the capital reserve account; \$36,138 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2014; and there is \$2,125 in unassigned fund balance, which is \$575,068 less than the budgetary unassigned fund balance.

Debt Service Fund: The Debt Service Fund has \$1 fund balance at June 30, 2013.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund 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 year's budget. The District has no excess surplus at June 30, 2013.

Unassigned fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amounts of \$575,068 as of June 30, 2013 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill 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 an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$742,854 in governmental activities, which is due to the unamortized bond issuance costs of \$88,948 and \$36,138 of fund balance assigned for subsequent year's expenditures; \$114,550 assigned for encumbrances and \$2,125 of unassigned fund balance; net of accrued interest payable of \$159,729; \$746,731 of compensated absences payable and an unamortized bond premium of \$78,155. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position: (Cont'd)

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District did not have any deferred inflows or outflows of resources at June 30, 2013.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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 Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for debt service and a capital reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2013.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for the 2013/2014 budget and encumbrances in the General Fund at June 30, 2013.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange 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.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property 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 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 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales for food service and fees for after care services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Funds.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont' d)

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2013, cash and cash equivalents and investments of the District consisted of the following:

|                         | <u>Capital<br/>Reserve<br/>Account</u> | <u>Cash and<br/>Cash<br/>Equivalents</u> | <u>Investments</u> | <u>Total</u>      |
|-------------------------|--|--|--------------------|-------------------|
| Checking Accounts       | \$ 409,866                             | \$ 430,602                               |                    | \$ 840,468        |
| Certificates of Deposit |  |  | \$ 85,154          | 85,154            |
|                         | <u>\$ 409,866</u>                      | <u>\$ 430,602</u>                        | <u>\$ 85,154</u>   | <u>\$ 925,622</u> |

During the period ended June 30, 2013, the District did not hold any investments other than certificate of deposits. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2013, was \$925,622 and the bank balance was \$1,194,138. The cash and cash equivalents balance at June 30, 2013 of \$925,622 differs from the total of \$943,485 on the Governmental Funds Balance Sheet and Proprietary Funds and Fiduciary Fund Statements of Net Position at June 30, 2013 by \$17,863. This difference is the result of a cash deficit in the Special Revenue Fund of \$10,736 due to outstanding federal grants receivables and a cash deficit of \$7,127 in the General Fund due to the Board approved transfer of funds to the Capital Reserve and Restricted Cash and Cash Equivalents. This cash deficit of \$17,863 is included in accounts payable on the Governmental Funds Balance Sheet and the Statement of Net Position. This deficit does not indicate that the District is in financial difficulties and is the correct presentation under generally accepted accounting principles.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$100 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

|   |            |
|---|------------|
| Beginning Balance, July 1, 2012   | \$ 268,457 |
| Add:  |            |
| Transfer from Unassigned Fund Balance as per Board Resolution - June 25, 2013 | 291,148    |
| Interest Earnings   | 261        |
| Less:   |            |
| Budgeted Withdrawal from Capital Reserve                                      | (150,000)  |
| Ending Balance, June 30, 2013   | \$ 409,866 |

The balance in the capital reserve account at June 30, 2013 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2013 were as follows:

|  | Beginning<br>Balance | Increases    | Decreases  | Ending<br>Balance |
|--|----------------------|--------------|------------|-------------------|
| Governmental Activities:   |                      |              |            |                   |
| Capital Assets not Being Depreciated:                                      |                      |              |            |                   |
| Sites (Land)   | \$ 72,620            |              |            | \$ 72,620         |
| Total Capital Assets Not Being Depreciated                                 | 72,620               |              |            | 72,620            |
| Capital Assets Being Depreciated:  |                      |              |            |                   |
| Site Improvements  | 664,407              | \$ 1,299,110 | \$ (9,900) | 1,953,617         |
| Buildings and Building Improvements  | 17,445,171           | 26,200       |            | 17,471,371        |
| Machinery and Equipment  | 2,701,748            | 174,928      | (584,563)  | 2,292,113         |
| Total Capital Assets Being Depreciated                                     | 20,811,326           | 1,500,238    | (594,463)  | 21,717,101        |
| Governmental Activities Capital Assets                                     | 20,883,946           | 1,500,238    | (594,463)  | 21,789,721        |
| Less Accumulated Depreciation for:   |                      |              |            |                   |
| Site Improvements  | (275,173)            | (79,215)     | 7,500      | (346,888)         |
| Buildings and Building Improvements  | (4,190,638)          | (291,683)    |            | (4,482,321)       |
| Machinery and Equipment  | (2,003,641)          | (161,180)    | 579,838    | (1,584,983)       |
|  | (6,469,452)          | (532,078)    | 587,338    | (6,414,192)       |
| Governmental Activities Capital Assets,<br>Net of Accumulated Depreciation | \$ 14,414,494        | \$ 968,160   | \$ (7,125) | \$ 15,375,529     |

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Business Type Activities:   |                              |                  |                  |                           |
| Capital Assets Being Depreciated:   |                              |                  |                  |                           |
| Machinery and Equipment   | \$ 176,718                   | \$ 37,440        | \$ (13,100)      | \$ 201,058                |
| Less: Accumulated Depreciation  | <u>(174,967)</u>             | <u>(3,014)</u>   | <u>13,100</u>    | <u>(164,881)</u>          |
| Business Type Activities Capital Assets,<br>Net of Accumulated Depreciation | <u>\$ 1,751</u>              | <u>\$ 34,426</u> | <u>\$ -0-</u>    | <u>\$ 36,177</u>          |

Depreciation expense was charged to governmental functions as follows:

|  |                   |
|--|-------------------|
| Regular Instruction                      | \$ 117,962        |
| School Sponsored/Other Instruction       | 59,390            |
| Student and Instruction Related Services | 1,417             |
| School Administration                    | 7,625             |
| Central Services                         | 4,165             |
| Operations and Maintenance of Plant      | 43,152            |
| Student Transportation                   | 19,380            |
| Unallocated                              | <u>278,987</u>    |
|  | <u>\$ 532,078</u> |

NOTE 6. OPERATING LEASES

The District has a commitment to lease copying equipment under an operating lease which expires in October 2015. Future minimum lease payments are as follows:

| <u>Year Ending</u>                  | <u>Amount</u>    |
|-------------------------------------|------------------|
| June 30, 2014                       | \$ 35,256        |
| June 30, 2015                       | 35,256           |
| June 30, 2016                       | <u>11,752</u>    |
| Total future minimum lease payments | <u>\$ 82,264</u> |

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the district-wide financial statements:

|                                    | <u>Balance<br/>6/30/2012</u> | <u>Accrued</u>   | <u>Retired</u>    | <u>Balance<br/>6/30/2013</u> |
|------------------------------------|------------------------------|------------------|-------------------|------------------------------|
| Serial Bonds Payable               | \$ 8,190,000                 |                  | \$ 245,000        | \$ 7,945,000                 |
| Less: Deferred Amount on Refunding | <u>(279,252)</u>             |                  | <u>(13,963)</u>   | <u>(265,289)</u>             |
| Net Serial Bonds Payable           | 7,910,748                    |                  | 231,037           | 7,679,711                    |
| Compensated Absences Payable       | <u>715,326</u>               | <u>\$ 77,720</u> | <u>46,315</u>     | <u>746,731</u>               |
|                                    | <u>\$ 8,626,074</u>          | <u>\$ 77,720</u> | <u>\$ 277,352</u> | <u>\$ 8,426,442</u>          |

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On March 30, 2006, the District issued refunding school bonds of \$8,230,000 with interest rates ranging from 3.375% to 5.0% to advance refund \$7,961,000 of school bonds with interest rates ranging from 4.625% to 5.0%. The bonds mature on July 15, 2006 through 2032 and July 15, 2016 is the first optional redemption date at 100% of par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds are called on July 15, 2011. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

As a result of the advance refunding, the School reduced its total debt service requirement by \$369,106 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$268,656.

The District had bonds outstanding as of June 30, 2013 as follows:

| Final Maturity<br>Date | <u>Serial Bonds</u><br>Interest<br>Rate | Amount       |
|------------------------|---|--------------|
| 7/15/2032              | 3.75%-5.00%                             | \$ 7,945,000 |

Principal and interest due on serial bonds outstanding are as follows:

| Year Ending June 30,           | Bonds        |              |               |
|--------------------------------|--------------|--------------|---------------|
|                                | Principal    | Interest     | Total         |
| 2014                           | \$ 255,000   | \$ 342,750   | \$ 597,750    |
| 2015                           | 265,000      | 330,375      | 595,375       |
| 2016                           | 275,000      | 317,875      | 592,875       |
| 2017                           | 300,000      | 304,500      | 604,500       |
| 2018                           | 310,000      | 290,412      | 600,412       |
| Thereafter 5 Years (2019-2023) | 1,765,000    | 1,239,176    | 3,004,176     |
| Thereafter 5 Years (2024-2028) | 2,145,000    | 832,325      | 2,977,325     |
| Thereafter 5 Years (2029-2033) | 2,630,000    | 305,549      | 2,935,549     |
|                                | \$ 7,945,000 | \$ 3,962,962 | \$ 11,907,962 |

The bond payments will be paid from the Debt Service Fund.

B. Bonds Authorized But Not Issued:

As of June 30, 2013, the Board had no bonds authorized but not issued.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$746,731. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

There is no liability for Compensated Absences Payable in either the Food Service or After Care Program Enterprise Funds.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). PERS and TPAF are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. However, if an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits.

Employees who are members of TPAF or PERS and retire at or after age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective July 1, 2012, the employee contributions for PERS and TPAF increased from 6.5% to 6.64% of employees' annual compensation, as defined. Subsequent increases are being phased in over 7 years effective each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions of 5.5% of employees' annual compensation for DCRP are matched by a 3% employer contribution.

District contributions to PERS amounted to \$278,047, \$314,547 and \$304,645 for fiscal year 2013, 2012 and 2011, respectively.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

During the fiscal years ended 2013, 2012 and 2011, the State of New Jersey contributed \$725,327, \$368,574 and \$-0- to the TPAF for normal pension benefits on behalf of the District.

The employee and employer contributions for the DCRP for the year ended June 30, 2013 were \$24,220 and \$16,392, respectively. The employee and employer contributions for the DCRP for the year ended June 30, 2012 were \$20,644 and \$15,554, respectively. The employee and employer contributions for the DCRP for the year ended June 30, 2011 were \$12,566 and \$7,846, respectively.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. 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 and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$820,162, \$740,928 and \$752,699 for 2013, 2012 and 2011, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 10. 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. The District obtains their health benefit coverage through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

The Town of Newton School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2013 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2012 is as follows:

|                        | <u>School Alliance<br/>Insurance Fund</u> |
|------------------------|---|
| Total Assets           | \$ 36,551,011                             |
| Net Position           | \$ 12,224,220                             |
| Total Revenue          | \$ 28,022,109                             |
| Total Expenses         | \$ 28,300,068                             |
| Change in Net Position | \$ (277,959)                              |
| Members Dividends      | \$ -0-                                    |

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services  
51 Everett Drive  
Suite B-40  
West Windsor, NJ 08550

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. All of the District's claims are paid by the State.

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

| <u>Fund</u>          | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|----------------------|---------------------------------|------------------------------|
| General Fund         | \$ 10,736                       | \$ 1,461                     |
| Special Revenue Fund |                                 | 10,736                       |
| Debt Service Fund    | 1                               |                              |
| Food Service Fund    | 1,460                           |                              |
|                      | <u>\$ 12,197</u>                | <u>\$ 12,197</u>             |

The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund. The deficit is due to the timing between expenditure and reimbursement from the State. The interfund receivable in the Food Service Fund due to the General Fund is the April subsidy reimbursement and special functions receipt received in the General Fund that has not been turned over to the Food Service Fund as of year end. The interfund between the General Fund and the Debt Service Fund is due to a deficit in unrestricted cash and cash equivalents in the General Fund is due to the board approved transfer of funds to the Capital Reserve and Restricted Cash and Cash Equivalents.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

|                                     |                             |
|-------------------------------------|-----------------------------|
| Variable Annuity Life (VALIC)       | Lincoln Investment Planning |
| Equitable Life Assurance            | Lincoln National Life       |
| Metropolitan Life Insurance Company | American Express            |
| Vanguard                            | Sun America                 |

Equitable Life Assurance is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2013, there were encumbrances as detailed below in the governmental funds.

| <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-------------------------|-------------------------------------|--------------------------------------|---|
| \$ 114,550              | \$ 14,194                           | \$ -0-                               | \$ 128,744                              |

On the District's Governmental Funds Balance Sheet as of June 30, 2013, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$14,194 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2013 were:

|                                      | <u>Governmental Activities</u> |                                     | <u>Total<br/>Governmental<br/>Funds</u> | <u>Business-Type<br/>Activities</u> |
|--------------------------------------|--------------------------------|-------------------------------------|---|-------------------------------------|
|                                      | <u>General<br/>Fund</u>        | <u>Special<br/>Revenue<br/>Fund</u> |   | <u>Proprietary<br/>Funds</u>        |
| Vendors                              | \$ 528                         | \$ 4,382                            | \$ 4,910                                | \$ 54,767                           |
| Deficit in Cash and Cash Equivalents | 17,863                         |                                     | 17,863                                  |                                     |
|                                      | <u>\$ 18,391</u>               | <u>\$ 4,382</u>                     | <u>\$ 22,773</u>                        | <u>\$ 54,767</u>                    |

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 16. ACCOUNTS PAYABLE (Cont'd)

The deficit in cash and cash equivalents in the General Fund is the result of a cash deficit in the Special Revenue Fund of \$10,736 due to outstanding federal grants receivables and a cash deficit of \$7,127 in the General Fund due to the Board approved transfer of funds to the Capital Reserve and Restricted Cash and Cash Equivalents. The deficit does not indicate that the District is in financial difficulties and is the correct presentation under generally accepted accounting principles.

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2013 the District transferred \$170,947 to the capital outlay accounts, all of which were made for equipment and therefore did not require approval from the County Superintendent.

**BUDGETARY COMPARISON SCHEDULES**

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| <b>REVENUES:</b>  |                            |                             |                         |                   |                                     |
| <b>Local Sources:</b>   |                            |                             |                         |                   |                                     |
| Local Tax Levy  | \$ 11,159,127              |                             | \$ 11,159,127           | \$ 11,159,127     |                                     |
| Tuition from Other LEA's                                      | 7,073,935                  |                             | 7,073,935               | 6,975,152         | \$ (98,783)                         |
| Tuition from Individuals                                      |                            |                             |                         | 35,150            | 35,150                              |
| Tuition from Other Sources                                    |                            |                             |                         | 24,484            | 24,484                              |
| Transportation Fees from LEA's                                | 2,500                      |                             | 2,500                   |                   | (2,500)                             |
| Interest Earned on Capital Reserve Funds                      |                            |                             |                         | 261               | 261                                 |
| Unrestricted Miscellaneous Revenue                            | 41,527                     |                             | 41,527                  | 66,272            | 24,745                              |
| <b>Total - Local Sources</b>                                  | <b>18,277,089</b>          |                             | <b>18,277,089</b>       | <b>18,260,446</b> | <b>(16,643)</b>                     |
| <b>State Sources:</b>   |                            |                             |                         |                   |                                     |
| Special Education Aid   | 568,250                    |                             | 568,250                 | 568,250           |                                     |
| Extraordinary Special Education Costs Aid                     | 15,000                     |                             | 15,000                  | 98,611            | 83,611                              |
| Equalization Aid  | 5,194,756                  |                             | 5,194,756               | 5,194,756         |                                     |
| Security Aid  | 39,954                     |                             | 39,954                  | 39,954            |                                     |
| Transportation Aid  | 28,072                     |                             | 28,072                  | 28,072            |                                     |
| TPAF On-Behalf Pension Contributions (Non-Budgeted)           |                            |                             |                         | 725,327           | 725,327                             |
| TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted) |                            |                             |                         | 820,162           | 820,162                             |
| TPAF Social Security (Reimbursed - Non-Budgeted)              |                            |                             |                         | 860,061           | 860,061                             |
| <b>Total State Sources</b>                                    | <b>5,846,032</b>           |                             | <b>5,846,032</b>        | <b>8,335,193</b>  | <b>2,489,161</b>                    |
| <b>Federal Sources:</b>                                       |                            |                             |                         |                   |                                     |
| Medicaid Assistance Program                                   | 29,623                     |                             | 29,623                  | 4,737             | (24,886)                            |
| <b>Total - Federal Sources</b>                                | <b>29,623</b>              |                             | <b>29,623</b>           | <b>4,737</b>      | <b>(24,886)</b>                     |
| <b>Total Revenues</b>   | <b>24,152,744</b>          |                             | <b>24,152,744</b>       | <b>26,600,376</b> | <b>2,447,632</b>                    |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>EXPENDITURES:</b>                               |                            |                             |                         |                  |                                     |
| Current Expense:                                   |                            |                             |                         |                  |                                     |
| <b>REGULAR PROGRAMS - INSTRUCTION:</b>             |                            |                             |                         |                  |                                     |
| Preschool - Salaries of Teachers                   | \$ 81,774                  | \$ (14,046)                 | \$ 67,728               | \$ 67,727        | \$ 1                                |
| Kindergarten - Salaries of Teachers                | 396,794                    | (38,983)                    | 357,811                 | 355,860          | 1,951                               |
| Grades 1-5 - Salaries of Teachers                  | 1,890,920                  | 36,106                      | 1,927,026               | 1,927,026        |                                     |
| Grades 6-8 - Salaries of Teachers                  | 1,269,707                  | 69,385                      | 1,339,092               | 1,339,092        |                                     |
| Grades 9-12 - Salaries of Teachers                 | 3,981,333                  | 15,745                      | 3,997,078               | 3,997,078        |                                     |
| Regular Programs - Home Instruction:               |                            |                             |                         |                  |                                     |
| Salaries of Teachers                               | 35,581                     | (20,461)                    | 15,120                  | 15,120           |                                     |
| Purchased Professional-Educational Services        | 18,000                     | (9,414)                     | 8,586                   | 6,008            | 2,578                               |
| Regular Programs - Undistributed Instruction:      |                            |                             |                         |                  |                                     |
| Other Salaries for Instruction                     | 87,797                     | (7,500)                     | 80,297                  | 80,296           | 1                                   |
| Purchased Professional - Educational Services      |                            | 395                         | 395                     | 395              |                                     |
| Purchased Technical Services                       | 130,312                    | (35,921)                    | 94,391                  | 93,309           | 1,082                               |
| Other Purchased Services                           | 64,506                     | (881)                       | 63,625                  | 62,623           | 1,002                               |
| General Supplies                                   | 356,565                    | (8,830)                     | 347,735                 | 300,642          | 47,093                              |
| Textbooks  | 121,769                    | (35,030)                    | 86,739                  | 82,473           | 4,266                               |
| Other Objects                                      | 3,000                      | 1,031                       | 4,031                   | 3,299            | 732                                 |
| <b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>        | <u>8,438,058</u>           | <u>(48,404)</u>             | <u>8,389,654</u>        | <u>8,330,948</u> | <u>58,706</u>                       |
| <b>SPECIAL EDUCATION - INSTRUCTION:</b>            |                            |                             |                         |                  |                                     |
| Learning and/or Language Disabilities:             |                            |                             |                         |                  |                                     |
| Salaries of Teachers                               | 105,500                    | 5,092                       | 110,592                 | 110,592          |                                     |
| Other Salaries for Instruction                     | 1,144                      | 24,204                      | 25,348                  | 25,348           |                                     |
| General Supplies                                   | 2,000                      |                             | 2,000                   | 2,000            |                                     |
| <b>Total Learning and/or Language Disabilities</b> | <u>108,644</u>             | <u>29,296</u>               | <u>137,940</u>          | <u>137,940</u>   |                                     |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>EXPENDITURES:</b>                            |                            |                             |                         |                  |                                     |
| Current Expense:                                |                            |                             |                         |                  |                                     |
| <b>SPECIAL EDUCATION - INSTRUCTION:</b>         |                            |                             |                         |                  |                                     |
| Multiple Disabilities:                          |                            |                             |                         |                  |                                     |
| Salaries of Teachers                            | \$ 115,867                 | \$ 1,404                    | \$ 117,271              | \$ 117,271       |                                     |
| Other Salaries for Instruction                  | 33,118                     | (11,499)                    | 21,619                  | 5,433            | \$ 16,186                           |
| General Supplies                                | 2,247                      |                             | 2,247                   | 1,957            | 290                                 |
| Other Objects                                   | 3,500                      |                             | 3,500                   | 1,901            | 1,599                               |
| <b>Total Multiple Disabilities</b>              | <u>154,732</u>             | <u>(10,095)</u>             | <u>144,637</u>          | <u>126,562</u>   | <u>18,075</u>                       |
| Resource Room/Resource Center:                  |                            |                             |                         |                  |                                     |
| Salaries of Teachers                            | 1,026,973                  | (40,153)                    | 986,820                 | 976,345          | 10,475                              |
| Other Salaries for Instruction                  | 226,201                    | 6,274                       | 232,475                 | 227,951          | 4,524                               |
| General Supplies                                | 2,150                      |                             | 2,150                   | 321              | 1,829                               |
| <b>Total Resource Room/Resource Center</b>      | <u>1,255,324</u>           | <u>(33,879)</u>             | <u>1,221,445</u>        | <u>1,204,617</u> | <u>16,828</u>                       |
| Preschool Disabilities - Part-Time:             |                            |                             |                         |                  |                                     |
| Salaries of Teachers                            | 128,015                    | (960)                       | 127,055                 | 127,055          |                                     |
| Other Salaries for Instruction                  | 51,340                     | 23,283                      | 74,623                  | 74,340           | 283                                 |
| Other Objects                                   | 895                        |                             | 895                     | 895              | 895                                 |
| <b>Total Preschool Disabilities - Part-Time</b> | <u>180,250</u>             | <u>22,323</u>               | <u>202,573</u>          | <u>201,395</u>   | <u>1,178</u>                        |
| Home Instruction:                               |                            |                             |                         |                  |                                     |
| Salaries of Teachers                            | 3,528                      | (966)                       | 2,562                   | 2,562            | 2,562                               |
| <b>Total Home Instruction</b>                   | <u>3,528</u>               | <u>(966)</u>                | <u>2,562</u>            | <u>2,562</u>     | <u>2,562</u>                        |
| <b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>    | <u>1,702,478</u>           | <u>6,679</u>                | <u>1,709,157</u>        | <u>1,670,514</u> | <u>38,643</u>                       |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| <b>EXPENDITURES:</b>                                  |                            |                             |                         |                |                                     |
| <b>Current Expense:</b>                               |                            |                             |                         |                |                                     |
| <b>Basic Skills/Remedial - Instruction:</b>           |                            |                             |                         |                |                                     |
| Salaries of Teachers                                  | \$ 1,781                   | \$ (1,781)                  |                         |                |                                     |
| Other Salaries for Instruction                        | 42,411                     | (18,030)                    | \$ 24,381               | \$ 24,317      | \$ 64                               |
| General Supplies                                      | 493                        |                             | 493                     |                | 493                                 |
| <b>Total Basic Skills/Remedial - Instruction</b>      | <b>44,685</b>              | <b>(19,811)</b>             | <b>24,874</b>           | <b>24,317</b>  | <b>557</b>                          |
| <b>Bilingual Education - Instruction:</b>             |                            |                             |                         |                |                                     |
| Salaries of Teachers                                  | 91,095                     |                             | 91,095                  | 91,095         |                                     |
| General Supplies                                      | 1,000                      |                             | 1,000                   |                | 1,000                               |
| <b>Total Bilingual Education - Instruction</b>        | <b>92,095</b>              |                             | <b>92,095</b>           | <b>91,095</b>  | <b>1,000</b>                        |
| <b>School Sponsored Cocurricular Activities:</b>      |                            |                             |                         |                |                                     |
| Salaries  | 144,198                    | 17,562                      | 161,760                 | 161,760        |                                     |
| Purchased Services (300-500 Series)                   | 11,395                     | (3,864)                     | 7,531                   | 7,531          |                                     |
| Supplies and Materials                                | 5,850                      | 386                         | 6,236                   | 3,833          | 2,403                               |
| Other Objects   | 2,541                      | 63                          | 2,604                   | 2,558          | 46                                  |
| <b>Total School-Sponsored Cocurricular Activities</b> | <b>163,984</b>             | <b>14,147</b>               | <b>178,131</b>          | <b>175,682</b> | <b>2,449</b>                        |
| <b>School-Sponsored Athletics:</b>                    |                            |                             |                         |                |                                     |
| Salaries  | 483,944                    | (11,693)                    | 472,251                 | 454,915        | 17,336                              |
| Purchased Services (300-500 Series)                   | 36,910                     |                             | 36,910                  | 35,761         | 1,149                               |
| Supplies and Materials                                | 80,850                     | 4,999                       | 85,849                  | 68,504         | 17,345                              |
| Other Objects   | 21,000                     | 5,000                       | 26,000                  | 23,360         | 2,640                               |
| Transfers to Cover Deficit (Agency Funds)             | 42,000                     | (5,000)                     | 37,000                  | 30,000         | 7,000                               |
| <b>Total School-Sponsored Athletics</b>               | <b>664,704</b>             | <b>(6,694)</b>              | <b>658,010</b>          | <b>612,540</b> | <b>45,470</b>                       |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| <b>EXPENDITURES:</b>  |                            |                             |                         |                   |                                     |
| <b>Current Expense:</b>   |                            |                             |                         |                   |                                     |
| <b>Other Supplemental/At-Risk Programs - Instruction:</b>                     |                            |                             |                         |                   |                                     |
| Salaries of Reading Specialists   | \$ 165,753                 | \$ 866                      | \$ 166,619              | \$ 166,619        |                                     |
| <b>Total Other Supplemental/ At-Risk Programs - Instruction</b>               | <u>165,753</u>             | <u>866</u>                  | <u>166,619</u>          | <u>166,619</u>    |                                     |
| <b>Total Instruction</b>  | <u>11,271,757</u>          | <u>(53,217)</u>             | <u>11,218,540</u>       | <u>11,071,715</u> | <u>\$ 146,825</u>                   |
| <b>Undistributed Expenditures - Instruction:</b>                              |                            |                             |                         |                   |                                     |
| Tuition to Other LEAs Within the State - Regular                              |                            |                             |                         |                   |                                     |
| Tuition to Other LEA's Within the State - Special                             | 157,665                    | (80,998)                    | 76,667                  | 76,667            |                                     |
| Tuition to County Vo. School District-Regular                                 | 57,509                     | 3,706                       | 61,215                  | 52,589            | 8,626                               |
| Tuition to Private Schools for the Handicapped Within State                   | 414,483                    | 12,947                      | 427,430                 | 418,222           | 9,208                               |
| Tuition - State Facilities  | 31,365                     |                             | 31,365                  | 31,365            |                                     |
| <b>Total Undistributed Expenditures - Instruction</b>                         | <u>661,022</u>             | <u>(64,345)</u>             | <u>596,677</u>          | <u>578,843</u>    | <u>17,834</u>                       |
| <b>Undistributed Expenditures - Attendance and Social Work Services:</b>      |                            |                             |                         |                   |                                     |
| Salaries  | 52,540                     | (405)                       | 52,135                  | 52,134            | 1                                   |
| Other Purchased Services  | 100                        | (60)                        | 40                      | 40                |                                     |
| <b>Total Undistributed Expenditures - Attendance and Social Work Services</b> | <u>52,640</u>              | <u>(465)</u>                | <u>52,175</u>           | <u>52,174</u>     | <u>1</u>                            |
| <b>Undistributed Expenditures - Health Services:</b>                          |                            |                             |                         |                   |                                     |
| Salaries  | 204,436                    | 9,520                       | 213,956                 | 213,956           |                                     |
| Purchased Professional and Technical Services                                 | 20,644                     | (7,451)                     | 13,193                  | 13,193            |                                     |
| Supplies and Materials  | 4,300                      | 571                         | 4,871                   | 4,870             | 1                                   |
| <b>Total Undistributed Expenditures - Health Services</b>                     | <u>229,380</u>             | <u>2,640</u>                | <u>232,020</u>          | <u>232,019</u>    | <u>1</u>                            |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| <b>EXPENDITURES:</b>   |                            |                             |                         |                |                                     |
| <b>Current Expense:</b>  |                            |                             |                         |                |                                     |
| <b>Undist. Expend. - Speech, OT, PT and Related Services:</b>                      |                            |                             |                         |                |                                     |
| Salaries   | \$ 178,918                 | \$ (13,739)                 | \$ 165,179              | \$ 161,990     | \$ 3,189                            |
| Purchased Professional - Educational Services                                      | 56,140                     | (6,857)                     | 49,283                  | 35,966         | 13,317                              |
| Supplies and Materials   | 2,000                      |                             | 2,000                   | 27             | 1,973                               |
| <b>Total Undist. Expend. - Speech, OT, PT and Related Services</b>                 | <u>237,058</u>             | <u>(20,596)</u>             | <u>216,462</u>          | <u>197,983</u> | <u>18,479</u>                       |
| <br>   |                            |                             |                         |                |                                     |
| <b>Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services:</b>      |                            |                             |                         |                |                                     |
| Salaries   | 421,464                    | (54,960)                    | 366,504                 | 309,499        | 57,005                              |
| Purchased Professional - Educational Services                                      | 4,000                      |                             | 4,000                   | 3,215          | 785                                 |
| Supplies and Materials   | 500                        |                             | 500                     | 70             | 430                                 |
| <b>Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services</b> | <u>425,964</u>             | <u>(54,960)</u>             | <u>371,004</u>          | <u>312,784</u> | <u>58,220</u>                       |
| <br>   |                            |                             |                         |                |                                     |
| <b>Undist. Expend. - Guidance:</b>   |                            |                             |                         |                |                                     |
| Salaries of Other Professional Staff   | 554,745                    | (3,646)                     | 551,099                 | 551,084        | 15                                  |
| Salaries of Secretarial and Clerical Assistants                                    | 30,550                     |                             | 30,550                  | 30,550         |                                     |
| Purchased Professional - Educational Services                                      | 3,500                      |                             | 3,500                   | 1,938          | 1,562                               |
| Other Purchased Professional and Technical Services                                | 11,700                     | 3,015                       | 14,715                  | 13,169         | 1,546                               |
| Other Purchased Services   | 3,000                      |                             | 3,000                   | 3,000          |                                     |
| Supplies and Materials   | 7,415                      | (534)                       | 6,881                   | 6,872          | 9                                   |
| Other Objects  | 100                        | (32)                        | 68                      | 68             |                                     |
| <b>Total Undist. Expend. - Guidance</b>  | <u>611,010</u>             | <u>(1,197)</u>              | <u>609,813</u>          | <u>606,681</u> | <u>3,132</u>                        |
| <br>   |                            |                             |                         |                |                                     |
| <b>Undist. Expend. - Child Study Teams:</b>  |                            |                             |                         |                |                                     |
| Salaries of Other Professional Staff   | 357,901                    | 5,577                       | 363,478                 | 363,477        | 1                                   |
| Salaries of Secretarial and Clerical Assistants                                    | 106,443                    | (10,951)                    | 95,492                  | 95,492         |                                     |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| <b>EXPENDITURES:</b>   |                            |                             |                         |                |                                     |
| <b>Current Expense:</b>  |                            |                             |                         |                |                                     |
| <b>Undist. Expend. - Child Study Teams: (Cont'd)</b>                     |                            |                             |                         |                |                                     |
| Other Salaries   | \$ 350                     | \$ 460                      | \$ 810                  | \$ 810         |                                     |
| Purchased Professional - Educational Services                            | 3,565                      | 2,000                       | 5,565                   | 5,565          |                                     |
| Other Purchased Professional and Technical Services                      | 3,000                      | (370)                       | 2,630                   | 2,630          |                                     |
| Miscellaneous Purchased Services   | 7,425                      |                             | 7,425                   | 6,817          | \$ 608                              |
| Supplies and Materials   | 6,750                      | (649)                       | 6,101                   | 5,500          | 601                                 |
| Other Objects  | 1,015                      | 35                          | 1,050                   | 900            | 150                                 |
| <b>Total Undist. Expend. - Child Study Teams</b>                         | <b>486,449</b>             | <b>(3,898)</b>              | <b>482,551</b>          | <b>481,191</b> | <b>1,360</b>                        |
| <b>Undist. Expend. - Improvement of Instructional Services:</b>          |                            |                             |                         |                |                                     |
| Salaries of Supervisors of Instruction                                   | 61,699                     | 48,764                      | 110,463                 | 110,463        |                                     |
| Salaries of Other Professional Staff                                     | 21,505                     | (1,828)                     | 19,677                  | 19,677         |                                     |
| Salaries of Secretarial and Clerical Assistants                          |                            | 224                         | 224                     | 224            |                                     |
| Other Purchased Professional and Technical Services                      | 25,258                     | (25,258)                    |                         |                |                                     |
| <b>Total Undist. Expend. - Improvement of Instructional Services</b>     | <b>108,462</b>             | <b>21,902</b>               | <b>130,364</b>          | <b>130,364</b> |                                     |
| <b>Undist. Expend. - Educational Media Services/School Library:</b>      |                            |                             |                         |                |                                     |
| Salaries   | 224,772                    | (22,157)                    | 202,615                 | 202,613        | 2                                   |
| Salaries of Technology Coordinators                                      | 52,820                     | 788                         | 53,608                  | 53,608         |                                     |
| Supplies and Materials   | 27,566                     | 808                         | 28,374                  | 28,345         | 29                                  |
| <b>Total Undist. Expend. - Educational Media Services/School Library</b> | <b>305,158</b>             | <b>(20,561)</b>             | <b>284,597</b>          | <b>284,566</b> | <b>31</b>                           |
| <b>Undist. Expend. - Instructional Staff Training Services:</b>          |                            |                             |                         |                |                                     |
| Other Purchased Services   | 10,500                     | (1,134)                     | 9,366                   | 8,449          | 917                                 |
| Supplies and Materials   | 400                        |                             | 400                     |                | 400                                 |
| <b>Total Undist. Expend. - Instructional Staff Training Services</b>     | <b>10,900</b>              | <b>(1,134)</b>              | <b>9,766</b>            | <b>8,449</b>   | <b>1,317</b>                        |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>EXPENDITURES:</b>   |                            |                             |                         |                  |                                     |
| <b>Current Expense:</b>  |                            |                             |                         |                  |                                     |
| <b>Undist. Expend. - Support Services - General Administration:</b>      |                            |                             |                         |                  |                                     |
| Salaries   | \$ 229,940                 | \$ 14,351                   | \$ 244,291              | \$ 243,763       | \$ 528                              |
| Legal Services   | 40,000                     | 3,435                       | 43,435                  | 21,864           | 21,571                              |
| Audit Fees   | 39,126                     |                             | 39,126                  | 35,000           | 4,126                               |
| Other Purchased Professional Services                                    | 39,285                     | (5,705)                     | 33,580                  | 28,357           | 5,223                               |
| Communications/Telephone   | 77,760                     | (688)                       | 77,072                  | 66,783           | 10,289                              |
| BOE Other Purchased Services   | 6,669                      |                             | 6,669                   | 4,103            | 2,566                               |
| Other Purchased Services   | 89,152                     | (5,880)                     | 83,272                  | 79,428           | 3,844                               |
| General Supplies   | 5,500                      | 853                         | 6,353                   | 4,868            | 1,485                               |
| BOE In-House Training/Meeting Supplies                                   | 2,500                      |                             | 2,500                   | 1,227            | 1,273                               |
| Miscellaneous Expenditures   | 5,385                      |                             | 5,385                   | 2,585            | 2,800                               |
| BOE Membership Dues and Fees   | 12,444                     | (1,079)                     | 11,365                  | 11,361           | 4                                   |
| <b>Total Undist. Expend. - Support Services - General Administration</b> | <u>547,761</u>             | <u>5,287</u>                | <u>553,048</u>          | <u>499,339</u>   | <u>53,709</u>                       |
| <b>Undist. Expend. - Support Serv. - School Administration:</b>          |                            |                             |                         |                  |                                     |
| Salaries of Principals/Assistant Principals                              | 760,692                    | 17,086                      | 777,778                 | 777,183          | 595                                 |
| Salaries of Other Professional Staff                                     | 157,034                    | (45,999)                    | 111,035                 | 111,034          | 1                                   |
| Salaries of Secretarial and Clerical Assistants                          | 289,254                    | 14,719                      | 303,973                 | 303,973          |                                     |
| Purchased Professional and Technical Services                            |                            | 5,500                       | 5,500                   | 5,500            |                                     |
| Other Purchased Services   | 2,860                      | (1,392)                     | 1,468                   | 1,468            |                                     |
| Supplies and Materials   | 18,600                     | (1,682)                     | 16,918                  | 16,889           | 29                                  |
| Other Objects  | 15,425                     | (1,957)                     | 13,468                  | 11,980           | 1,488                               |
| <b>Total Undist. Expend. - Support Serv. - School Administration</b>     | <u>1,243,865</u>           | <u>(13,725)</u>             | <u>1,230,140</u>        | <u>1,228,027</u> | <u>2,113</u>                        |
| <b>Undist. Expend. - Central Services:</b>                               |                            |                             |                         |                  |                                     |
| Salaries   | 344,994                    | 3,183                       | 348,177                 | 348,177          |                                     |
| Purchased Professional Services  | 3,500                      | (580)                       | 2,920                   | 2,920            |                                     |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| <b>EXPENDITURES:</b>   |                            |                             |                         |                |                                     |
| <b>Current Expense:</b>  |                            |                             |                         |                |                                     |
| <b>Undist. Expend. - Central Services: (Cont'd)</b>                  |                            |                             |                         |                |                                     |
| Miscellaneous Purchased Services                                     | \$ 11,325                  | \$ (2,421)                  | \$ 8,904                | \$ 8,904       |                                     |
| Supplies and Materials   | 5,838                      | 15,323                      | 21,161                  | 9,465          | \$ 11,696                           |
| Miscellaneous Expenditures   | 4,990                      | 676                         | 5,666                   | 5,666          |                                     |
| <b>Total Undist. Expend. - Central Services</b>                      | <b>370,647</b>             | <b>16,181</b>               | <b>386,828</b>          | <b>375,132</b> | <b>11,696</b>                       |
| <b>Undist. Expend. - Administrative Information Technology:</b>      |                            |                             |                         |                |                                     |
| Salaries   | 89,770                     | 787                         | 90,557                  | 90,557         |                                     |
| Purchased Technical Services   | 58,042                     | (1,948)                     | 56,094                  | 53,051         | 3,043                               |
| Supplies and Materials   | 54,063                     | (882)                       | 53,181                  | 53,181         |                                     |
| <b>Total Undist. Expend. - Administrative Information Technology</b> | <b>201,875</b>             | <b>(2,043)</b>              | <b>199,832</b>          | <b>196,789</b> | <b>3,043</b>                        |
| <b>Required Maintenance for School Facilities:</b>                   |                            |                             |                         |                |                                     |
| Salaries   | 298,229                    | 8,184                       | 306,413                 | 305,375        | 1,038                               |
| Cleaning, Repair and Maintenance Services                            | 117,402                    | 46,762                      | 164,164                 | 156,753        | 7,411                               |
| General Supplies   | 52,764                     | 49,649                      | 102,413                 | 102,294        | 119                                 |
| Other Objects  | 1,500                      | 973                         | 2,473                   | 2,434          | 39                                  |
| <b>Total Required Maintenance for School Facilities</b>              | <b>469,895</b>             | <b>105,568</b>              | <b>575,463</b>          | <b>566,856</b> | <b>8,607</b>                        |
| <b>Undist. Expend. - Custodial Services:</b>                         |                            |                             |                         |                |                                     |
| Salaries   | 737,264                    | 3,833                       | 741,097                 | 740,004        | 1,093                               |
| Purchased Professional and Technical Services                        | 11,000                     | 3,918                       | 14,918                  | 14,383         | 535                                 |
| Cleaning, Repair and Maintenance Services                            | 27,960                     | 6,550                       | 34,510                  | 34,158         | 352                                 |
| Other Purchased Property Services                                    | 42,400                     | (531)                       | 41,869                  | 41,538         | 331                                 |
| Insurance  | 58,242                     |                             | 58,242                  | 58,242         |                                     |
| Miscellaneous Purchased Services                                     |                            | 5,994                       | 5,994                   | 5,994          |                                     |
| General Supplies   | 108,700                    | (30,865)                    | 77,835                  | 77,801         | 34                                  |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>EXPENDITURES:</b>                                      |                            |                             |                         |                  |                                     |
| <b>Current Expense:</b>                                   |                            |                             |                         |                  |                                     |
| <b>Undist. Expend. - Custodial Services: (Cont'd)</b>     |                            |                             |                         |                  |                                     |
| Energy (Natural Gas)                                      | \$ 291,329                 | \$ (158,686)                | \$ 132,643              | \$ 130,570       | \$ 2,073                            |
| Energy (Electricity)                                      | 266,000                    | (40,467)                    | 225,533                 | 202,452          | 23,081                              |
| Other Objects   | 5,000                      | 5,156                       | 10,156                  | 10,156           |                                     |
| <b>Total Undist. Expend. - Custodial Services</b>         | <u>1,547,895</u>           | <u>(205,098)</u>            | <u>1,342,797</u>        | <u>1,315,298</u> | <u>27,499</u>                       |
| <b>Undist. Expend. - Care and Upkeep of Grounds:</b>      |                            |                             |                         |                  |                                     |
| Salaries  | 53,874                     | 625                         | 54,499                  | 54,231           | 268                                 |
| Cleaning, Repair, and Maintenance Services                | 21,500                     | (17,166)                    | 4,334                   | 3,824            | 510                                 |
| General Supplies  | 20,300                     | (3,696)                     | 16,604                  | 16,604           |                                     |
| <b>Total Undist. Expend. - Care and Upkeep of Grounds</b> | <u>95,674</u>              | <u>(20,237)</u>             | <u>75,437</u>           | <u>74,659</u>    | <u>778</u>                          |
| <b>Undist. Expend. - Security</b>                         |                            |                             |                         |                  |                                     |
| Salaries  | 17,332                     |                             | 17,332                  | 17,332           |                                     |
| General Supplies  |                            | 9,256                       | 9,256                   | 9,256            |                                     |
| <b>Total Undist. Expend. - Security</b>                   | <u>17,332</u>              | <u>9,256</u>                | <u>26,588</u>           | <u>26,588</u>    |                                     |
| <b>Undist. Expend. - Student Transportation Services:</b> |                            |                             |                         |                  |                                     |
| <b>Salaries for Pupil Transportation:</b>                 |                            |                             |                         |                  |                                     |
| Between Home and School - Regular                         | 82,318                     | (6,276)                     | 76,042                  | 68,104           | 7,938                               |
| Between Home and School - Special Education               | 48,472                     | 2,814                       | 51,286                  | 51,286           |                                     |
| Other than Between Home and School                        | 46,292                     | 8,791                       | 55,083                  | 55,083           |                                     |
| Management Fees - ESC Transportation Programs             | 10,000                     | (2,381)                     | 7,619                   | 7,619            |                                     |
| Cleaning, Repair and Maintenance Services                 | 22,500                     | 19,786                      | 42,286                  | 42,286           |                                     |
| <b>Contracted Services:</b>                               |                            |                             |                         |                  |                                     |
| Aid in Lieu of Payments for Nonpublic School Students     | 7,500                      | (4,406)                     | 3,094                   | 3,094            |                                     |
| Between Home and School - Vendors                         |                            | 9,736                       | 9,736                   | 9,736            |                                     |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>EXPENDITURES:</b>   |                            |                             |                         |                  |                                     |
| Current Expense:   |                            |                             |                         |                  |                                     |
| Undist. Expend. - Student Transportation Services: (Cont'd)    |                            |                             |                         |                  |                                     |
| Contracted Services:   |                            |                             |                         |                  |                                     |
| Other than Between Home and School -Vendors                    | \$ 26,000                  | \$ (15,363)                 | \$ 10,637               | \$ 10,637        |                                     |
| Between Home and School - Joint Agreements                     | 70,275                     | 2,987                       | 73,262                  | 73,262           |                                     |
| Special Education Students - Vendors                           | 75,105                     | 1,449                       | 76,554                  | 76,554           |                                     |
| Miscellaneous Purchased Services - Transportation              | 10,586                     |                             | 10,586                  | 10,586           |                                     |
| Supplies and Materials   | 21,000                     | 27,932                      | 48,932                  | 48,932           |                                     |
| Other Objects  | 2,000                      | 1,712                       | 3,712                   | 3,712            |                                     |
| <b>Total Undist. Expend. - Student Transportation Services</b> | <u>422,048</u>             | <u>46,781</u>               | <u>468,829</u>          | <u>460,891</u>   | <u>\$ 7,938</u>                     |
| Unallocated Benefits:  |                            |                             |                         |                  |                                     |
| Social Security Contributions                                  | 360,000                    | (32,666)                    | 327,334                 | 324,421          | 2,913                               |
| Other Retirement Contribution - PERS                           | 322,601                    | (44,554)                    | 278,047                 | 278,047          |                                     |
| Other Retirement Contribution - Regular                        | 15,000                     | 1,392                       | 16,392                  | 16,392           |                                     |
| Unemployment Compensation                                      | 46,000                     | 12,014                      | 58,014                  | 58,014           |                                     |
| Workmen's Compensation   | 173,694                    | (24)                        | 173,670                 | 173,670          |                                     |
| Health Benefits  | 3,240,640                  | 129,468                     | 3,370,108               | 3,316,851        | 53,257                              |
| Tuition Reimbursement  | 28,000                     |                             | 28,000                  | 28,000           |                                     |
| Other Employee Benefits  | 102,315                    | (38,632)                    | 63,683                  | 63,341           | 342                                 |
| <b>Total Unallocated Benefits</b>                              | <u>4,288,250</u>           | <u>26,998</u>               | <u>4,315,248</u>        | <u>4,258,736</u> | <u>56,512</u>                       |
| ON-BEHALF CONTRIBUTIONS:                                       |                            |                             |                         |                  |                                     |
| TPAF On-Behalf Pension Contributions (non-budgeted)            |                            |                             |                         | 725,327          | (725,327)                           |
| TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)  |                            |                             |                         | 820,162          | (820,162)                           |
| Reimbursed TPAF Social Security Contributions (non-budgeted)   |                            |                             |                         | 860,061          | (860,061)                           |
| <b>TOTAL ON-BEHALF CONTRIBUTIONS</b>                           |                            |                             |                         | <u>2,405,550</u> | <u>(2,405,550)</u>                  |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|--------------|-----------------------------|
| EXPENDITURES:  |                    |                     |                 |              |                             |
| TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS                | \$ 4,288,250       | \$ 26,998           | \$ 4,315,248    | \$ 6,664,286 | \$ (2,349,038)              |
| TOTAL UNDISTRIBUTED EXPENDITURES                           | 12,333,285         | (173,646)           | 12,159,639      | 14,292,919   | (2,133,280)                 |
| TOTAL GENERAL CURRENT EXPENSE                              | 23,605,042         | (226,863)           | 23,378,179      | 25,364,634   | (1,986,455)                 |
| CAPITAL OUTLAY:  |                    |                     |                 |              |                             |
| Equipment:   |                    |                     |                 |              |                             |
| Regular Programs - Instruction:                            |                    |                     |                 |              |                             |
| Grades 9-12  | 6,818              |                     | 6,818           | 6,521        | 297                         |
| Undistributed:   |                    |                     |                 |              |                             |
| Instruction  |                    | 115                 | 115             |              | 115                         |
| School Administration                                      |                    | 17,436              | 17,436          | 17,436       |                             |
| Administration Information Technology                      |                    | 50,589              | 50,589          | 50,589       |                             |
| Care and Upkeep of Grounds                                 |                    | 39,807              | 39,807          | 2,181        | 37,626                      |
| School Buses - Regular                                     |                    | 63,000              | 63,000          | 63,000       |                             |
| Total Equipment  | 6,818              | 170,947             | 177,765         | 139,727      | 38,038                      |
| Facilities Acquisition and Construction Services:          |                    |                     |                 |              |                             |
| Construction Services                                      | 1,323,583          | 115,000             | 1,438,583       | 1,422,333    | 16,250                      |
| Supplies and Materials                                     | 115,000            | (115,000)           |                 |              |                             |
| Other Objects - Assessment for Debt Service on SDA Funding | 37,614             |                     | 37,614          | 37,614       |                             |
| Total Facilities Acquisition and Construction Services     | 1,476,197          |                     | 1,476,197       | 1,459,947    | 16,250                      |
| TOTAL CAPITAL OUTLAY                                       | 1,483,015          | 170,947             | 1,653,962       | 1,599,674    | 54,288                      |
| Transfer of Funds to Charter Schools                       | 71,660             | 55,916              | 127,576         | 120,345      | 7,231                       |
| TOTAL EXPENDITURES   | 25,159,717         |                     | 25,159,717      | 27,084,653   | (1,924,936)                 |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|--------------|-----------------------------|
| EXPENDITURES:  |                    |                     |                 |              |                             |
| Excess/(Deficit) of Revenues Over/(Under) Expenditures | \$ (1,006,973)     |                     | \$ (1,006,973)  | \$ (484,277) | \$ 522,696                  |
| Fund Balance, July 1                                   | 1,622,024          |                     | 1,622,024       | 1,622,024    |                             |
| Fund Balance, June 30                                  | \$ 615,051         | \$ -0-              | \$ 615,051      | \$ 1,137,747 | \$ 522,696                  |
| Recapitulation:  |                    |                     |                 |              |                             |
| Restricted Fund Balance:                               |                    |                     |                 |              |                             |
| Capital Reserve  |                    |                     |                 | \$ 409,866   |                             |
| Assigned Fund Balance:                                 |                    |                     |                 |              |                             |
| Designated for Subsequent Year's Expenditures          |                    |                     |                 | 36,138       |                             |
| Year End Encumbrances                                  |                    |                     |                 | 114,550      |                             |
| Unassigned Fund Balance                                |                    |                     |                 | 577,193      |                             |
|  |                    |                     |                 | 1,137,747    |                             |
| Reconciliation to Governmental Funds Statement (GAAP): |                    |                     |                 |              |                             |
| Last State Aid Payments not Recognized on GAAP basis   |                    |                     |                 | (575,068)    |                             |
| Fund Balance per Governmental Funds (GAAP)             |                    |                     |                 | \$ 562,679   |                             |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|   | <u>Original Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final Budget</u> | <u>Actual</u>  | <u>Variance Final<br/>to Actual</u> |
|---|------------------------|-----------------------------|---------------------|----------------|-------------------------------------|
| <b>REVENUES:</b>                                |                        |                             |                     |                |                                     |
| Local Sources                                   |                        | \$ 33,544                   | \$ 33,544           | \$ 6,614       | \$ (26,930)                         |
| State Sources                                   | \$ 78,222              | 29,691                      | 107,913             | 81,693         | (26,220)                            |
| Federal Sources                                 | 554,370                | 192,583                     | 746,953             | 617,242        | (129,711)                           |
| <b>Total Revenues</b>                           | <u>632,592</u>         | <u>255,818</u>              | <u>888,410</u>      | <u>705,549</u> | <u>(182,861)</u>                    |
| <b>EXPENDITURES:</b>                            |                        |                             |                     |                |                                     |
| <b>Instruction:</b>                             |                        |                             |                     |                |                                     |
| Salaries of Teachers                            | 48,464                 | 81,885                      | 130,349             | 83,079         | 47,270                              |
| Other Salaries for Instruction                  | 10,000                 | 36,262                      | 46,262              | 33,749         | 12,513                              |
| Other Purchased Services                        | 47,670                 | (40,002)                    | 7,668               | 3,263          | 4,405                               |
| Tuition   | 151,180                | 11,900                      | 163,080             | 163,080        |                                     |
| General Supplies                                | 62,812                 | 22,506                      | 85,318              | 67,446         | 17,872                              |
| Textbooks                                       | 7,852                  | 2,399                       | 10,251              | 8,362          | 1,889                               |
| Other Objects                                   |                        | 33,338                      | 33,338              | 12,831         | 20,507                              |
| <b>Total Instruction</b>                        | <u>327,978</u>         | <u>148,288</u>              | <u>476,266</u>      | <u>371,810</u> | <u>104,456</u>                      |
| <b>Support Services:</b>                        |                        |                             |                     |                |                                     |
| Salaries of Secretarial and Clerical Assistants |                        | 750                         | 750                 |                | 750                                 |
| Personal Services - Employee Benefits           | 7,806                  | 5,678                       | 13,484              | 8,776          | 4,708                               |
| Purchased Professional and Technical Services   | 42,391                 | 81,887                      | 124,278             | 86,321         | 37,957                              |
| Purchased Professional-Educational Services     | 179,265                | 3,731                       | 182,996             | 166,994        | 16,002                              |
| Other Purchased Services                        | 75,152                 | (26,769)                    | 48,383              | 43,215         | 5,168                               |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|                              | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|------------------------------|------------------------|-------------------------|---------------------|---------------|---------------------------------|
| EXPENDITURES:                |                        |                         |                     |               |                                 |
| Support Services:            |                        |                         |                     |               |                                 |
| Supplies and Materials       |                        | \$ 37,253               | \$ 37,253           | \$ 28,353     | \$ 8,900                        |
| Total Support Services       | \$ 304,614             | 102,530                 | 407,144             | 333,659       | 73,485                          |
| Facilities Acquisition:      |                        |                         |                     |               |                                 |
| Construction Services        |                        | 1,000                   | 1,000               |               | 1,000                           |
| Instructional Equipment      |                        | 4,000                   | 4,000               | 80            | 3,920                           |
| Total Facilities Acquisition |                        | 5,000                   | 5,000               | 80            | 4,920                           |
| Total Expenditures           | \$ 632,592             | \$ 255,818              | \$ 888,410          | \$ 705,549    | \$ 182,861                      |

TOWN OF NEWTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

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

|  | General<br>Fund      | Special<br>Revenue<br>Fund |
|--|----------------------|----------------------------|
| Sources/Inflows of Resources   |                      |                            |
| Actual Amounts (Budgetary Basis) "Revenue"<br>from the Budgetary Comparison Schedule   | \$ 26,600,376        | \$ 705,549                 |
| Difference - Budget to GAAP:   |                      |                            |
| Grant Accounting Budgetary Basis Differs from GAAP in that the<br>Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue,<br>Whereas the GAAP Basis does not:   |                      |                            |
| Current Year Encumbrances  |                      | (14,194)                   |
| Prior Year Encumbrances  |                      | 633                        |
| Prior Year State Aid Payments Recognized for GAAP Purposes, not<br>Recognized for Budgetary Statements   | 547,258              |                            |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not<br>Recognized for GAAP Statements   | (575,068)            |                            |
|  | <u>\$ 26,572,566</u> | <u>\$ 691,988</u>          |
| Total Revenues as Reported on the Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds   |                      |                            |
| Uses/Outflows of Resources:  |                      |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule  | \$ 27,084,653        | \$ 705,549                 |
| Differences - Budget to GAAP   |                      |                            |
| Encumbrances for Supplies and Equipment Ordered but<br>Not Received are Reported in the Year the Order is Placed for<br>Budgetary Purposes, but in the Year the Supplies are Received<br>for Financial Reporting Purposes: |                      |                            |
| Current Year Encumbrances  |                      | (14,194)                   |
| Prior Year Encumbrances  |                      | 633                        |
|  | <u>\$ 27,084,653</u> | <u>\$ 691,988</u>          |
| Total Expenditures as Reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances - Governmental Funds  |                      |                            |

TOWN OF NEWTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2013 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the 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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | <u>Race to<br/>the Top</u> | <u>Carl D. Perkins<br/>- Secondary<br/>2012-13</u> | <u>Private<br/>Donations</u> | <u>NJ Coordinated<br/>School Health<br/>Halsted 2012-13</u> |
|---|----------------------------|--|------------------------------|---|
| <b>REVENUES</b>                               |                            |  |                              |   |
| Local Sources                                 |                            |  | \$ 6,614                     |   |
| State Sources                                 |                            |  |                              | \$ 1,394  |
| Federal Sources                               | \$ 11,401                  | \$ 23,632  |                              |   |
| Total Revenues                                | <u>11,401</u>              | <u>23,632</u>                                      | <u>6,614</u>                 | <u>1,394</u>  |
| <b>EXPENDITURES:</b>                          |                            |  |                              |   |
| <b>Instruction:</b>                           |                            |  |                              |   |
| Salaries of Teachers                          |                            | 14,350   |                              |   |
| Other Salaries for Instruction                |                            |  |                              |   |
| Other Purchased Services                      |                            |  |                              |   |
| Tuition                                       |                            |  |                              |   |
| General Supplies                              |                            | 1,982  |                              |   |
| Textbooks                                     |                            |  |                              |   |
| Other Objects                                 |                            | 5,928  | 6,614                        |   |
| Total Instruction                             |                            | <u>22,260</u>                                      | <u>6,614</u>                 |   |
| <b>Support Services:</b>                      |                            |  |                              |   |
| Personal Services - Employee Benefits         |                            | 937  |                              |   |
| Purchased Professional and Technical Services | 11,401                     |  |                              |   |
| Purchased Professional - Educational Services |                            |  |                              |   |
| Other Purchased Services                      |                            | 435  |                              |   |
| Supplies and Materials                        |                            |  |                              | 1,394   |
| Total Support Services                        | <u>11,401</u>              | <u>1,372</u>                                       |                              | <u>1,394</u>  |
| <b>Facilities Acquisition:</b>                |                            |  |                              |   |
| Instructional Equipment                       |                            |  |                              |   |
| Total Facilities Acquisition                  |                            |  |                              |   |
| Total Expenditures                            | <u>\$ 11,401</u>           | <u>\$ 23,632</u>                                   | <u>\$ 6,614</u>              | <u>\$ 1,394</u>   |

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | Nonpublic        |                 | Nonpublic<br>Auxiliary Srvs | Nonpublic Handicapped Services |                                      |                      |
|---|------------------|-----------------|-----------------------------|--------------------------------|--------------------------------------|----------------------|
|   | Nursing          | Textbooks       | Compensatory<br>Education   | Supplementary<br>Instruction   | Examination<br>and<br>Classification | Corrective<br>Speech |
| <b>REVENUES:</b>                              |                  |                 |                             |                                |                                      |                      |
| Local Sources                                 |                  |                 |                             |                                |                                      |                      |
| State Sources                                 | \$ 14,228        | \$ 8,362        | \$ 28,842                   | \$ 12,766                      | \$ 12,586                            | \$ 3,515             |
| Federal Sources                               |                  |                 |                             |                                |                                      |                      |
| <b>Total Revenues</b>                         | <b>14,228</b>    | <b>8,362</b>    | <b>28,842</b>               | <b>12,766</b>                  | <b>12,586</b>                        | <b>3,515</b>         |
| <b>EXPENDITURES:</b>                          |                  |                 |                             |                                |                                      |                      |
| <b>Instruction:</b>                           |                  |                 |                             |                                |                                      |                      |
| Salaries of Teachers                          |                  |                 |                             |                                |                                      |                      |
| Other Salaries for Instruction                |                  |                 |                             |                                |                                      |                      |
| Other Purchased Services                      |                  |                 |                             |                                |                                      |                      |
| Tuition                                       |                  |                 |                             |                                |                                      |                      |
| General Supplies                              |                  |                 |                             |                                |                                      |                      |
| Textbooks                                     |                  | 8,362           |                             |                                |                                      |                      |
| Other Objects                                 |                  |                 |                             |                                |                                      |                      |
| <b>Total Instruction</b>                      |                  | <b>8,362</b>    |                             |                                |                                      |                      |
| <b>Support Services:</b>                      |                  |                 |                             |                                |                                      |                      |
| Personal Services - Employee Benefits         |                  |                 |                             |                                |                                      |                      |
| Purchased Professional and Technical Services |                  |                 |                             |                                | 12,586                               | 3,515                |
| Purchased Professional - Educational Services |                  |                 | 28,842                      | 12,766                         |                                      |                      |
| Other Purchased Services                      | 14,228           |                 |                             |                                |                                      |                      |
| Supplies and Materials                        |                  |                 |                             |                                |                                      |                      |
| <b>Total Support Services</b>                 | <b>14,228</b>    |                 | <b>28,842</b>               | <b>12,766</b>                  | <b>12,586</b>                        | <b>3,515</b>         |
| <b>Facilities Acquisition:</b>                |                  |                 |                             |                                |                                      |                      |
| Instructional Equipment                       |                  |                 |                             |                                |                                      |                      |
| <b>Total Facilities Acquisition</b>           |                  |                 |                             |                                |                                      |                      |
| <b>Total Expenditures</b>                     | <b>\$ 14,228</b> | <b>\$ 8,362</b> | <b>\$ 28,842</b>            | <b>\$ 12,766</b>               | <b>\$ 12,586</b>                     | <b>\$ 3,515</b>      |

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | I.D.E.A.         |                    |                      |                        |
|---|------------------|--------------------|----------------------|------------------------|
|   | Basic<br>2012-13 | Basic<br>Carryover | Preschool<br>2012-13 | Preschool<br>Carryover |
| <b>REVENUES:</b>                              |                  |                    |                      |                        |
| Local Sources                                 |                  |                    |                      |                        |
| State Sources                                 |                  |                    |                      |                        |
| Federal Sources                               | \$ 316,652       | \$ 8,168           | \$ 1,603             | \$ 4,204               |
| Total Revenues                                | 316,652          | 8,168              | 1,603                | 4,204                  |
| <b>EXPENDITURES:</b>                          |                  |                    |                      |                        |
| <b>Instruction:</b>                           |                  |                    |                      |                        |
| Salaries of Teachers                          |                  |                    |                      |                        |
| Other Salaries for Instruction                |                  |                    | 566                  |                        |
| Other Purchased Services                      |                  |                    |                      |                        |
| Tuition                                       | 163,080          |                    |                      |                        |
| General Supplies                              | 13,221           | 3,813              | 994                  | 3,915                  |
| Textbooks                                     |                  |                    |                      |                        |
| Other Objects                                 |                  |                    |                      | 289                    |
| Total Instruction                             | 176,301          | 3,813              | 1,560                | 4,204                  |
| <b>Support Services:</b>                      |                  |                    |                      |                        |
| Personal Services - Employee Benefits         |                  |                    | 43                   |                        |
| Purchased Professional and Technical Services | 16,529           | 957                |                      |                        |
| Purchased Professional - Educational Services | 115,397          | 3,398              |                      |                        |
| Other Purchased Services                      | 1,351            |                    |                      |                        |
| Supplies and Materials                        | 6,994            |                    |                      |                        |
| Total Support Services                        | 140,271          | 4,355              | 43                   |                        |
| <b>Facilities Acquisition:</b>                |                  |                    |                      |                        |
| Instructional Equipment                       | 80               |                    |                      |                        |
| Total Facilities Acquisition                  | 80               |                    |                      |                        |
| Total Expenditures                            | \$ 316,652       | \$ 8,168           | \$ 1,603             | \$ 4,204               |

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | No Child Left Behind |                  |                      |                        | Totals<br>2013    |
|---|----------------------|------------------|----------------------|------------------------|-------------------|
|   | Title I              | Title IIA        | Title I<br>Carryover | Title IIA<br>Carryover |                   |
| <b>REVENUES:</b>                              |                      |                  |                      |                        |                   |
| Local Sources                                 |                      |                  |                      |                        | \$ 6,614          |
| State Sources                                 |                      |                  |                      |                        | 81,693            |
| Federal Sources                               | \$ 158,500           | \$ 37,797        | \$ 51,730            | \$ 3,555               | 617,242           |
| <b>Total Revenues</b>                         | <u>158,500</u>       | <u>37,797</u>    | <u>51,730</u>        | <u>3,555</u>           | <u>705,549</u>    |
| <b>EXPENDITURES:</b>                          |                      |                  |                      |                        |                   |
| <b>Instruction:</b>                           |                      |                  |                      |                        |                   |
| Salaries of Teachers                          | 37,110               |                  | 31,619               |                        | 83,079            |
| Other Salaries for Instruction                | 33,183               |                  |                      |                        | 33,749            |
| Other Purchased Services                      | 3,263                |                  |                      |                        | 3,263             |
| Tuition                                       |                      |                  |                      |                        | 163,080           |
| General Supplies                              | 28,552               |                  | 14,969               |                        | 67,446            |
| Textbooks                                     |                      |                  |                      |                        | 8,362             |
| Other Objects                                 |                      |                  |                      |                        | 12,831            |
| <b>Total Instruction</b>                      | <u>102,108</u>       |                  | <u>46,588</u>        |                        | <u>371,810</u>    |
| <b>Support Services:</b>                      |                      |                  |                      |                        |                   |
| Personal Services - Employee Benefits         | 5,377                |                  | 2,419                |                        | 8,776             |
| Purchased Professional and Technical Services | 24,400               | 16,933           |                      |                        | 86,321            |
| Purchased Professional - Educational Services |                      | 3,591            |                      | 3,000                  | 166,994           |
| Other Purchased Services                      | 14,298               | 11,692           | 656                  | 555                    | 43,215            |
| Supplies and Materials                        | 12,317               | 5,581            | 2,067                |                        | 28,353            |
| <b>Total Support Services</b>                 | <u>56,392</u>        | <u>37,797</u>    | <u>5,142</u>         | <u>3,555</u>           | <u>333,659</u>    |
| <b>Facilities Acquisition:</b>                |                      |                  |                      |                        |                   |
| Instructional Equipment                       |                      |                  |                      |                        | 80                |
| <b>Total Facilities Acquisition</b>           |                      |                  |                      |                        | <u>80</u>         |
| <b>Total Expenditures</b>                     | <u>\$ 158,500</u>    | <u>\$ 37,797</u> | <u>\$ 51,730</u>     | <u>\$ 3,555</u>        | <u>\$ 705,549</u> |

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOT APPLICABLE

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

Exhibit G-1

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013

|  | <u>Food<br/>Service</u> | <u>After Care<br/>Program</u> | <u>Total</u> |
|--|-------------------------|-------------------------------|--------------|
| <u>ASSETS:</u>                         |                         |                               |              |
| Current Assets:                        |                         |                               |              |
| Cash and Cash Equivalents              | \$ 96,968               | \$ 39,580                     | \$ 136,548   |
| Intergovernmental Accounts Receivable: |                         |                               |              |
| State                                  | 533                     |                               | 533          |
| Federal                                | 21,501                  |                               | 21,501       |
| Other Accounts Receivable              | 19,914                  | 5,655                         | 25,569       |
| Interfund Receivable - General Fund    | 1,460                   |                               | 1,460        |
| Inventories                            | 15,339                  |                               | 15,339       |
|  | <hr/>                   | <hr/>                         | <hr/>        |
| Total Current Assets                   | 155,715                 | 45,235                        | 200,950      |
| Non-Current Assets:                    |                         |                               |              |
| Capital Assets                         | 201,058                 |                               | 201,058      |
| Less: Accumulated Depreciation         | (164,881)               |                               | (164,881)    |
|  | <hr/>                   | <hr/>                         | <hr/>        |
| Total Non-Current Assets               | 36,177                  |                               | 36,177       |
|  | <hr/>                   | <hr/>                         | <hr/>        |
| Total Assets                           | 191,892                 | 45,235                        | 237,127      |
| <u>LIABILITIES:</u>                    |                         |                               |              |
| Current Liabilities:                   |                         |                               |              |
| Accounts Payable - Vendors             | 54,767                  |                               | 54,767       |
| Unearned Revenue                       | 8,267                   |                               | 8,267        |
|  | <hr/>                   | <hr/>                         | <hr/>        |
| Total Current Liabilities              | 63,034                  |                               | 63,034       |
| <u>NET POSITION:</u>                   |                         |                               |              |
| Net Investment in Capital Assets       | 36,177                  |                               | 36,177       |
| Unrestricted                           | 92,681                  | 45,235                        | 137,916      |
|  | <hr/>                   | <hr/>                         | <hr/>        |
| Total Net Position                     | \$ 128,858              | \$ 45,235                     | \$ 174,093   |
|  | <hr/> <hr/>             | <hr/> <hr/>                   | <hr/> <hr/>  |

Exhibit G-2

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | <u>Food<br/>Service</u> | <u>After Care<br/>Program</u> | <u>Total</u>      |
|---|-------------------------|-------------------------------|-------------------|
| Operating Revenue:                      |                         |                               |                   |
| Local Sources:                          |                         |                               |                   |
| Daily Sales - Reimbursable Programs     | \$ 223,767              |                               | \$ 223,767        |
| Daily Sales - Non-Reimbursable Programs | 153,368                 |                               | 153,368           |
| Other Income                            |                         | \$ 70,505                     | 70,505            |
| Special Events                          | 8,482                   |                               | 8,482             |
| Total Operating Revenue                 | <u>385,617</u>          | <u>70,505</u>                 | <u>456,122</u>    |
| Operating Expenses:                     |                         |                               |                   |
| Cost of Sales                           | 262,232                 |                               | 262,232           |
| Salaries, Benefits & Payroll Taxes      | 278,906                 | 42,967                        | 321,873           |
| Other Purchased Services                | 4,539                   |                               | 4,539             |
| Supplies, Insurance and Other Costs     | 19,918                  | 14,344                        | 34,262            |
| Management Fee                          | 93,309                  |                               | 93,309            |
| Miscellaneous Expenditures              | 4,851                   | 82                            | 4,933             |
| Depreciation Expense                    | 3,014                   |                               | 3,014             |
| Total Operating Expenses                | <u>666,769</u>          | <u>57,393</u>                 | <u>724,162</u>    |
| Operating Income/(Loss)                 | <u>(281,152)</u>        | <u>13,112</u>                 | <u>(268,040)</u>  |
| Non-Operating Revenue:                  |                         |                               |                   |
| Local Sources:                          |                         |                               |                   |
| Interest Income                         | 167                     | 85                            | 252               |
| State Sources:                          |                         |                               |                   |
| State School Lunch Program              | 7,189                   |                               | 7,189             |
| Federal Sources:                        |                         |                               |                   |
| National School Lunch Program           | 237,854                 |                               | 237,854           |
| School Breakfast Program                | 35,680                  |                               | 35,680            |
| Food Distribution Program               | 24,076                  |                               | 24,076            |
| Total Non-Operating Revenue             | <u>304,966</u>          | <u>85</u>                     | <u>305,051</u>    |
| Change in Net Position                  | 23,814                  | 13,197                        | 37,011            |
| Net Position - Beginning of Year        | <u>105,044</u>          | <u>32,038</u>                 | <u>137,082</u>    |
| Net Position - End of Year              | <u>\$ 128,858</u>       | <u>\$ 45,235</u>              | <u>\$ 174,093</u> |

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|  | Food<br>Service  | After Care<br>Program | Total             |
|--|------------------|-----------------------|-------------------|
| Cash Flows from Operating Activities:                      |                  |                       |                   |
| Receipts from Customers                                    | \$ 387,886       | \$ 67,780             | \$ 455,666        |
| Payments to Food Service Contractor                        | (584,022)        |                       | (584,022)         |
| Payments to/for Employees                                  | (34,856)         | (42,967)              | (77,823)          |
| Payments for Suppliers                                     | (9,629)          | (14,426)              | (24,055)          |
| Net Cash Provided by/(Used for) Operating Activities       | <u>(240,621)</u> | <u>10,387</u>         | <u>(230,234)</u>  |
| Cash Flows from Capital and Related Financing Activities:  |                  |                       |                   |
| Purchases of Capital Assets                                | <u>(37,440)</u>  |                       | <u>(37,440)</u>   |
| Net Cash Used for Capital and Related Financing Activities | <u>(37,440)</u>  |                       | <u>(37,440)</u>   |
| Cash Flows from Investing Activities:                      |                  |                       |                   |
| Interest Income  | <u>167</u>       | <u>85</u>             | <u>252</u>        |
| Net Cash Provided by Investing Activities                  | <u>167</u>       | <u>85</u>             | <u>252</u>        |
| Cash Flows from Noncapital Financing Activities:           |                  |                       |                   |
| Interfund Returned - General Fund                          | 3,921            |                       | 3,921             |
| State Sources  | 6,902            |                       | 6,902             |
| Federal Sources  | <u>259,499</u>   |                       | <u>259,499</u>    |
| Net Cash Provided by Noncapital Financing Activities       | <u>270,322</u>   |                       | <u>270,322</u>    |
| Net Increase/(Decrease) in Cash and Cash Equivalents       | (7,572)          | 10,472                | 2,900             |
| Cash and Cash Equivalents, July 1                          | <u>104,540</u>   | <u>29,108</u>         | <u>133,648</u>    |
| Cash and Cash Equivalents, June 30                         | <u>\$ 96,968</u> | <u>\$ 39,580</u>      | <u>\$ 136,548</u> |

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | <u>Food<br/>Service</u> | <u>After Care<br/>Program</u> | <u>Total</u>        |
|---|-------------------------|-------------------------------|---------------------|
| Reconciliation of Operating Income/(Loss) to Net Cash Provided by/<br>(Used for) Operating Activities:  |                         |                               |                     |
| Operating Income/(Loss)   | \$ (281,152)            | \$ 13,112                     | \$ (268,040)        |
| Adjustment to Reconcile Operating Income/(Loss) to Cash<br>Provided by/(Used for) Operating Activities: |                         |                               |                     |
| Depreciation  | 3,014                   |                               | 3,014               |
| Food Distribution Program   | 24,076                  |                               | 24,076              |
| Changes in Assets and Liabilities:  |                         |                               |                     |
| Increase/(Decrease) in Unearned Revenue   | 176                     | (75)                          | 101                 |
| Increase in Accounts Payable  | 17,582                  |                               | 17,582              |
| (Increase) in Other Accounts Receivable   | (4,477)                 | (2,650)                       | (7,127)             |
| Decrease in Inventory   | 160                     |                               | 160                 |
| Net Cash Provided by/(Used for) Operating Activities  | <u>\$ (240,621)</u>     | <u>\$ 10,387</u>              | <u>\$ (230,234)</u> |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$24,252 and utilized U.S.D.A. Commodities valued at \$24,076.

FIDUCIARY FUNDS

TOWN OF NEWTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013

|                                     | <u>Agency</u>               |                |                | <u>Private Purpose<br/>Scholarship<br/>Trust</u> |
|-------------------------------------|-----------------------------|----------------|----------------|--|
|                                     | <u>Student<br/>Activity</u> | <u>Payroll</u> | <u>Totals</u>  |  |
| <u>ASSETS:</u>                      |                             |                |                |  |
| Cash and Cash Equivalents           | \$ 186,928                  | \$ 123,438     | \$ 310,366     | \$ 1,551   |
| Investments                         | 13,000                      |                | 13,000         | 72,154   |
| Total Assets                        | <u>199,928</u>              | <u>123,438</u> | <u>323,366</u> | <u>73,705</u>                                    |
| <u>LIABILITIES:</u>                 |                             |                |                |  |
| Payroll Deductions and Withholdings |                             | 123,438        | 123,438        |  |
| Due to Student Groups               | 199,928                     |                | 199,928        |  |
| Total Liabilities                   | <u>199,928</u>              | <u>123,438</u> | <u>323,366</u> |  |
| <u>NET POSITION:</u>                |                             |                |                |  |
| Restricted for Scholarships         |                             |                |                | <u>73,705</u>                                    |
| Total Net Position                  | <u>\$ -0-</u>               | <u>\$ -0-</u>  | <u>\$ -0-</u>  | <u>\$ 73,705</u>                                 |

TOWN OF NEWTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|                                      | <u>Private Purpose<br/>Scholarship Trust</u> |
|--------------------------------------|--|
| <b>ADDITIONS:</b>                    |  |
| Investment Earnings:                 |  |
| Interest                             | \$ 31  |
| Net Investment Earnings              | <u>31</u>                                    |
| Total Additions                      | <u>31</u>                                    |
| <b>DEDUCTIONS:</b>                   |  |
| Scholarships Awarded                 | <u>9,000</u>                                 |
| Total Deductions                     | <u>9,000</u>                                 |
| Change in Net Position               | (8,969)                                      |
| Net Position - Beginning of the Year | <u>82,674</u>                                |
| Net Position - End of the Year       | <u><u>\$ 73,705</u></u>                      |

Exhibit H-3

TOWN OF NEWTON SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

|                            | <u>Balance</u><br><u>July 1, 2012</u> | <u>Additions</u>         | <u>Deletions</u>         | <u>Balance</u><br><u>June 30, 2013</u> |
|----------------------------|---------------------------------------|--------------------------|--------------------------|--|
| <b><u>ASSETS:</u></b>      |                                       |                          |                          |  |
| Cash and Cash Equivalents  | \$ 204,910                            | \$ 356,029               | \$ 374,011               | \$ 186,928                             |
| Investments                | 13,000                                |                          |                          | 13,000                                 |
| <b>Total Assets</b>        | <b><u>\$ 217,910</u></b>              | <b><u>\$ 356,029</u></b> | <b><u>\$ 374,011</u></b> | <b><u>\$ 199,928</u></b>               |
| <b><u>LIABILITIES:</u></b> |                                       |                          |                          |  |
| Liabilities:               |                                       |                          |                          |  |
| Due to Student Groups      | \$ 217,910                            | \$ 356,029               | \$ 374,011               | \$ 199,928                             |
| <b>Total Liabilities</b>   | <b><u>\$ 217,910</u></b>              | <b><u>\$ 356,029</u></b> | <b><u>\$ 374,011</u></b> | <b><u>\$ 199,928</u></b>               |

Exhibit H-4

TOWN OF NEWTON SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

|  | <u>Balance</u><br><u>July 1, 2012</u> | <u>Additions</u>     | <u>Deletions</u>     | <u>Balance</u><br><u>June 30, 2013</u> |
|--|---------------------------------------|----------------------|----------------------|--|
| <b><u>ASSETS:</u></b>                  |                                       |                      |                      |  |
| Cash and Cash Equivalents              | \$ 14,242                             | \$ 27,965,748        | \$ 27,856,552        | \$ 123,438                             |
| Total Assets                           | <u>\$ 14,242</u>                      | <u>\$ 27,965,748</u> | <u>\$ 27,856,552</u> | <u>\$ 123,438</u>                      |
| <br><b><u>LIABILITIES:</u></b>         |                                       |                      |                      |  |
| Payroll Deductions<br>and Withholdings | \$ 14,242                             | \$ 27,965,748        | \$ 27,856,552        | \$ 123,438                             |
| Total Liabilities                      | <u>\$ 14,242</u>                      | <u>\$ 27,965,748</u> | <u>\$ 27,856,552</u> | <u>\$ 123,438</u>                      |

LONG-TERM DEBT

TOWN OF NEWTON SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| Purpose         | Date of Issue | Original Issue | Maturities of Bonds Outstanding |            | Interest Rate | Balance July 1, 2012 | Retired or Matured | Balance June 30, 2013 |
|-----------------|---------------|----------------|---------------------------------|------------|---------------|----------------------|--------------------|-----------------------|
|                 |               |                | Date                            | Amount     |               |                      |                    |                       |
| Refunding Bonds | 3/30/06       | \$ 8,230,000   | 07/15/13                        | \$ 100,000 | 3.750%        |                      |                    |                       |
|                 |               |                | 07/15/13                        | 155,000    | 5.000%        |                      |                    |                       |
|                 |               |                | 07/15/14                        | 265,000    | 5.000%        |                      |                    |                       |
|                 |               |                | 07/15/15                        | 200,000    | 4.000%        |                      |                    |                       |
|                 |               |                | 07/15/15                        | 75,000     | 5.000%        |                      |                    |                       |
|                 |               |                | 07/15/16                        | 300,000    | 5.000%        |                      |                    |                       |
|                 |               |                | 07/15/17                        | 310,000    | 4.250%        |                      |                    |                       |
|                 |               |                | 07/15/18                        | 325,000    | 4.250%        |                      |                    |                       |
|                 |               |                | 07/15/19                        | 340,000    | 4.250%        |                      |                    |                       |
|                 |               |                | 07/15/20                        | 355,000    | 4.250%        |                      |                    |                       |
|                 |               |                | 07/15/21                        | 365,000    | 4.000%        |                      |                    |                       |
|                 |               |                | 07/15/22                        | 380,000    | 4.000%        |                      |                    |                       |
|                 |               |                | 07/15/23                        | 395,000    | 4.250%        |                      |                    |                       |
|                 |               |                | 07/15/24                        | 410,000    | 4.250%        |                      |                    |                       |
|                 |               |                | 07/15/25                        | 430,000    | 4.250%        |                      |                    |                       |
|                 |               |                | 07/15/26                        | 445,000    | 4.250%        |                      |                    |                       |
|                 |               |                | 07/15/27                        | 465,000    | 4.500%        |                      |                    |                       |
|                 |               |                | 07/15/28                        | 480,000    | 4.500%        |                      |                    |                       |
|                 |               |                | 07/15/29                        | 505,000    | 4.500%        |                      |                    |                       |
|                 |               |                | 07/15/30                        | 530,000    | 4.500%        |                      |                    |                       |
| 07/15/31        | 550,000       | 4.500%         |                                 |            |               |                      |                    |                       |
| 07/15/32        | 565,000       | 4.500%         |                                 |            |               |                      |                    |                       |
|                 |               |                |                                 |            |               | \$ 8,190,000         | \$ 245,000         | \$ 7,945,000          |
|                 |               |                |                                 |            |               | \$ 8,190,000         | \$ 245,000         | \$ 7,945,000          |

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| <b>REVENUES:</b>                            |                            |                             |                         |                |                                     |
| Local Sources:                              |                            |                             |                         |                |                                     |
| Local Tax Levy                              | \$ 597,941                 |                             | \$ 597,941              | \$ 597,941     |                                     |
| <b>Total Revenues</b>                       | <u>597,941</u>             |                             | <u>597,941</u>          | <u>597,941</u> |                                     |
| <b>EXPENDITURES:</b>                        |                            |                             |                         |                |                                     |
| Regular Debt Service:                       |                            |                             |                         |                |                                     |
| Interest                                    | 352,941                    |                             | 352,941                 | 352,940        | \$ 1                                |
| Redemption of Principal                     | 245,000                    |                             | 245,000                 | 245,000        |                                     |
| <b>Total Regular Debt Service</b>           | <u>597,941</u>             |                             | <u>597,941</u>          | <u>597,940</u> | <u>1</u>                            |
| <b>Total Expenditures</b>                   | <u>597,941</u>             |                             | <u>597,941</u>          | <u>597,940</u> | <u>1</u>                            |
| <b>Excess of Revenues Over Expenditures</b> | -0-                        |                             | -0-                     | 1              | 1                                   |
| <b>Fund Balance, July 1</b>                 | <u>-0-</u>                 |                             | <u>-0-</u>              | <u>-0-</u>     |                                     |
| <b>Fund Balance, June 30</b>                | <u>\$ -0-</u>              | <u>\$ -0-</u>               | <u>\$ -0-</u>           | <u>\$ 1</u>    | <u>\$ 1</u>                         |

**STATISTICAL SECTION****(UNAUDITED)**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

**Contents****Exhibit****Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

TOWN OF NEWTON SCHOOL DISTRICT  
NET POSITION BY COMPONENT,  
LAST NINE FISCAL YEARS  
ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED

|  | Fiscal Year Ending June 30, |                     |                     |                     |                     |                     |                     |                     |                     |
|--|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2005                        | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                |
| <b>Governmental Activities</b>                     |                             |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                   | \$ 3,493,863                | \$ 5,428,579        | \$ 5,563,884        | \$ 5,733,564        | \$ 5,887,444        | \$ 6,002,364        | \$ 6,073,538        | \$ 6,503,746        | \$ 7,695,818        |
| Restricted   | 2,116,926                   | 749,082             | 1,061,875           | 751,932             | 1,079,330           | 804,225             | 536,961             | 400,559             | 409,867             |
| Unrestricted/(Deficit)                             | (603,075)                   | (810,111)           | (774,702)           | (890,997)           | (1,154,624)         | (981,722)           | (505,995)           | (199,214)           | (742,854)           |
| <b>Total Governmental Activities Net Position</b>  | <u>\$ 5,007,714</u>         | <u>\$ 5,367,550</u> | <u>\$ 5,851,057</u> | <u>\$ 5,594,499</u> | <u>\$ 5,812,150</u> | <u>\$ 5,824,867</u> | <u>\$ 6,104,504</u> | <u>\$ 6,705,091</u> | <u>\$ 7,362,831</u> |
| <b>Business-type Activities</b>                    |                             |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                   | \$ 24,462                   | \$ 28,374           | \$ 23,317           | \$ 19,069           | \$ 15,159           | \$ 11,557           | \$ 8,023            | \$ 1,751            | \$ 36,177           |
| Unrestricted                                       | 36,762                      | 33,756              | 52,958              | 35,768              | 27,910              | 62,122              | 88,237              | 135,331             | 137,916             |
| <b>Total Business-type Activities Net Position</b> | <u>\$ 61,224</u>            | <u>\$ 62,130</u>    | <u>\$ 76,275</u>    | <u>\$ 54,837</u>    | <u>\$ 43,069</u>    | <u>\$ 73,679</u>    | <u>\$ 96,260</u>    | <u>\$ 137,082</u>   | <u>\$ 174,093</u>   |
| <b>District-wide</b>                               |                             |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                   | \$ 3,518,325                | \$ 5,456,953        | \$ 5,587,201        | \$ 5,752,633        | \$ 5,902,603        | \$ 6,013,921        | \$ 6,081,561        | \$ 6,505,497        | \$ 7,731,995        |
| Restricted   | 2,116,926                   | 749,082             | 1,061,875           | 751,932             | 1,079,330           | 804,225             | 536,961             | 400,559             | 409,867             |
| Unrestricted/(Deficit)                             | (566,313)                   | (776,355)           | (721,744)           | (855,229)           | (1,126,714)         | (919,600)           | (417,758)           | (63,883)            | (604,938)           |
| <b>Total District Net Position</b>                 | <u>\$ 5,068,938</u>         | <u>\$ 5,429,680</u> | <u>\$ 5,927,332</u> | <u>\$ 5,649,336</u> | <u>\$ 5,855,219</u> | <u>\$ 5,898,546</u> | <u>\$ 6,200,764</u> | <u>\$ 6,842,173</u> | <u>\$ 7,536,924</u> |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

TOWN OF NEWTON SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST NINE FISCAL YEARS  
ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED

|  | Fiscal Year Ending June 30, |                      |                      |                      |                      |                      |                      |                      |                      |
|--|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2005                        | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
| Expenses:                              |                             |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities:               |                             |                      |                      |                      |                      |                      |                      |                      |                      |
| Instruction:                           |                             |                      |                      |                      |                      |                      |                      |                      |                      |
| Regular                                | \$ 10,339,392               | \$ 10,786,992        | \$ 11,345,284        | \$ 11,778,827        | \$ 11,197,600        | \$ 11,737,137        | \$ 11,135,333        | \$ 11,080,332        | \$ 11,760,258        |
| Special Education                      | 1,956,909                   | 1,990,555            | 1,902,675            | 1,879,618            | 1,744,093            | 2,329,036            | 2,147,769            | 2,181,519            | 2,473,321            |
| Other Special Education                | 220,726                     | 309,288              | 97,384               | 93,852               | 105,494              | 122,491              | 125,940              | 125,509              | 161,434              |
| School Sponsored/Other Instruction     | 816,806                     | 750,722              | 894,954              | 911,009              | 874,396              | 988,405              | 1,021,508            | 1,061,927            | 1,265,476            |
| Support Services:                      |                             |                      |                      |                      |                      |                      |                      |                      |                      |
| Tuition                                | 336,797                     | 336,612              | 394,809              | 482,719              | 728,472              | 738,970              | 721,550              | 635,143              | 741,923              |
| Student & Instruction Related Services | 3,445,918                   | 3,765,488            | 3,615,156            | 3,858,181            | 3,736,780            | 3,081,302            | 3,466,982            | 3,488,565            | 3,526,211            |
| General Administrative Services        | 596,644                     | 553,167              | 549,854              | 578,516              | 521,785              | 595,557              | 559,715              | 691,793              | 604,690              |
| School Administrative Services         | 1,567,958                   | 1,500,529            | 1,745,403            | 1,796,326            | 1,637,845            | 1,672,794            | 1,542,712            | 1,596,152            | 1,747,873            |
| Central Services                       | 431,750                     | 450,794              | 453,551              | 500,129              | 473,319              | 490,912              | 524,257              | 518,604              | 531,189              |
| Administrative Information Technology  | 233,967                     | 231,243              | 156,722              | 173,656              | 160,076              | 271,319              | 211,385              | 243,395              | 243,773              |
| Plant Operations and Maintenance       | 1,996,061                   | 2,111,084            | 2,376,187            | 2,526,960            | 2,333,438            | 2,377,602            | 2,489,509            | 2,720,977            | 2,703,116            |
| Pupil Transportation                   | 362,570                     | 332,976              | 365,636              | 395,559              | 457,458              | 440,432              | 405,190              | 519,128              | 581,774              |
| Transfer of Funds to Charter School    | 27,674                      | 41,061               | 60,275               | 46,261               | 40,904               | 52,566               | 51,796               | 69,905               | 120,345              |
| Interest on Long-term Debt             | 462,002                     | 544,939              | 176,354              | 412,591              | 396,343              | 386,858              | 379,279              | 366,933              | 357,744              |
| Capital Outlay                         | 6,008                       | 4,566                | 20,710               | 14,854               | 34                   | 38,670               | 67,119               | 322,415              | 106,641              |
| Unallocated Depreciation               | 69,515                      | 69,515               | 69,515               | 69,515               | 24,922               | 286,987              | 278,987              | 278,987              | 278,987              |
| Total Governmental Activities Expenses | <u>22,870,697</u>           | <u>23,779,531</u>    | <u>24,224,469</u>    | <u>25,518,573</u>    | <u>24,432,959</u>    | <u>25,611,038</u>    | <u>25,129,031</u>    | <u>25,901,284</u>    | <u>27,204,755</u>    |
| Business-type Activities:              |                             |                      |                      |                      |                      |                      |                      |                      |                      |
| Food Service                           | 608,319                     | 652,529              | 642,569              | 696,853              | 725,784              | 704,603              | 676,729              | 690,162              | 666,769              |
| After Care                             |                             |                      |                      |                      | 12,414               | 32,035               | 34,148               | 39,992               | 57,393               |
| Total Business-type Activities Expense | <u>608,319</u>              | <u>652,529</u>       | <u>642,569</u>       | <u>696,853</u>       | <u>738,198</u>       | <u>736,638</u>       | <u>710,877</u>       | <u>730,154</u>       | <u>724,162</u>       |
| Total District Expenses                | <u>\$ 23,479,016</u>        | <u>\$ 24,432,060</u> | <u>\$ 24,867,038</u> | <u>\$ 26,215,426</u> | <u>\$ 25,171,157</u> | <u>\$ 26,347,676</u> | <u>\$ 25,839,908</u> | <u>\$ 26,631,438</u> | <u>\$ 27,928,917</u> |

TOWN OF NEWTON SCHOOL DISTRICT  
CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS  
ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED  
(Continued)

|  | Fiscal Year Ending June 30, |                       |                       |                       |                       |                       |                       |                       |                       |
|--|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2005                        | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  |
| <b>Program Revenues:</b>                                 |                             |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Governmental Activities:</b>                          |                             |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Charges for Services:</b>                             |                             |                       |                       |                       |                       |                       |                       |                       |                       |
| Instruction (Tuition)                                    |                             |                       |                       |                       |                       |                       | \$ 5,614,644          | \$ 6,268,933          | \$ 7,034,786          |
| Pupil Transportation                                     | \$ 4,554                    |                       |                       |                       |                       |                       |                       |                       |                       |
| Operating Grants and Contributions                       | 4,713,362                   | \$ 4,895,959          | \$ 5,538,685          | \$ 5,577,206          | \$ 3,228,306          | \$ 3,491,209          | 3,235,390             | 3,519,456             | 3,786,560             |
| Capital Grants and Contributions                         |                             |                       |                       |                       | 63,851                |                       | 92,390                |                       |                       |
| <b>Total Governmental Activities Program Revenues</b>    | <u>4,717,916</u>            | <u>4,895,959</u>      | <u>5,538,685</u>      | <u>5,577,206</u>      | <u>3,292,157</u>      | <u>3,491,209</u>      | <u>8,942,424</u>      | <u>9,788,389</u>      | <u>10,821,346</u>     |
| <b>Business-type Activities:</b>                         |                             |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Charges for Services:</b>                             |                             |                       |                       |                       |                       |                       |                       |                       |                       |
| Food Service   | 468,173                     | 462,939               | 470,059               | 464,863               | 453,227               | 443,792               | 440,339               | 434,579               | 385,617               |
| After Care   |                             |                       |                       |                       | 18,044                | 34,217                | 42,211                | 55,971                | 70,505                |
| Operating Grants and Contributions - Food Service        | 161,942                     | 180,984               | 186,475               | 210,375               | 255,342               | 253,610               | 250,656               | 284,735               | 304,799               |
| <b>Total Business-type Activities Program Revenues</b>   | <u>630,115</u>              | <u>643,923</u>        | <u>656,534</u>        | <u>675,238</u>        | <u>726,613</u>        | <u>731,619</u>        | <u>733,206</u>        | <u>775,285</u>        | <u>760,921</u>        |
| <b>Total District Program Revenues</b>                   | <u>\$ 5,348,031</u>         | <u>\$ 5,539,882</u>   | <u>\$ 6,195,219</u>   | <u>\$ 6,252,444</u>   | <u>\$ 4,018,770</u>   | <u>\$ 4,222,828</u>   | <u>\$ 9,675,630</u>   | <u>\$ 10,563,674</u>  | <u>\$ 11,582,267</u>  |
| <b>Net (Expense)/Revenue:</b>                            |                             |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities                                  | \$(18,152,781)              | \$(18,883,572)        | \$(18,685,784)        | \$(19,941,367)        | \$(21,140,802)        | \$(22,119,829)        | \$(16,186,607)        | \$(16,112,895)        | \$(16,383,409)        |
| Business-type Activities                                 | 21,796                      | (8,606)               | 13,965                | (21,615)              | (11,585)              | (5,019)               | 22,329                | 45,131                | 36,759                |
| <b>Total District-wide Net Expense</b>                   | <u>\$(18,130,985)</u>       | <u>\$(18,892,178)</u> | <u>\$(18,671,819)</u> | <u>\$(19,962,982)</u> | <u>\$(21,152,387)</u> | <u>\$(22,124,848)</u> | <u>\$(16,164,278)</u> | <u>\$(16,067,764)</u> | <u>\$(16,346,650)</u> |
| <b>General Revenues and Other Changes in Net Assets:</b> |                             |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Governmental Activities:</b>                          |                             |                       |                       |                       |                       |                       |                       |                       |                       |
| Property Taxes Levied for General Purposes, Net          | \$ 8,159,439                | \$ 8,812,255          | \$ 9,529,621          | \$ 9,910,806          | \$ 10,247,124         | \$ 10,647,528         | \$ 11,073,429         | \$ 11,044,898         | \$ 11,159,127         |
| Taxes Levied for Debt Service                            | 659,886                     | 660,158               | 560,558               | 634,723               | 633,701               | 587,296               | 582,887               | 597,721               | 597,941               |
| Unrestricted Grants and Contributions                    | 3,569,925                   | 3,907,148             | 3,588,656             | 3,726,278             | 5,206,142             | 5,605,809             | 4,697,805             | 4,990,916             | 5,217,548             |
| Tuition  | 5,416,146                   | 5,640,271             | 5,316,942             | 5,324,462             | 5,162,763             | 5,180,176             |                       |                       |                       |
| Investment Earnings                                      | 71,018                      | 76,580                | 95,002                | 53,631                | 21,705                | 16,650                | 7,308                 | 4,112                 | 3,130                 |
| Miscellaneous Income                                     | 81,540                      | 156,321               | 78,512                | 34,909                | 87,018                | 95,087                | 104,815               | 75,835                | 63,403                |
| Transfers  | (10,000)                    | (9,325)               |                       |                       |                       |                       |                       |                       |                       |
| <b>Total Governmental Activities</b>                     | <u>17,947,954</u>           | <u>19,243,408</u>     | <u>19,169,291</u>     | <u>19,684,809</u>     | <u>21,358,453</u>     | <u>22,132,546</u>     | <u>16,466,244</u>     | <u>16,713,482</u>     | <u>17,041,149</u>     |

TOWN OF NEWTON SCHOOL DISTRICT  
CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS  
ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED  
(Continued)

|  | Fiscal Year Ending June 30, |                      |                      |                      |                      |                      |                      |                      |                      |
|--|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2005                        | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
| <b>Business-type Activities:</b>               |                             |                      |                      |                      |                      |                      |                      |                      |                      |
| Investment Earnings                            | \$ 166                      | \$ 187               | \$ 180               | \$ 177               | \$ 334               | \$ 454               | \$ 252               | \$ 251               | \$ 252               |
| Transfers                                      | 10,000                      | 9,325                |                      |                      |                      |                      |                      |                      |                      |
| Cancellation of Prior Year Accounts Receivable |                             |                      |                      |                      | (517)                |                      |                      |                      |                      |
| Cancellation of Compensated Absences Payable   |                             |                      |                      |                      |                      | 35,175               |                      |                      |                      |
| Disposals of Capital Assets                    |                             |                      |                      |                      |                      |                      |                      | (4,560)              |                      |
| <b>Total Business-type Activities</b>          | <u>10,166</u>               | <u>9,512</u>         | <u>180</u>           | <u>177</u>           | <u>(183)</u>         | <u>35,629</u>        | <u>252</u>           | <u>(4,309)</u>       | <u>252</u>           |
| <b>Total District-wide</b>                     | <u>\$ 17,958,120</u>        | <u>\$ 19,252,920</u> | <u>\$ 19,169,471</u> | <u>\$ 19,684,986</u> | <u>\$ 21,358,270</u> | <u>\$ 22,168,175</u> | <u>\$ 16,466,496</u> | <u>\$ 16,709,173</u> | <u>\$ 17,041,401</u> |
| <b>Change in Net Assets</b>                    |                             |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities                        | \$ (204,827)                | \$ 359,836           | \$ 483,507           | \$ (256,558)         | \$ 217,651           | \$ 12,717            | \$ 279,637           | \$ 600,587           | \$ 657,740           |
| Business-type Activities                       | 31,962                      | 906                  | 14,145               | (21,438)             | (11,768)             | 30,610               | 22,581               | 40,822               | 37,011               |
| <b>Total District</b>                          | <u>\$ (172,865)</u>         | <u>\$ 360,742</u>    | <u>\$ 497,652</u>    | <u>\$ (277,996)</u>  | <u>\$ 205,883</u>    | <u>\$ 43,327</u>     | <u>\$ 302,218</u>    | <u>\$ 641,409</u>    | <u>\$ 694,751</u>    |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

TOWN OF NEWTON SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST NINE FISCAL YEARS  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED

|   | Fiscal Year Ending June 30, |                     |                     |                   |                   |                    |                   |                     |                   |
|---|-----------------------------|---------------------|---------------------|-------------------|-------------------|--------------------|-------------------|---------------------|-------------------|
|   | 2005                        | 2006                | 2007                | 2008              | 2009              | 2010               | 2011              | 2012                | 2013              |
| General Fund                              |                             |                     |                     |                   |                   |                    |                   |                     |                   |
| Reserved/Restricted                       | \$ 742,801                  | \$ 761,011          | \$ 975,611          | \$ 759,395        | \$ 1,006,235      | \$ 896,614         | \$ 536,961        | \$ 400,559          | \$ 409,866        |
| Assigned                                  |                             |                     |                     |                   |                   |                    | 375,466           | 674,207             | 150,688           |
| Unassigned                                |                             |                     |                     |                   |                   |                    | 14,130            |                     | 2,125             |
| Unreserved                                | 260,548                     | 205,376             | 174,133             | 186,849           | (184,200)         | (57,876)           |                   |                     |                   |
| <b>Total General Fund</b>                 | <b>\$ 1,003,349</b>         | <b>\$ 966,387</b>   | <b>\$ 1,149,744</b> | <b>\$ 946,244</b> | <b>\$ 822,035</b> | <b>\$ 838,738</b>  | <b>\$ 926,557</b> | <b>\$ 1,074,766</b> | <b>\$ 562,679</b> |
| All Other Governmental Funds              |                             |                     |                     |                   |                   |                    |                   |                     |                   |
| Reserved/Restricted                       | \$ 1,564,984                | \$ 231,152          | \$ 54,000           |                   |                   |                    |                   |                     |                   |
| Unreserved/(Deficit), Reported in:        |                             |                     |                     |                   |                   |                    |                   |                     |                   |
| Special Revenue Fund                      | (19,215)                    | (11,930)            | (18,065)            | \$ (16,707)       |                   |                    |                   |                     |                   |
| Capital Projects Fund                     | (171,645)                   | (126,825)           | 50,327              | 9,242             | \$ 73,093         | \$ (92,390)        |                   |                     |                   |
| Debt Service Fund                         | 1                           | 1                   | 2                   | 2                 | 2                 | 1                  |                   |                     | \$ 1              |
| <b>Total All Other Governmental Funds</b> | <b>\$ 1,374,125</b>         | <b>\$ 92,398</b>    | <b>\$ 86,264</b>    | <b>\$ (7,463)</b> | <b>\$ 73,095</b>  | <b>\$ (92,389)</b> | <b>\$ -0-</b>     | <b>\$ -0-</b>       | <b>\$ 1</b>       |
| <b>Total Governmental Funds</b>           | <b>\$ 2,377,474</b>         | <b>\$ 1,058,785</b> | <b>\$ 1,236,008</b> | <b>\$ 938,781</b> | <b>\$ 895,130</b> | <b>\$ 746,349</b>  | <b>\$ 926,557</b> | <b>\$ 1,074,766</b> | <b>\$ 562,680</b> |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

TOWN OF NEWTON SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST NINE FISCAL YEARS  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED

|  | Fiscal Year Ending June 30, |                   |                   |                   |                   |                   |                   |                   |                   |
|--|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2005                        | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              |
| <b>Revenues</b>                              |                             |                   |                   |                   |                   |                   |                   |                   |                   |
| Tax Levy                                     | \$ 8,819,325                | \$ 9,472,413      | \$ 10,090,179     | \$ 10,545,529     | \$ 10,880,825     | \$ 11,234,824     | \$ 11,656,316     | \$ 11,642,619     | \$ 11,757,068     |
| Tuition Charges                              | 5,416,146                   | 5,640,271         | 5,316,942         | 5,324,462         | 5,162,763         | 5,180,176         | 5,614,644         | 6,268,933         | 7,034,786         |
| Transportation Fees from Individuals         | 4,554                       |                   |                   |                   |                   |                   |                   |                   |                   |
| Miscellaneous                                | 157,558                     | 236,401           | 176,514           | 91,780            | 108,823           | 135,956           | 112,467           | 87,447            | 73,147            |
| State Sources                                | 7,170,827                   | 7,696,785         | 8,089,588         | 8,557,641         | 7,706,076         | 7,072,376         | 7,144,588         | 7,598,225         | 8,389,076         |
| Federal Sources                              | 1,107,460                   | 1,102,822         | 1,034,753         | 742,603           | 792,123           | 2,000,423         | 880,653           | 904,647           | 608,418           |
| <b>Total Revenue</b>                         | <b>22,675,870</b>           | <b>24,148,692</b> | <b>24,707,976</b> | <b>25,262,015</b> | <b>24,650,610</b> | <b>25,623,755</b> | <b>25,408,668</b> | <b>26,501,871</b> | <b>27,862,495</b> |
| <b>Expenditures</b>                          |                             |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Instruction</b>                           |                             |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular Instruction                          | 8,081,554                   | 8,346,671         | 8,321,766         | 8,618,676         | 8,616,301         | 8,878,941         | 8,201,435         | 8,362,810         | 8,516,168         |
| Special Education Instruction                | 1,466,024                   | 1,528,041         | 1,389,855         | 1,412,434         | 1,336,172         | 1,725,255         | 1,521,625         | 1,585,209         | 1,693,312         |
| Other Special Instruction                    | 176,850                     | 153,982           | 71,876            | 66,757            | 79,969            | 91,046            | 90,802            | 93,424            | 115,412           |
| School-Sponsored/Other Instruction           | 643,370                     | 644,350           | 650,439           | 671,559           | 674,299           | 760,356           | 765,254           | 822,260           | 954,841           |
| <b>Support Services:</b>                     |                             |                   |                   |                   |                   |                   |                   |                   |                   |
| Tuition                                      | 336,797                     | 336,612           | 394,809           | 482,719           | 728,472           | 738,970           | 721,550           | 635,143           | 741,923           |
| Student & Other Instruction Related Services | 2,791,021                   | 2,934,990         | 2,729,255         | 2,861,233         | 2,857,821         | 2,446,931         | 2,605,817         | 2,663,444         | 2,627,021         |
| General Administrative Services              | 520,676                     | 466,101           | 447,895           | 467,798           | 447,225           | 466,034           | 460,271           | 610,968           | 499,339           |
| School Administrative Services               | 1,128,557                   | 1,061,846         | 1,167,281         | 1,194,807         | 1,220,145         | 1,225,826         | 1,092,708         | 1,178,243         | 1,228,027         |
| Central Services                             | 322,180                     | 329,167           | 310,048           | 336,025           | 334,651           | 348,754           | 359,610           | 362,974           | 375,132           |
| Administrative Information Technology        | 165,558                     | 174,079           | 119,686           | 136,449           | 118,704           | 238,309           | 163,996           | 194,603           | 196,789           |
| Plant Operations and Maintenance             | 1,569,063                   | 1,659,012         | 1,844,739         | 1,955,723         | 1,810,873         | 1,811,220         | 1,843,204         | 2,076,935         | 1,983,401         |
| Student Transportation                       | 283,393                     | 259,562           | 289,206           | 319,810           | 382,635           | 355,228           | 309,429           | 416,791           | 460,891           |
| Allocated Benefits                           | 2,918,146                   | 3,176,227         |                   |                   |                   |                   |                   |                   |                   |
| Unallocated Benefits                         | 1,719,994                   | 1,924,778         | 5,998,889         | 6,178,661         | 5,349,162         | 5,695,686         | 6,134,945         | 5,747,920         | 6,664,286         |
| Transfer of Funds to Charter School          | 27,674                      | 41,061            | 60,275            | 46,261            | 40,904            | 52,566            | 51,796            | 69,905            | 120,345           |
| Capital Outlay                               | 846,386                     | 1,730,712         | 144,880           | 147,720           | 36,750            | 350,117           | 323,130           | 935,312           | 1,599,754         |
| <b>Debt Service:</b>                         |                             |                   |                   |                   |                   |                   |                   |                   |                   |
| Principal                                    | 225,000                     | 235,000           | 245,000           | 255,000           | 265,000           | 205,000           | 210,000           | 235,000           | 245,000           |
| Interest and Other Charges                   | 467,003                     | 455,865           | 344,854           | 407,610           | 395,178           | 382,297           | 372,888           | 362,721           | 352,940           |
| <b>Total Expenditures</b>                    | <b>23,689,246</b>           | <b>25,458,056</b> | <b>24,530,753</b> | <b>25,559,242</b> | <b>24,694,261</b> | <b>25,772,536</b> | <b>25,228,460</b> | <b>26,353,662</b> | <b>28,374,581</b> |

TOWN OF NEWTON SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST NINE FISCAL YEARS  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED  
(Continued)

|  | Fiscal Year Ending June 30, |                       |                   |                     |                    |                     |                   |                   |                     |
|--|-----------------------------|-----------------------|-------------------|---------------------|--------------------|---------------------|-------------------|-------------------|---------------------|
|  | 2005                        | 2006                  | 2007              | 2008                | 2009               | 2010                | 2011              | 2012              | 2013                |
| Excess/(Deficit) of Revenues                               |                             |                       |                   |                     |                    |                     |                   |                   |                     |
| Over/(Under) Expenditures                                  | \$ (1,013,376)              | \$ (1,309,364)        | \$ 177,223        | \$ (297,227)        | \$ (43,651)        | \$ (148,781)        | \$ 180,208        | \$ 148,209        | \$ (512,086)        |
| Other Financing Sources/(Uses)                             |                             |                       |                   |                     |                    |                     |                   |                   |                     |
| Long Term Debt Issued                                      |                             | 8,230,000             |                   |                     |                    |                     |                   |                   |                     |
| Payment to Bond Escrow Agent                               |                             | (8,230,000)           |                   |                     |                    |                     |                   |                   |                     |
| Transfers out  | (10,000)                    | (9,325)               |                   |                     |                    |                     |                   |                   |                     |
| Total Other Financing Sources/(Uses)                       | (10,000)                    | (9,325)               |                   |                     |                    |                     |                   |                   |                     |
| Net Change in Fund Balances                                | <u>\$ (1,023,376)</u>       | <u>\$ (1,318,689)</u> | <u>\$ 177,223</u> | <u>\$ (297,227)</u> | <u>\$ (43,651)</u> | <u>\$ (148,781)</u> | <u>\$ 180,208</u> | <u>\$ 148,209</u> | <u>\$ (512,086)</u> |
| Debt Service as a Percentage of<br>Noncapital Expenditures | <u>3.03%</u>                | <u>2.91%</u>          | <u>2.42%</u>      | <u>2.61%</u>        | <u>2.68%</u>       | <u>2.31%</u>        | <u>2.34%</u>      | <u>2.35%</u>      | <u>2.23%</u>        |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

## Exhibit J-5

TOWN OF NEWTON SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Interest on</u><br><u>Investments</u> | <u>Tuition</u> | <u>Transportation</u><br><u>Fees</u> | <u>Miscellaneous</u> | <u>Total</u> |
|--|--|----------------|--------------------------------------|----------------------|--------------|
| 2004   | \$ 29,940                                | \$ 5,353,024   | \$ 1,200                             | \$ 33,079            | \$ 5,417,243 |
| 2005   | 31,798                                   | 5,416,146      | 4,554                                | 81,540               | 5,534,038    |
| 2006   | 76,580                                   | 5,640,271      |                                      | 156,321              | 5,873,172    |
| 2007   | 95,002                                   | 5,316,942      |                                      | 78,512               | 5,490,456    |
| 2008   | 53,808                                   | 5,324,462      |                                      | 34,732               | 5,413,002    |
| 2009   | 21,705                                   | 5,162,763      |                                      | 87,018               | 5,271,486    |
| 2010   | 16,650                                   | 5,180,176      |                                      | 95,087               | 5,291,913    |
| 2011   | 7,308                                    | 5,614,644      |                                      | 104,815              | 5,726,767    |
| 2012   | 4,112                                    | 6,268,933      |                                      | 75,835               | 6,348,880    |
| 2013   | 3,130                                    | 7,034,786      |                                      | 63,403               | 7,101,319    |

Source: School District of the Town of Newton records

TOWN OF NEWTON SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST NINE YEARS  
UNAUDITED

| Year Ended<br>December 31, | Vacant<br>Land | Residential   | Farm<br>Regular | Farm<br>Qualified | Commercial   | Industrial   | Apartment    | Total<br>Assessed<br>Value | Tax<br>Exempt<br>Property | Public<br>Utilities <sup>a</sup> | Net Valuation<br>Taxable | Total Direct<br>School Tax<br>Rate <sup>b</sup> | Estimated Actual<br>(County<br>Equalized Value) |
|----------------------------|----------------|---------------|-----------------|-------------------|--------------|--------------|--------------|----------------------------|---------------------------|----------------------------------|--------------------------|---|---|
| 2004                       | \$ 5,741,500   | \$241,687,900 | \$ 313,300      | \$ 51,000         | \$90,968,500 | \$10,202,900 | \$22,971,900 | \$371,937,000              | \$115,703,400             | \$ 4,455,139                     | \$376,392,139            | \$ 2.34   | \$ 496,968,903                                  |
| 2005                       | 4,386,700      | 245,341,000   | 313,300         | 57,400            | 91,956,700   | 10,204,400   | 23,285,100   | 375,544,600                | 115,712,700               | 4,088,023                        | 379,632,623              | 2.41  | 563,766,767                                     |
| 2006                       | 4,616,700      | 247,236,500   | 313,300         | 48,600            | 93,488,500   | 10,204,400   | 23,214,400   | 379,122,400                | 118,639,200               | 4,543,336                        | 383,665,736              | 2.54  | 663,627,256                                     |
| 2007                       | 4,424,200      | 249,313,600   | 313,300         | 48,600            | 98,160,600   | 10,126,000   | 20,714,400   | 383,100,700                | 117,976,600               | 4,919,871                        | 388,020,571              | 2.67  | 736,448,311                                     |
| 2008                       | * 14,008,800   | 533,542,800   | 543,600         | 39,800            | 206,779,300  | 22,616,900   | 46,204,800   | 823,736,000                | 250,504,000               | 10,701,330                       | 834,437,330              | 1.28  | 835,648,931                                     |
| 2009                       | 9,589,500      | 529,966,300   | 543,600         | 39,800            | 204,963,800  | 22,134,000   | 44,068,000   | 811,305,000                | 249,616,700               | 9,794,954                        | 821,099,954              | 1.35  | 815,490,987                                     |
| 2010                       | 9,244,300      | 529,836,200   | 543,600         | 39,800            | 208,846,100  | 21,134,300   | 42,480,200   | 812,124,500                | 276,386,200               | 5,559,880                        | 817,684,380              | 1.40  | 821,900,949                                     |
| 2011                       | 10,565,700     | 436,837,600   | 465,600         | 39,800            | 189,235,100  | 17,354,900   | 38,218,600   | 692,717,300                | 272,760,500               | 3,821,741                        | 696,539,041              | 1.67  | 741,202,056                                     |
| 2012                       | 8,883,100      | 435,739,900   | 465,600         | 39,800            | 188,293,900  | 17,130,400   | 37,768,700   | 688,321,400                | 278,806,400               | 2,365,090                        | 690,686,490              | 1.69  | 727,846,015                                     |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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 of assessed value.

\* Revaluation became effective in this year.

Exhibit J-7

TOWN OF NEWTON SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
(Rate per \$100 of Assessed Value)

| Year Ended<br>December 31, | School District of the Town<br>of Newton Direct Rate |  |              | Overlapping Rates |                  | Total Direct<br>and<br>Overlapping<br>Tax Rate |
|----------------------------|--|--|--------------|-------------------|------------------|--|
|                            | Basic Rate <sup>a</sup>                              | General<br>Obligation<br>Debt Service <sup>b</sup> | Total Direct | Town of<br>Newton | Sussex<br>County |  |
| 2003                       | \$ 2.20  | \$ 0.08  | \$ 2.28      | \$ 0.76           | \$ 0.66          | \$ 3.70  |
| 2004                       | 2.20   | 0.14   | 2.34         | 0.95              | 0.66             | 3.95   |
| 2005                       | 2.23   | 0.18   | 2.41         | 1.14              | 0.68             | 4.23   |
| 2006                       | 2.39   | 0.15   | 2.54         | 1.28              | 0.76             | 4.58   |
| 2007                       | 2.51   | 0.16   | 2.67         | 1.39              | 0.77             | 4.83   |
| 2008                       | * 1.21   | 0.07   | 1.28         | 0.76              | 0.38             | 2.42   |
| 2009                       | 1.28   | 0.07   | 1.35         | 0.84              | 0.38             | 2.56   |
| 2010                       | 1.33   | 0.07   | 1.40         | 0.90              | 0.41             | 2.71   |
| 2011                       | 1.58   | 0.09   | 1.66         | 1.13              | 0.46             | 3.25   |
| 2012                       | 1.60   | 0.09   | 1.68         | 1.14              | 0.49             | 3.31   |

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.

\* Revaluation became effective in this year.

## Exhibit J-8

TOWN OF NEWTON SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO

| Taxpayer                           | 2012                   |      |  |
|------------------------------------|------------------------|------|--|
|                                    | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| Route 519 & North Park Drive, LLC  | \$ 11,500,000          | 1    | 1.67%                                  |
| Sussex Nine Inc c/o Barn Hill Conv | 11,087,800             | 2    | 1.61%                                  |
| Martin, Kenneth D & Assoc II, LLC  | 11,074,200             | 3    | 1.60%                                  |
| Newton West LTD                    | 9,433,400              | 4    | 1.37%                                  |
| Newton 213 LLC c/o Ronetco         | 9,026,800              | 5    | 1.31%                                  |
| Weis Markets, Inc.                 | 7,624,500              | 6    | 1.10%                                  |
| Meriam Gateway Apartments, Inc     | 6,872,600              | 7    | 1.00%                                  |
| Holiday Inn Express c/o Patel      | 5,000,000              | 8    | 0.72%                                  |
| Newtonian Associates, LLC          | 4,850,000              | 9    | 0.70%                                  |
| Gordon Newton Assoc, LLC           | 4,820,800              | 10   | 0.70%                                  |
| Total                              | <u>\$ 81,290,100</u>   |      | <u>11.77%</u>                          |

| Taxpayer                          | 2003                   |      |  |
|-----------------------------------|------------------------|------|--|
|                                   | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| Martin, Kenneth D & Assoc II, LLC | \$ 9,511,200           | 1    | 2.58%                                  |
| United Telephone Company of NJ    | 6,171,003              | 2    | 1.68%                                  |
| Newton West LTD (Landmark)        | 6,000,000              | 3    | 1.63%                                  |
| Meriam Gateway C/O Sussex Warren  | 5,449,800              | 4    | 1.48%                                  |
| PECD Realty c/o Ronetco           | 4,940,600              | 5    | 1.34%                                  |
| Sussex Nine Inc c/o Barnhill      | 4,405,200              | 6    | 1.20%                                  |
| Weis Markets, Inc.                | 4,031,900              | 7    | 1.09%                                  |
| Newtonian Gardens                 | 3,450,500              | 8    | 0.94%                                  |
| Newton Medical Building           | 2,482,200              | 9    | 0.67%                                  |
| Hillside Terrace Associates, LLC  | 2,234,200              | 10   | 0.61%                                  |
| Total                             | <u>\$ 48,676,603</u>   |      | <u>13.21%</u>                          |

Source: Municipal Tax Assessor

## Exhibit J-9

TOWN OF NEWTON SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS.  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year<br>Ended June 30, | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy <sup>a</sup> |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------|--|--|-----------------------|---------------------------------------|
|                               |  | Amount   | Percentage<br>of Levy |                                       |
| 2004                          | \$ 8,605,803                           | \$ 8,605,803   | 100.00%               | \$ -0-                                |
| 2005                          | 8,819,325                              | 8,819,325  | 100.00%               | -0-                                   |
| 2006                          | 9,472,413                              | 9,472,413  | 100.00%               | -0-                                   |
| 2007                          | 10,090,179                             | 10,090,179   | 100.00%               | -0-                                   |
| 2008                          | 10,545,529                             | 10,545,529   | 100.00%               | -0-                                   |
| 2009                          | 10,880,825                             | 10,880,825   | 100.00%               | -0-                                   |
| 2010                          | 11,234,824                             | 11,234,824   | 100.00%               | -0-                                   |
| 2011                          | 11,656,316                             | 11,656,316   | 100.00%               | -0-                                   |
| 2012                          | 11,642,619                             | 11,642,619   | 100.00%               | -0-                                   |
| 2013                          | 11,757,068                             | 11,757,068   | 100.00%               | -0-                                   |

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

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

TOWN OF NEWTON SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST NINE FISCAL YEARS  
UNAUDITED

| Fiscal Year Ended June 30, | Governmental Activities  |                               |  |                                | Business-Type Activities<br>Capital Leases | Total District | Percentage of Personal Income <sup>a</sup> | Per Capita <sup>a</sup> |
|----------------------------|--------------------------|-------------------------------|--|--------------------------------|--|----------------|--|-------------------------|
|                            | General Obligation Bonds | Certificates of Participation | Obligations Under Lease-Purchase Agreement | Bond Anticipation Notes (BANs) |  |                |  |                         |
| 2005                       | \$ 9,571,000             | \$ -0-                        | \$ 70,836                                  | \$ -0-                         | \$ -0-                                     | \$ 9,641,836   | 2.85%                                      | \$ 1,161.95             |
| 2006                       | 9,605,000                | -0-                           | 33,211                                     | -0-                            | -0-  | 9,638,211      | 2.74%                                      | 1,159.97                |
| 2007                       | 9,360,000                | -0-                           | -0-  | -0-                            | -0-  | 9,360,000      | 2.50%                                      | 1,134.68                |
| 2008                       | 9,105,000                | -0-                           | -0-  | -0-                            | -0-  | 9,105,000      | 2.30%                                      | 1,109.96                |
| 2009                       | 8,840,000                | -0-                           | -0-  | -0-                            | -0-  | 8,840,000      | 2.19%                                      | 1,084.13                |
| 2010                       | 8,635,000                | -0-                           | -0-  | -0-                            | -0-  | 8,635,000      | 2.24%                                      | 1,062.90                |
| 2011                       | 8,425,000                | -0-                           | -0-  | -0-                            | -0-  | 8,425,000      | 2.14%                                      | 1,054.05                |
| 2012                       | 8,190,000                | -0-                           | -0-  | -0-                            | -0-  | 8,190,000      | 2.07%                                      | 1,028.89                |
| 2013                       | 7,945,000                | -0-                           | -0-  | -0-                            | -0-  | 7,945,000      | 2.03%                                      | 1,011.33                |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: School District Financial Reports

## Exhibit J-11

TOWN OF NEWTON SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST NINE FISCAL YEARS  
UNAUDITED

| Fiscal<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding |            |   | Percentage of<br>Net<br>Valuation<br>Taxable <sup>a</sup> | Per Capita <sup>b</sup> |
|-------------------------------------|---------------------------------|------------|---|---|-------------------------|
|                                     | General<br>Obligation<br>Bonds  | Deductions | Net General<br>Bonded Debt<br>Outstanding |   |                         |
| 2005                                | \$ 9,571,000                    | \$ -0-     | \$ 9,571,000                              | 2.54%   | \$ 1,153.41             |
| 2006                                | 9,605,000                       | -0-        | 9,605,000                                 | 2.53%   | 1,155.98                |
| 2007                                | 9,360,000                       | -0-        | 9,360,000                                 | 2.44%   | 1,134.68                |
| 2008                                | 9,105,000                       | -0-        | 9,105,000                                 | 2.35%   | 1,109.96                |
| 2009                                | 8,840,000                       | -0-        | 8,840,000                                 | 1.06% *   | 1,084.13                |
| 2010                                | 8,635,000                       | -0-        | 8,635,000                                 | 1.05%   | 1,062.90                |
| 2011                                | 8,425,000                       | -0-        | 8,425,000                                 | 1.03%   | 1,054.05                |
| 2012                                | 8,190,000                       | -0-        | 8,190,000                                 | 1.18%   | 1,028.89                |
| 2013                                | 7,945,000                       |            | 7,945,000                                 | 1.15%   | 1,011.33                |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

\* Revaluation became effective in 2008.

Exhibit J-12

TOWN OF NEWTON SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2012  
UNAUDITED

| <u>Governmental Unit</u>                          | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable<sup>a</sup></u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|---|-----------------------------|--|--|
| Debt Repaid With Property Taxes                   |                             |  |  |
| Town of Newton                                    | \$ 16,603,661               | 100.000%   | \$ 16,603,661  |
| Sussex County General Obligation Debt             | 78,366,014                  | 3.853%   | <u>3,019,078</u>                                       |
| Subtotal, Overlapping Debt                        |                             |  | 19,622,739   |
| School District of the Town of Newton Direct Debt |                             |  | <u>7,945,000</u>                                       |
| Total Direct and Overlapping Debt                 |                             |  | <u><u>\$ 27,567,739</u></u>                            |

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

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 Newton. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

TOWN OF NEWTON SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2013

|   |                           |                  |
|---|---------------------------|------------------|
|   | Equalized valuation basis |                  |
|   | 2012                      | \$ 675,223,864   |
|   | 2011                      | 726,090,942      |
|   | 2010                      | 770,092,654      |
|   |                           | \$ 2,171,407,460 |
| Average Equalized Valuation of Taxable Property |                           | \$ 723,802,487   |
| Debt Limit (4% of average equalization value)   |                           | \$ 28,952,099 a  |
| Net Bonded School Debt                          |                           | 7,945,000        |
| Legal Debt Margin                               |                           | \$ 21,007,099    |

|   | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          |
| Debt Limit  | \$ 17,286,352 | \$ 19,259,269 | \$ 22,166,967 | \$ 25,405,452 | \$ 28,848,815 | \$ 31,028,041 | \$ 32,245,105 | \$ 32,056,086 | \$ 30,826,412 | \$ 28,952,099 |
| Total Net Debt Applicable to Limit                                      | 9,796,000     | 9,571,000     | 9,605,000     | 9,360,000     | 9,105,000     | 8,840,000     | 8,635,000     | 8,425,000     | 8,190,000     | 7,945,000     |
| Legal Debt Margin   | \$ 7,490,352  | \$ 9,688,269  | \$ 12,561,967 | \$ 16,045,452 | \$ 19,743,815 | \$ 22,188,041 | \$ 23,610,105 | \$ 23,631,086 | \$ 22,636,412 | \$ 21,007,099 |
| Total Net Debt Applicable to the Limit<br>As a Percentage of Debt Limit | 56.67%        | 49.70%        | 43.33%        | 36.84%        | 31.56%        | 28.49%        | 26.78%        | 26.28%        | 26.57%        | 27.44%        |

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

Exhibit J-14

TOWN OF NEWTON SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

| <u>Year</u> | <u>Population <sup>a</sup></u> | <u>Town of<br/>Newton<br/>Income<br/>Personal<br/>Income <sup>b</sup></u> | <u>Sussex County<br/>Per Capita<br/>Personal<br/>Income <sup>c</sup></u> | <u>Unemployment<br/>Rate <sup>d</sup></u> |
|-------------|--------------------------------|---|--|---|
| 2004        | 8,298                          | \$ 338,027,328  | \$ 40,736  | 4.90%                                     |
| 2005        | 8,309                          | 352,376,381   | 42,409   | 3.30%                                     |
| 2006        | 8,249                          | 374,801,564   | 45,436   | 3.80%                                     |
| 2007        | 8,203                          | 395,392,803   | 48,201   | 3.70%                                     |
| 2008        | 8,154                          | 404,234,550   | 49,575   | 4.70%                                     |
| 2009        | 8,124                          | 385,719,396   | 47,479   | 7.90%                                     |
| 2010        | 7,993                          | 393,311,551   | 49,207   | 8.40%                                     |
| 2011        | 7,960                          | 396,264,720   | 49,782   | 8.10%                                     |
| 2012        | 7,856                          | 391,087,392 ***   | 49,782 *   | 8.10%                                     |
| 2013        | 7,856 **                       | 391,087,392 ***   | 49,782 *   | N/A                                       |

\* - Latest Sussex County per capita personal income available (2011) was used for calculation purposes.

\*\* - Latest population data available (2012) was used for calculation purposes.

\*\*\* - Latest available population data (2012) and latest available Sussex County per capita personal income (2011) was used for calculation purposes.

N/A - Information not available

Sources:

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

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

## Exhibit J-15

TOWN OF NEWTON SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS, COUNTY OF SUSSEX  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

| Employer                          | 2012      |      | Percentage of<br>Total<br>Employment |
|-----------------------------------|-----------|------|--------------------------------------|
|                                   | Employees | Rank |                                      |
| Crystal Springs Golf & Spa Resort | 2,000     | 1    | N/A                                  |
| Newton Memorial Hospital          | 1,200     | 2    | N/A                                  |
| Selective Insurance               | 900       | 3    | N/A                                  |
| County of Sussex                  | 830       | 4    | N/A                                  |
| Mountain Creek Resort             | 800       | 5    | N/A                                  |
| Ames Rubber Corp.                 | 445       | 6    | N/A                                  |
| Shop Rite Supermarkets (Ronetco)  | 301       | 7    | N/A                                  |
| Andover Subacute & Rehab Center   | 300       | 8    | N/A                                  |
| Sussex County Community College   | 300       | 9    | N/A                                  |
| SCARC, Inc.                       | 287       | 10   | N/A                                  |
|                                   | 7,363     |      |                                      |

| Employer                           | 2003      |      | Percentage of<br>Total<br>Employment |
|------------------------------------|-----------|------|--------------------------------------|
|                                    | Employees | Rank |                                      |
| Selective Insurance                | 954       | 1    | N/A                                  |
| Andover Subacute & Rehab Center    | 900       | 2    | N/A                                  |
| County of Sussex                   | 825       | 3    | N/A                                  |
| Mountain Creek Resort              | 800       | 4    | N/A                                  |
| Newton Memorial Hospital           | 757       | 5    | N/A                                  |
| Ronetco Supermarkets               | 711       | 6    | N/A                                  |
| Vernon Township Board of Education | 629       | 7    | N/A                                  |
| F.O. Phoenix, Inc.                 | 600       | 8    | N/A                                  |
| Hopatcong Board of Education       | 450       | 9    | N/A                                  |
| Wal-Mart                           | 380       | 10   | N/A                                  |
|                                    | 7,006     |      |                                      |

N/A - Total amount of employment is not available in order to do the percentage calculation

Source: Sussex County Chamber of Commerce

TOWN OF NEWTON SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,  
LAST NINE FISCAL YEARS  
UNAUDITED

| <u>Function/Program</u>                | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction                            |             |             |             |             |             |             |             |             |             |
| Regular                                | 132         | 133         | 133         | 135         | 130         | 129         | 107         | 108         | 111         |
| Special education                      | 29          | 34          | 24          | 23          | 22          | 23          | 34          | 37          | 40          |
| Other instruction                      | 7           | 5           | 5           | 5           | 3           | 1           | 2           | 2           | 3           |
| Support Services:                      |             |             |             |             |             |             |             |             |             |
| Student & instruction related services | 59          | 56          | 57          | 58          | 51          | 28          | 33          | 49          | 51          |
| School administrative services         | 14          | 16          | 16          | 16          | 14          | 14          | 12          | 13          | 13          |
| General administrative services        | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Plant operations and maintenance       | 21          | 23          | 22          | 20          | 19          | 20          | 19          | 20          | 22          |
| Pupil transportation                   | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 3           | 3           |
| Business and other support services    | 6           | 5           | 5           | 5           | 6           | 6           | 5           | 5           | 5           |
| Food Service                           | 1           | 1           | 1           | 1           | 1           | 1           | -0-         | -0-         | -0-         |
| Total                                  | <u>273</u>  | <u>277</u>  | <u>267</u>  | <u>267</u>  | <u>250</u>  | <u>226</u>  | <u>216</u>  | <u>239</u>  | <u>250</u>  |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District of the Town of Newton Personnel Records

TOWN OF NEWTON SCHOOL DISTRICT  
OPERATING STATISTICS.  
LAST NINE FISCAL YEARS  
UNAUDITED

| Fiscal<br>Year<br>End<br>June 30, | Enrollment | Operating<br>Expenditures <sup>a</sup> | Cost Per<br>Pupil <sup>d</sup> | Percentage<br>Change | Teaching<br>Staff <sup>b</sup> | Pupil/Teacher Ratio |                  |                       | Average<br>Daily<br>Enrollment<br>(ADE) <sup>c</sup> | Average Daily<br>Attendance<br>(ADA) <sup>c</sup> | % Change in<br>Average Daily<br>Enrollment | Student<br>Attendance<br>Percentage |
|-----------------------------------|------------|--|--------------------------------|----------------------|--------------------------------|---------------------|------------------|-----------------------|--|---|--|-------------------------------------|
|                                   |            |  |                                |                      |                                | Elementary          | Middle<br>School | Senior High<br>School |  |   |  |                                     |
| 2005                              | 1,740      | \$ 22,150,857                          | \$ 12,730                      | 6.53%                | 189                            | 1:11.6              | 1:9.2            | 1:12.6                | 1,740  | 1,633   | 0.00%                                      | 93.85%                              |
| 2006                              | 1,720      | 23,036,479                             | 13,393                         | 5.21%                | 193                            | 1:10.4              | 1:8.2            | 1:12.6                | 1,720  | 1,605   | -1.15%                                     | 93.31%                              |
| 2007                              | 1,624      | 23,796,019                             | 14,653                         | 9.40%                | 164                            | 1:16.7              | 1:13             | 1:16.3                | 1,624  | 1,521   | -5.58%                                     | 93.66%                              |
| 2008                              | 1,586      | 24,748,912                             | 15,605                         | 6.50%                | 158                            | 1:11.7              | 1:10.2           | 1:12.5                | 1,586  | 1,496   | -2.34%                                     | 94.33%                              |
| 2009                              | 1,559      | 23,997,333                             | 15,393                         | -1.36%               | 148                            | 1:10.8              | 1:8.7            | 1:11.0                | 1,559  | 1,467   | -1.70%                                     | 94.10%                              |
| 2010                              | 1,537      | 24,835,122                             | 16,158                         | 4.97%                | 135                            | 1:13.5              | 1:10.9           | 1:14.9                | 1,537  | 1,453   | -1.41%                                     | 94.53%                              |
| 2011                              | 1,501      | 24,322,442                             | 16,204                         | 0.28%                | 123                            | 1:11.5              | 1:12.8           | 1:12.0                | 1,501  | 1,416   | -2.34%                                     | 94.34%                              |
| 2012                              | 1,513      | 24,820,629                             | 16,405                         | 1.24%                | 128                            | 1:13.3              | 1:11.3           | 1:14.2                | 1,513  | 1,427   | 0.80%                                      | 94.32%                              |
| 2013                              | 1,507      | 26,176,887                             | 17,370                         | 5.88%                | 131                            | 1:12.4              | 1:8.0            | 1:11.4                | 1,507  | 1,430   | -0.40%                                     | 94.89%                              |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

Source: School District of the Town of Newton records

TOWN OF NEWTON SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST NINE FISCAL YEARS  
UNAUDITED

|                              | 2005     | 2006     | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>District Building</b>     |          |          |          |          |          |          |          |          |          |
| <b>Merriam Avenue School</b> |          |          |          |          |          |          |          |          |          |
| Square Feet                  | 77,154   | 77,154   | 77,154   | 77,154   | 77,154   | 77,151   | 77,151   | 77,151   | 77,151   |
| Capacity (students) - *      | 601; 693 | 601; 693 | 601; 693 | 601; 693 | 601; 693 | 601; 693 | 601; 693 | 601; 693 | 601; 693 |
| Enrollment                   | 548      | 537      | 494      | 469      | 463      | 484      | 489      | 499      | 541      |
| <b>Halsted Street School</b> |          |          |          |          |          |          |          |          |          |
| Square Feet                  | 71,120   | 71,120   | 71,120   | 71,120   | 71,120   | 71,120   | 71,120   | 71,120   | 71,120   |
| Capacity (students) - *      | 233; 356 | 233; 356 | 233; 356 | 233; 356 | 233; 356 | 233; 356 | 233; 356 | 233; 356 | 233; 356 |
| Enrollment                   | 307      | 295      | 270      | 269      | 269      | 262      | 246      | 234      | 207      |
| <b>Newton High School</b>    |          |          |          |          |          |          |          |          |          |
| Square Feet                  | 118,980  | 118,980  | 118,980  | 118,980  | 118,980  | 118,980  | 118,980  | 118,980  | 118,980  |
| Capacity (students) - *      | 519; 904 | 519; 904 | 519; 904 | 519; 904 | 519; 904 | 519; 904 | 519; 904 | 519; 904 | 519; 904 |
| Enrollment                   | 867      | 877      | 860      | 849      | 827      | 801      | 788      | 797      | 759      |
| <b>Board Office</b>          |          |          |          |          |          |          |          |          |          |
| Square Feet                  | 3,102    | 3,102    | 3,102    | 3,102    | 3,102    | 3,102    | 3,102    | 3,102    | 3,102    |

Number of Schools at June 30, 2013

- Elementary = 1
- Middle School = 1
- High School = 1
- Other = 1

\* The first student capacity number reflects the FES (Facility Efficiency Standards) capacity while the the second student capacity number reflects the District Practices as per the 2010 Long Range Facility Plan.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Enrollment is based on the annual October district count.

Exhibit J-19

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
UNAUDITED

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

| Fiscal Year<br>Ended<br>June 30, | Merriam<br>Avenue<br>School | Halsted<br>Street<br>School | Newton<br>High<br>School | Board<br>Office | Total      |
|----------------------------------|-----------------------------|-----------------------------|--------------------------|-----------------|------------|
| 2004                             | \$ 82,739                   | \$ 88,771                   | \$ 182,625               | \$ 31,695       | \$ 385,830 |
| 2005                             | 71,969                      | 78,559                      | 156,189                  | 9,412           | 316,129    |
| 2006                             | 83,126                      | 74,361                      | 172,649                  | 20,797          | 350,933    |
| 2007                             | 86,976                      | 68,411                      | 198,880                  | 14,061          | 368,328    |
| 2008                             | 96,932                      | 80,887                      | 270,606                  | 24,686          | 473,111    |
| 2009                             | 82,879                      | 72,010                      | 154,995                  | 5,798           | 315,682    |
| 2010                             | 104,153                     | 98,963                      | 225,315                  | 14,115          | 442,546    |
| 2011                             | 99,334                      | 102,342                     | 260,561                  | 6,283           | 468,520    |
| 2012                             | 166,744                     | 120,785                     | 313,250                  | 28,546          | 629,325    |
| 2013                             | 160,578                     | 148,703                     | 249,146                  | 8,429           | 566,856    |

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: School District of the Town of Newton records

Exhibit J-20

TOWN OF NEWTON SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2013  
UNAUDITED

|   | <u>Coverage</u>                          | <u>Deductible</u> |
|---|--|-------------------|
| School Alliance Insurance Fund (SAIF):                            |  |                   |
| School Package Policy:  |  |                   |
| Building & Personal Property                                      | \$ 250,000,000 Fund Aggregate            | \$ 1,000          |
| Inland Marine - Auto Physical Damage                              |  |                   |
| General Liability including Auto, Employee Benefits:              | 5,000,000                                |                   |
| Per Occurrence  |  |                   |
| General Aggregate   | 50,000,000 Fund Aggregate                |                   |
| Product/Completed Ops   |  |                   |
| Personal Injury   |  |                   |
| Fire Damage   | 2,500,000                                |                   |
| Medical Expenses (excluding students taking part in athletics)    | 10,000                                   |                   |
| Automobile Coverage   |  |                   |
| Combined Single Limit   |  |                   |
| Hired/Non-owned   |  |                   |
| Environmental Impairment Liability                                | 1,000,000 /<br>25,000,000 Fund Aggregate | 5,000             |
| Crime Coverage  | 50,000 Inside/Outside                    | 1,000             |
| Blanket Dishonesty Bond   | 500,000                                  | 1,000             |
| Boiler and Machinery  | 100,000,000                              | 1,000             |
| Excess Liability (AL/GL)  | 5,000,000                                |                   |
| School Board Legal Liability                                      | 5,000,000 / 5,000,000                    | 5,000             |
| Excess School Board Legal Liability                               | 5,000,000 / 5,000,000                    |                   |
| Workers' Compensation:  | Statutory                                |                   |
| Employer's Liability  | 5,000,000                                |                   |
| Supplemental Indemnity  | Statutory                                |                   |
| Bollinger Insurance:  |  |                   |
| Student Accident  | 1,000,000                                |                   |
| Public Officials' Bonds - Selective Insurance Company of America: |  |                   |
| Treasurer of School Monies  | 225,000                                  |                   |
| School Business Administrator/Board Secretary                     | 225,000                                  |                   |

Source: School District of the Town of Newton Insurance Agent

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
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Report on Internal Control over Financial Reporting and  
 on Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Town of Newton School District  
 County of Sussex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), 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 Town of Newton, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 30, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 District'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members  
of the Board of Education  
Town of Newton School District  
Page 2

### Compliance and Other Matters

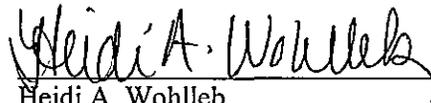
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### 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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 30, 2013  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
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Report on Compliance with Requirements For Each Major Federal and State  
Major Program and Report on Internal Control Over Compliance Require by  
OMB Circular A-133 and New Jersey OMB's Circular 04-04

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Town of Newton School District  
County of Sussex, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Town of Newton's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2013. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District'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. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of 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, 2013.

The Honorable President and Members  
of the Board of Education  
Town of Newton School District  
Page 2

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

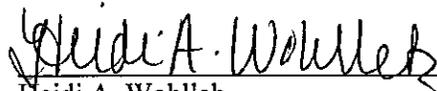
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

August 30, 2013  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

**TOWN OF NEWTON SCHOOL DISTRICT**  
**SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| Federal Grantor/Pass Through Grantor/<br>Program/Cluster Title | Federal<br>CFDA<br>Number | Grant or State<br>Project Number | Grant<br>Period | Award<br>Amount | Balance at June 30, 2012            |                                  |                   | Cash<br>Received | Budgetary<br>Expendi-<br>tures | Repayment<br>of Prior<br>Years'<br>Balances | Balance at June 30, 2013            |                                  |
|--|---------------------------|----------------------------------|-----------------|-----------------|-------------------------------------|----------------------------------|-------------------|------------------|--------------------------------|---|-------------------------------------|----------------------------------|
|  |                           |                                  |                 |                 | Budgetary<br>Accounts<br>Receivable | Budgetary<br>Unearned<br>Revenue | Due to<br>Grantor |                  |                                |   | Budgetary<br>Accounts<br>Receivable | Budgetary<br>Unearned<br>Revenue |
| <b>U.S. Department of Agriculture:</b>                         |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| Passed-through State Department of Agriculture:                |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| Child Nutrition Cluster:                                       |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| Food Distribution Program                                      | 10.555                    | N/A                              | 7/1/12-6/30/13  | \$ 24,252       |                                     |                                  | \$ 24,252         | \$ (15,985)      |                                |   | \$ 8,267                            |                                  |
| Food Distribution Program                                      | 10.555                    | N/A                              | 7/1/11-6/30/12  | 25,998          |                                     | \$ 8,091                         |                   | (8,091)          |                                |   |                                     |                                  |
| National School Lunch Program                                  | 10.555                    | N/A                              | 7/1/12-6/30/13  | 237,854         |                                     |                                  | 219,679           | (237,854)        |                                | \$ (18,175)                                 |                                     |                                  |
| National School Lunch Program                                  | 10.555                    | N/A                              | 7/1/11-6/30/12  | 220,321         | \$ (7,192)                          |                                  | 7,192             |                  |                                |   |                                     |                                  |
| School Breakfast Program                                       | 10.553                    | N/A                              | 7/1/12-6/30/13  | 35,680          |                                     |                                  | 32,354            | (35,680)         |                                | (3,326)                                     |                                     |                                  |
| School Breakfast Program                                       | 10.553                    | N/A                              | 7/1/11-6/30/12  | 31,551          | (1,158)                             |                                  | 1,158             |                  |                                |   |                                     |                                  |
| Total Child Nutrition Cluster                                  |                           |                                  |                 |                 | (8,350)                             | 8,091                            | 284,635           | (297,610)        |                                | (21,501)                                    | 8,267                               |                                  |
| Total U.S. Department of Agriculture                           |                           |                                  |                 |                 | (8,350)                             | 8,091                            | 284,635           | (297,610)        |                                | (21,501)                                    | 8,267                               |                                  |
| <b>U.S. Department of Education:</b>                           |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| Special Revenue Fund:  |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| Passed-through State Department of Education:                  |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| No Child Left Behind:  |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| Title I  | 84.010                    | NCLB359013                       | 9/1/12-8/31/13  | 230,759         |                                     |                                  | 158,226           | (158,500)        |                                | (274)                                       |                                     |                                  |
| Title I  | 84.010                    | NCLB359012                       | 9/1/11-8/31/12  | 260,979         |                                     | 38,543                           | 13,187            | (51,730)         |                                |   |                                     |                                  |
| Total Title I  |                           |                                  |                 |                 |                                     | 38,543                           | 171,413           | (210,230)        |                                | (274)                                       |                                     |                                  |
| Title IIA  | 84.367                    | NCLB359013                       | 9/1/12-8/31/13  | 56,053          |                                     |                                  | 29,787            | (37,797)         |                                | (8,010)                                     |                                     |                                  |
| Title IIA  | 84.367                    | NCLB359012                       | 9/1/11-8/31/12  | 53,651          |                                     | 3,548                            | 7                 | (3,555)          |                                |   |                                     |                                  |
| Total Title II   |                           |                                  |                 |                 |                                     | 3,548                            | 29,794            | (41,352)         |                                | (8,010)                                     |                                     |                                  |
| Special Education Cluster:                                     |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| I.D.E.A. Part B, Basic   | 84.027                    | IDEA359013                       | 9/1/12-8/31/13  | 342,165         |                                     |                                  | 252,611           | (316,652)        |                                | (64,041)                                    |                                     |                                  |
| I.D.E.A. Part B, Basic   | 84.027                    | IDEA359012                       | 9/1/11-8/31/12  | 352,205         | (15,270)                            |                                  | 23,438            | (8,168)          |                                |   |                                     |                                  |
| I.D.E.A. Part B, Basic   | 84.027                    | IDEA359010                       | 9/1/09-8/31/10  | 338,512         | (10,621)                            |                                  |                   |                  |                                | (10,621)                                    |                                     |                                  |
| I.D.E.A. Preschool   | 84.173                    | IDEA359013                       | 9/1/12-8/31/13  | 7,705           |                                     |                                  |                   | (1,603)          |                                | (1,603)                                     |                                     |                                  |
| I.D.E.A. Preschool   | 84.173                    | IDEA359012                       | 9/1/11-8/31/12  | 7,692           | (1,197)                             |                                  | 5,401             | (4,204)          |                                |   |                                     |                                  |
| Total Special Education Cluster                                |                           |                                  |                 |                 | (27,088)                            |                                  | 281,450           | (330,627)        |                                | (76,265)                                    |                                     |                                  |
| Carl D. Perkins - Secondary                                    | 84.048                    | PERK359013                       | 7/1/12-6/30/13  | 23,632          |                                     |                                  | 23,632            | (23,632)         |                                |   |                                     |                                  |
| Total Carl D. Perkins - Secondary                              |                           |                                  |                 |                 |                                     |                                  | 23,632            | (23,632)         |                                |   |                                     |                                  |
| State Fiscal Stabilization Fund (SFSF):                        |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| ARRA - Race-to-the-Top   | 84.395                    | N/A                              | 9/1/10-11/30/15 | 18,982          |                                     |                                  | 11,401            | (11,401)         |                                |   |                                     |                                  |
| Total State Fiscal Stabilization Fund (SFSF)                   |                           |                                  |                 |                 |                                     |                                  | 11,401            | (11,401)         |                                |   |                                     |                                  |

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| Federal Grantor/Pass Through Grantor/<br>Program/Cluster Title | Federal<br>CFDA<br>Number | Grant or State<br>Project Number | Grant<br>Period | Award<br>Amount | Balance at June 30, 2012            |                                  |                   | Cash<br>Received | Budgetary<br>Expendi-<br>tures | Repayment<br>of Prior<br>Years'<br>Balances | Balance at June 30, 2013            |                                  |
|--|---------------------------|----------------------------------|-----------------|-----------------|-------------------------------------|----------------------------------|-------------------|------------------|--------------------------------|---|-------------------------------------|----------------------------------|
|  |                           |                                  |                 |                 | Budgetary<br>Accounts<br>Receivable | Budgetary<br>Deferred<br>Revenue | Due to<br>Grantor |                  |                                |   | Budgetary<br>Accounts<br>Receivable | Budgetary<br>Deferred<br>Revenue |
| <u>U.S. Department of Education:</u>                           |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| Passed-through State Department of Education:                  |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| Even Start Family Literacy                                     | 84.213                    | 08B523G03                        | 10/1/09-9/30/10 | \$ 103,250      |                                     |                                  | \$ 97             |                  |                                | \$ (97)                                     |                                     |                                  |
| Total Even Start Family Literacy                               |                           |                                  |                 |                 |                                     |                                  | 97                |                  |                                | (97)  |                                     |                                  |
| Subtotal - Special Revenue Fund                                |                           |                                  |                 |                 | \$ (27,088)                         | \$ 42,091                        | 97                | \$ 506,289       | \$ (605,841)                   | (97)  | \$ (84,549)                         |                                  |
| Total U.S. Department of Education                             |                           |                                  |                 |                 | (27,088)                            | 42,091                           | 97                | 517,690          | (617,242)                      | (97)  | (84,549)                            |                                  |
| U.S. Department of Health and Human Services:                  |                           |                                  |                 |                 |                                     |                                  |                   |                  |                                |   |                                     |                                  |
| Medicaid Assistance Program                                    | 93.778                    | N/A                              | 7/1/12-6/30/13  | 4,737           |                                     |                                  |                   | 4,737            | (4,737)                        |   |                                     |                                  |
| Total Federal Awards   |                           |                                  |                 |                 | \$ (35,438)                         | \$ 50,182                        | \$ 97             | \$ 807,062       | \$ (919,589)                   | \$ (97)                                     | \$ (106,050)                        | \$ 8,267                         |

N/A - Not Applicable

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| State Grantor/Program Title                   | Grant or State Project Number | Grant Period   | Award Amount | Balance at June 30, 2012      |                            |                | Cash Received | Budgetary Expenditures | Adjustment | Repayment of Prior Years' Balances | Balance at June 30, 2013 |                | MEMO                 |                               |
|---|-------------------------------|----------------|--------------|-------------------------------|----------------------------|----------------|---------------|------------------------|------------|------------------------------------|--------------------------|----------------|----------------------|-------------------------------|
|   |                               |                |              | Budgetary Accounts Receivable | Budgetary Unearned Revenue | Due to Grantor |               |                        |            |                                    | GAAP Accounts Receivable | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| <b>State Department of Education:</b>         |                               |                |              |                               |                            |                |               |                        |            |                                    |                          |                |                      |                               |
| <b>General Fund State Aid:</b>                |                               |                |              |                               |                            |                |               |                        |            |                                    |                          |                |                      |                               |
| Equalization Aid                              | 13-495-034-5120-078           | 7/1/12-6/30/13 | \$ 5,194,756 |                               |                            |                | \$ 4,682,439  | \$ (5,194,756)         |            |                                    |                          | \$ (512,317)   | \$ 5,194,756         |                               |
| Transportation Aid                            | 13-495-034-5120-014           | 7/1/12-6/30/13 | 28,072       |                               |                            |                | 25,303        | (28,072)               |            |                                    |                          | (2,769)        | 28,072               |                               |
| Special Education Aid                         | 13-495-034-5120-089           | 7/1/12-6/30/13 | 568,250      |                               |                            |                | 512,208       | (568,250)              |            |                                    |                          | (56,042)       | 568,250              |                               |
| Security Aid                                  | 13-495-034-5120-084           | 7/1/12-6/30/13 | 39,954       |                               |                            |                | 36,014        | (39,954)               |            |                                    |                          | (3,940)        | 39,954               |                               |
| Extraordinary Special Education Costs Aid     | 13-100-034-5120-473           | 7/1/12-6/30/13 | 98,611       |                               |                            |                |               | (98,611)               |            |                                    | \$ (98,611)              | (98,611)       | 98,611               |                               |
| Reimbursed TPAF Social Security Contributions | 13-495-034-5095-002           | 7/1/12-6/30/13 | 860,061      |                               |                            |                | 817,114       | (860,061)              |            |                                    |                          | (42,947)       | 860,061              |                               |
| Equalization Aid                              | 12-495-034-5120-078           | 7/1/11-6/30/12 | 5,032,638    | \$ (494,358)                  |                            |                | 494,358       |                        |            |                                    |                          |                | 5,032,638            |                               |
| Special Education Aid                         | 12-495-034-5120-089           | 7/1/11-6/30/12 | 538,534      | (52,900)                      |                            |                | 52,900        |                        |            |                                    |                          |                | 538,534              |                               |
| Extraordinary Special Education Costs Aid     | 12-100-034-5120-473           | 7/1/11-6/30/12 | 50,094       | (50,094)                      |                            |                | 50,094        |                        |            |                                    |                          |                | 50,094               |                               |
| Excess Nonpublic Transportation Costs         | 12-495-034-5120-014           | 7/1/11-6/30/12 | 1,044        | (1,044)                       |                            |                | 1,044         |                        |            |                                    |                          |                | 1,044                |                               |
| Subtotal - General Fund                       |                               |                |              | (598,396)                     |                            |                | 6,671,474     | (6,789,704)            |            |                                    |                          | (141,558)      | (716,626)            | 13,272,198                    |
| <b>Special Revenue Fund Aid:</b>              |                               |                |              |                               |                            |                |               |                        |            |                                    |                          |                |                      |                               |
| <b>Nonpublic Auxiliary Services:</b>          |                               |                |              |                               |                            |                |               |                        |            |                                    |                          |                |                      |                               |
| Compensatory Education                        | 13-100-034-5120-067           | 7/1/12-6/30/13 | 32,608       |                               |                            |                | 32,608        | (28,842)               |            |                                    |                          | \$ 3,766       | 28,842               |                               |
| Compensatory Education                        | 12-100-034-5120-067           | 7/1/11-6/30/12 | 31,278       |                               |                            | \$ 3,552       |               |                        |            | \$ (3,552)                         |                          |                | 27,726               |                               |
| English as a Second Language                  | 12-100-034-5120-067           | 7/1/11-6/30/12 | 2,586        |                               |                            | 2,586          |               |                        |            | (2,586)                            |                          |                |                      |                               |
| <b>Nonpublic Handicapped Services:</b>        |                               |                |              |                               |                            |                |               |                        |            |                                    |                          |                |                      |                               |
| Supplementary Instruction                     | 13-100-034-5120-066           | 7/1/12-6/30/13 | 16,652       |                               |                            |                | 16,652        | (12,766)               |            |                                    |                          | 3,886          | 12,766               |                               |
| Supplementary Instruction                     | 12-100-034-5120-066           | 7/1/11-6/30/12 | 16,837       |                               |                            | 1,755          |               |                        |            | (1,755)                            |                          |                | 15,082               |                               |
| Corrective Speech                             | 13-100-034-5120-066           | 7/1/12-6/30/13 | 7,812        |                               |                            |                | 7,812         | (3,515)                |            |                                    |                          | 4,297          | 3,515                |                               |
| Corrective Speech                             | 12-100-034-5120-066           | 7/1/11-6/30/12 | 5,529        |                               |                            | 2,528          |               |                        |            | (2,528)                            |                          |                | 3,001                |                               |
| Examination and Classification                | 13-100-034-5120-066           | 7/1/12-6/30/13 | 21,185       |                               |                            |                | 21,185        | (12,586)               |            |                                    |                          | 8,599          | 12,586               |                               |
| Examination and Classification                | 12-100-034-5120-066           | 7/1/11-6/30/12 | 21,577       |                               |                            | 4,377          |               |                        |            | (4,377)                            |                          |                | 17,200               |                               |
| N.J. Nonpublic Textbook Aid                   | 13-100-034-5120-064           | 7/1/12-6/30/13 | 10,251       |                               |                            |                | 10,251        | (8,362)                |            |                                    |                          | 1,889          | 8,362                |                               |
| N.J. Nonpublic Textbook Aid                   | 12-100-034-5120-064           | 7/1/11-6/30/12 | 9,238        |                               |                            | 77             |               |                        |            | (77)                               |                          |                | 9,161                |                               |
| N.J. Nonpublic Nursing Aid                    | 13-100-034-5120-070           | 7/1/12-6/30/13 | 14,228       |                               |                            |                | 14,228        | (14,228)               |            |                                    |                          |                | 14,228               |                               |
| N.J. Nonpublic Technology Initiative          | 13-100-034-5120-373           | 7/1/12-6/30/13 | 3,783        |                               |                            |                | 3,783         |                        |            |                                    |                          | 3,783          |                      |                               |
| Subtotal - Special Revenue Fund               |                               |                |              |                               |                            | 14,875         | 106,519       | (80,299)               |            | (14,875)                           |                          | 26,220         | 152,469              |                               |
| <b>State Department of Education:</b>         |                               |                |              |                               |                            |                |               |                        |            |                                    |                          |                |                      |                               |
| <b>Food Service Fund:</b>                     |                               |                |              |                               |                            |                |               |                        |            |                                    |                          |                |                      |                               |
| State School Lunch Program                    | 13-100-010-3350-023           | 7/1/12-6/30/13 | 7,189        |                               |                            |                | 6,656         | (7,189)                |            |                                    |                          | (533)          | (533)                | 7,189                         |
| State School Lunch Program                    | 12-100-010-3350-023           | 7/1/11-6/30/12 | 7,793        | (246)                         |                            |                | 246           |                        |            |                                    |                          |                | 7,793                |                               |
| Subtotal - Food Service Fund                  |                               |                |              | (246)                         |                            |                | 6,902         | (7,189)                |            |                                    |                          | (533)          | (533)                | 14,982                        |
| Total State Department of Education           |                               |                |              | (598,642)                     |                            | 14,875         | 6,784,895     | (6,877,192)            |            | (14,875)                           | (142,091)                | 26,220         | (717,159)            | 13,439,649                    |

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| State Grantor/Program Title                                  | Grant or State Project Number | Grant Period   | Award Amount | Balance at June 30, 2012      |                            |                  | Cash Received       | Budgetary Expenditures | Adjustment        | Repayment of Prior Years' Balances | Balance at June 30, 2013 |                  | MEMO                 |                               |
|--|-------------------------------|----------------|--------------|-------------------------------|----------------------------|------------------|---------------------|------------------------|-------------------|------------------------------------|--------------------------|------------------|----------------------|-------------------------------|
|  |                               |                |              | Budgetary Accounts Receivable | Budgetary Deferred Revenue | Due to Grantor   |                     |                        |                   |                                    | GAAP Accounts Receivable | Due to Grantor   | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Health and Senior Services:              |                               |                |              |                               |                            |                  |                     |                        |                   |                                    |                          |                  |                      |                               |
| Special Revenue Fund:  |                               |                |              |                               |                            |                  |                     |                        |                   |                                    |                          |                  |                      |                               |
| New Jersey Coordinated School Health                         |                               |                |              |                               |                            |                  |                     |                        |                   |                                    |                          |                  |                      |                               |
| Demonstration Project:                                       |                               |                |              |                               |                            |                  |                     |                        |                   |                                    |                          |                  |                      |                               |
| Halsted Middle School  | N/A                           | 3/1/12-6/30/13 | \$ 3,000     | \$ (369)                      |                            |                  | \$ 1,755            | \$ (1,394)             | \$ 8              |                                    |                          |                  |                      | \$ 3,000                      |
| Halsted Middle School  | N/A                           | 3/1/11-2/28/12 | 5,000        |                               | \$ 3,243                   |                  |                     |                        | (3,243)           |                                    |                          |                  |                      | 1,757                         |
| Halsted Middle School  | N/A                           | 3/1/10-2/28/11 | 10,000       | (1,650)                       |                            |                  |                     |                        | 1,650             |                                    |                          |                  |                      | 10,000                        |
| Merriam Ave School   | N/A                           | 7/1/10-6/30/11 | 10,000       |                               |                            | \$ 320           |                     |                        |                   | \$ (320)                           |                          |                  |                      | 9,680                         |
| Newton High School   | N/A                           | 7/1/10-6/30/11 | 10,000       |                               |                            | 13               |                     |                        |                   | (13)                               |                          |                  |                      | 9,987                         |
| <b>Total State Department of Health and Senior Services:</b> |                               |                |              | <b>(2,019)</b>                | <b>3,243</b>               | <b>333</b>       | <b>1,755</b>        | <b>(1,394)</b>         | <b>(1,585)</b>    | <b>(333)</b>                       |                          |                  |                      | <b>34,424</b>                 |
| NJ Schools Development Authority:                            |                               |                |              |                               |                            |                  |                     |                        |                   |                                    |                          |                  |                      |                               |
| Capital Projects Fund:                                       |                               |                |              |                               |                            |                  |                     |                        |                   |                                    |                          |                  |                      |                               |
| Educational Facilities Construction and Financing Act:       |                               |                |              |                               |                            |                  |                     |                        |                   |                                    |                          |                  |                      |                               |
| Halsted Middle School  | SP202143                      | N/A            | 473,796      | (92,390)                      |                            |                  | 92,390              |                        |                   |                                    |                          |                  |                      | 473,796                       |
| Newton High School   | SP202141                      | N/A            | 1,418,904    | (63,851)                      |                            |                  | 63,851              |                        |                   |                                    |                          |                  |                      | 1,418,904                     |
| <b>Total NJ Schools Development Authority</b>                |                               |                |              | <b>(156,241)</b>              |                            |                  | <b>156,241</b>      |                        |                   |                                    |                          |                  |                      | <b>1,892,700</b>              |
| <b>Total State Awards</b>                                    |                               |                |              | <b>\$ (756,902)</b>           | <b>\$ 3,243</b>            | <b>\$ 15,208</b> | <b>\$ 6,942,891</b> | <b>\$ (6,878,586)</b>  | <b>\$ (1,585)</b> | <b>\$ (15,208)</b>                 | <b>\$ (142,091)</b>      | <b>\$ 26,220</b> | <b>\$ (717,159)</b>  | <b>\$ 15,366,773</b>          |

N/A - Not Applicable/Available

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Town of Newton School District under programs of the federal and state governments for the fiscal year ended June 30, 2013. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported 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 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

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 last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$27,810) for the general fund and (\$13,561) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the TPAF On-Behalf Pension Contributions and on-behalf TPAF Post Retirement Contributions revenue of \$725,327 and \$820,162 respectively. Revenue from federal and state awards is reported in the Board's basic financial statements on a GAAP basis as presented below:

|                      | <u>Federal</u>    | <u>State</u>        | <u>Total</u>        |
|----------------------|-------------------|---------------------|---------------------|
| General Fund         | \$ 4,737          | \$ 8,307,383        | \$ 8,312,120        |
| Special Revenue Fund | 603,681           | 81,693              | 685,374             |
| Food Service Fund    | <u>297,610</u>    | <u>7,189</u>        | <u>304,799</u>      |
| Total Awards         | <u>\$ 906,028</u> | <u>\$ 8,396,265</u> | <u>\$ 9,302,293</u> |

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2013.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

In prior years, the District was awarded grants totaling \$4,503,335 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2013, the District has expended \$4,503,335 and requested reimbursement for \$4,503,335 of the grant funds, of which \$4,503,335 had been collected as of June 30, 2013. In the Capital Projects Fund, the District realized the full amount of the grant funds as revenue on a budgetary basis in the year awarded and realized the grant funds as revenue on a GAAP basis when grant funds expended were submitted for reimbursement.

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB's Circular 04-04*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04 or Section 510(a) of Federal OMB Circular A-133.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

|                               | <u>C.F.D.A./</u><br><u>State Grant Number</u> | <u>Grant Period</u> | <u>Award</u><br><u>Amount</u> | <u>Budgetary</u><br><u>Expenditures</u> |
|-------------------------------|---|---------------------|-------------------------------|---|
| <u>Federal:</u>               |   |                     |                               |   |
| Child Nutrition Cluster:      |   |                     |                               |   |
| Food Distribution Program     | 10.555  | 7/1/12-6/30/13      | \$ 24,252                     | \$ 15,985                               |
| Food Distribution Program     | 10.555  | 7/1/11-6/30/12      | 25,998                        | 8,091                                   |
| National School Lunch Program | 10.555  | 7/1/12-6/30/13      | 237,854                       | 237,854                                 |
| School Breakfast Program      | 10.553  | 7/1/12-6/30/13      | 35,680                        | 35,680                                  |
| <u>State:</u>                 |   |                     |                               |   |
| Equalization Aid              | 13-495-034-5120-078                           | 7/1/12-6/30/13      | 5,194,756                     | 5,194,756                               |
| Special Education Aid         | 13-495-034-5120-089                           | 7/1/12-6/30/13      | 568,250                       | 568,250                                 |
| Security Aid                  | 13-495-034-5120-084                           | 7/1/12-6/30/13      | 39,954                        | 39,954                                  |

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$300,000.
- The District was determined to be a "low-risk" auditee for federal and state programs.

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

Summary of Auditors' Results: (Cont'd)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB's Circular 04-04.

TOWN OF NEWTON SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Status of Prior Year Findings:

The District had no prior year audit findings.