

**TOWN OF NEWTON
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

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

Newton, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

**Town of Newton School District
Board Office**

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INTRODUCTORY SECTION

Newton Public Schools
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973-383-7392 phone ♦ 973-383-5378 fax
www.newtonnj.org

Dr. G. Kennedy Greene
Superintendent

Donna C. Snyder
Business Administrator

November 18, 2015

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, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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's OMB Circulars 04-04 and 15-08, *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 2014-2015 fiscal year with an average daily enrollment of 1,557 students, a slight increase from the previous year.

The Honorable President and Members of
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Town of Newton School District
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2) ECONOMIC CONDITION AND OUTLOOK: As the County Seat, the Town of Newton continues to have increasing numbers of low-income and homeless 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, determining which district bears the financial responsibility for educating them, creating contracts and tracking the finances. 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 continues to grow, 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 Science, Technology, Engineering, and Mathematics (STEM) education throughout the District. Newton Public Schools continue to expand technology and software available for education, as well as for PARCC testing.

A major initiative during the 2013-2014 school year was Project Launch, a 21st Century Learning Center grant program which provides an after school and extended year program for grades 4-8, as well as family and parenting programs in both English and Spanish. This program was run by Project Self Sufficiency in partnership with the school district and focused on a STEM curriculum. The program started the 2014-2015 year with a summer curriculum and trips, and continued to grow during the school year. The District aligned some of its programs with Launch so that more students could participate.

In the 2014-2015 school year, Newton High School received students from Andover Borough, Andover Township and Green Township, which constituted approximately 59% of the high school population, and realized approximately \$6.3 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.

The 2014-2015 budget included funds for increasing broadband width at each school, a Direct Install Energy Program at Newton High School, and a property purchase of a two acre parcel contiguous to the high school. It also included personnel increases to address enrollment growth at the 3rd grade level and in the high school special education population, as well as an additional physical education teacher at Halsted Middle School.

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. The Board of Education and Town will continue working on a joint public relations initiative. Communication between the governmental agencies is critical as the community begins to rebuild.

3) MAJOR INITIATIVES:

(A) Student Achievement and PARCC testing was a major focus during the 2014-2015 school year. Strategies and activities to address areas cited in school performance reports included the revision of Title II in order to hire a shared reading teacher in the elementary and middle school; this step allowed the implementation of DIBELS (Dynamic Indicators of Basic Early Literacy Skills) as a screening tool and targeting interventions in a more effective manner.

The Honorable President and Members of
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3) MAJOR INITIATIVES: (Cont'd)

Standards-based curriculum and benchmark assessments were aligned with the Common Core Language Arts and Math Standards, Next Generation Science Standards and were revised in other subject areas. PARCC end of year testing created a need for more technology, and the use of that technology in not only teaching, but also as an assessment tool. Pre-test data was assessed to improve the Student Growth Opportunities (SGO's). The use of "Blended Learning" as an instructional practice is being increased, and additional course offerings may be available to students as a result. Additionally, a District goal to build stronger parent and community relationships to increase student achievement continued to expand out-reach efforts, specifically for at-risk populations, resulting in new and expanded programs such as the Merriam Avenue School Parent Academy, Watch D.O.G.S., grandparent support groups, etc.

(B) Preschool – New Jersey schools are required to educate handicapped students from ages 3-21. Preschool 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. Newton, Andover, and Green decided to solve the problem by opening a joint regular education preschool program at the Merriam Avenue School in 2011. Andover provided notice in Spring of 2014 that it will be opening its own program due to space availability and anticipated local demand for the program in their District. The Newton-Green partnership continued and 2014-2015 enrollment records indicate 32 PSD and 13 tuition students, for a total program enrollment of forty-five students.

(C) Facility Maintenance/Upgrades - A Facility Assessment Study was completed in March 2011, identifying facility deficits that need to be addressed as well as changes desired to meet the needs of future educational programs. Although a 2001 referendum resolved the need for additional space, redesigned media centers, completed asbestos abatements and installed new roofs, there was no significant money put into facilities after the final expenditures in 2009 until the 2012-2013 school year, when staffing changes and cost reductions, particularly in the area of health insurance were implemented.. Many significant facility improvements took place from 2012 through 2015.

The Board of Education applied for and received approval for ten Regular Operating District (ROD) grants from the State and has 18 months to obtain funding for the projects. Unfortunately, one of the grant applications was for a complete renovation of the high school auditorium, and that application was only partially funded. The remaining grants are for upgrading the telephone systems throughout the District and installation of generators. These projects will only be completed if funding becomes available during the budget planning for the 2015-2016 school year.

The Board of Education has also authorized the Board's architect to evaluate all three schools, including the sites, to determine the feasibility of continued use of Halsted Middle School and the potential capacity of all three sites.

An opportunity to purchase a relatively flat, two acre piece of property contiguous to the high school arose during the year, and the purchase was finalized in May 2015. Although a specific use has not been identified at this time, the District facility evaluations have consistently identified space needs for facilities, fields and parking.

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 is 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.

The Honorable President and Members of
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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, 2015.

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 pool 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's OMB Circulars 04-04 and 15-08, *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.

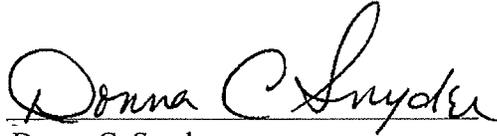
The Honorable President and Members of
the Board of Education
Town of Newton School District
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November 18, 2015

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

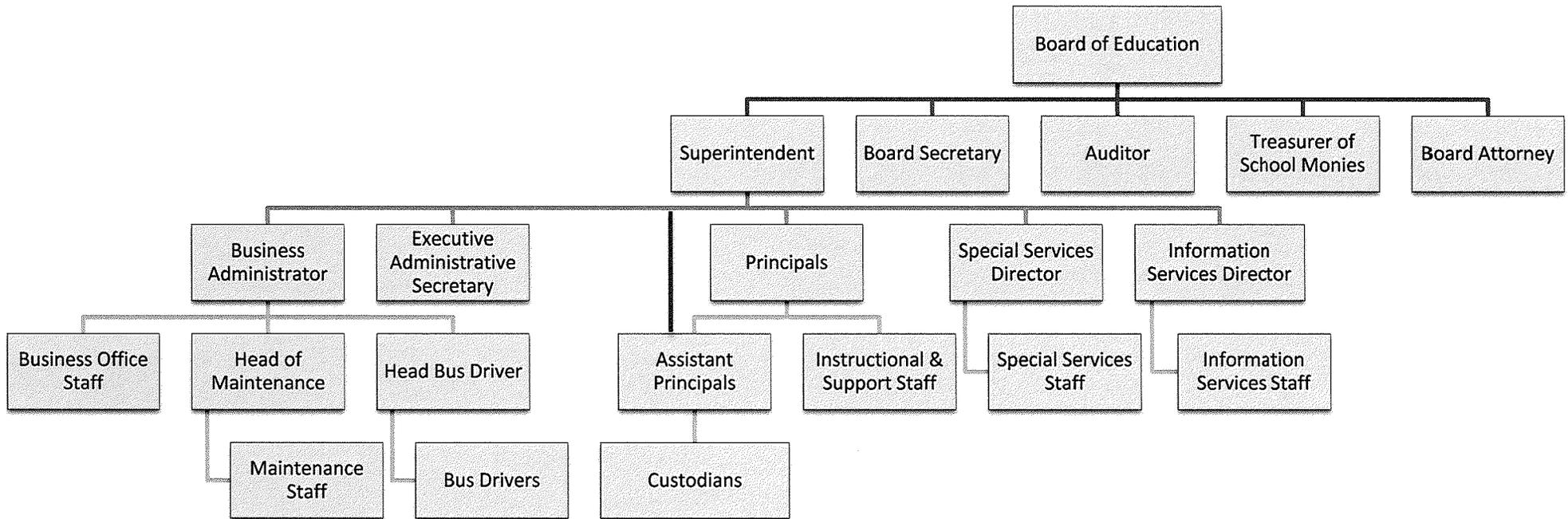


Donna C. Snyder
Business Administrator/Board Secretary

Newton Public Schools

Organizational Chart

Revised August 2014



**TOWN OF NEWTON SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stella Dunn, President	2017
Jessica Egner, Vice President	2015
Ed Caffrey	2016
Joan Faye	2015
Guilene Ham	2017
Richard Heckman	2015
Tina Larsen	2017
Raymond Morris	2016
Nanette Thomas	2016
Michael Fancher (Andover Regional Representative)	2015
John O'Gorman (Green Township Representative)	2015

<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

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
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Rockaway, NJ 07866

Bond Counsel

Wilentz, Goldman & Spitzer
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Woodbridge, NJ 07095

Official Depository

Lakeland Bank
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Newton, NJ 07860

FINANCIAL SECTION



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Mt. Arlington, NJ 07856
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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, 2015, 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
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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, 2015, 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.

Emphasis of Matter

As discussed in Note 8 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 17 to the basic financial statements.

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, the required supplementary information pension schedules 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’s OMB Circulars 04-04 and 15-08, *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 Honorable President and Members
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Town of Newton School District
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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.

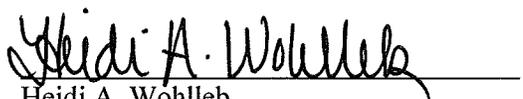
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015 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.

November 18, 2015
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, 2015
(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, 2015. 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 remained stable on a district-wide basis and fund basis.
- Overall revenue was \$32.47 million.
- Overall expenses were \$32.41 million.
- Enrollment in the District has increased slightly from the prior year.

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

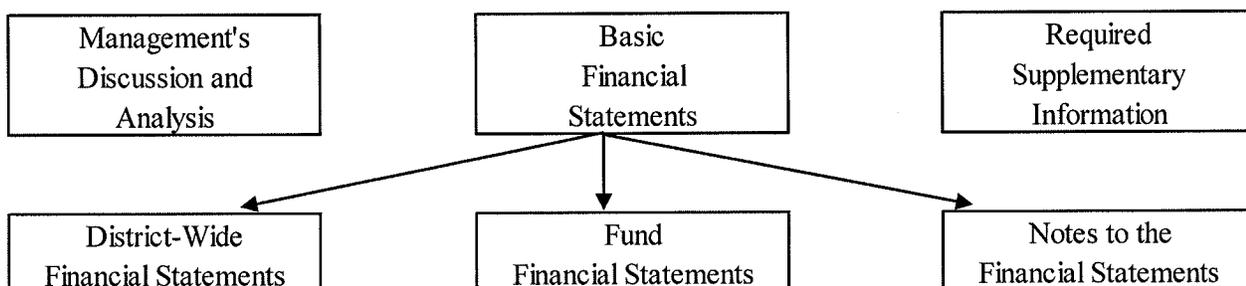


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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, deferred inflows and outflows 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, deferred inflows and outflows 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 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 \$61,020. Net position from governmental activities increased by \$45,372 and net position from business-type activities increased by \$15,648. Net investment in capital assets increased by \$91,712, restricted net position increased by \$186,677, and unrestricted net position decreased by \$217,369.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage
	2014/15	2013/14*	2014/15	2013/14	2014/15	2013/14*	Change 2014/15
Current and							
Other Assets	\$ 898,165	\$ 842,378	\$ 267,429	\$ 268,268	\$ 1,165,594	\$ 1,110,646	4.95%
Capital Assets, Net	14,988,886	15,144,067	27,890	32,034	15,016,776	15,176,101	-1.05%
Total Assets	15,887,051	15,986,445	295,319	300,302	16,182,370	16,286,747	-0.64%
Deferred Outflows of Resources	449,117	251,327			449,117	251,327	78.70%
Long-Term Debt Outstanding	15,004,411	15,714,055		3,120	15,004,411	15,717,175	-4.53%
Other Liabilities	350,603	309,689	50,789	68,300	401,392	377,989	6.19%
Total Liabilities	15,355,014	16,023,744	50,789	71,420	15,405,803	16,095,164	-4.47%
Deferred Inflows of Resources	721,754				721,754		100.00%
Net Position:							
Net Investment in Capital Assets	7,801,250	7,705,394	27,890	32,034	7,829,140	7,737,428	1.19%
Restricted	713,095	526,418			713,095	526,418	35.46%
Unrestricted/(Deficit)	(8,254,945)	(8,017,784)	216,640	196,848	(8,038,305)	(7,820,936)	-2.78%
Total Net Position	\$ 259,400	\$ 214,028	\$ 244,530	\$ 228,882	\$ 503,930	\$ 442,910	13.78%

* Restated

Changes in Net Position. The District's combined net position was \$503,930 on June 30, 2015, an increase of \$61,020 or 13.78% 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 \$265,000 as well as current year capital assets additions (net of deletions) of \$370,701 offset by current year depreciation expense of \$530,026. Restricted net position increased by \$186,677 mainly due to the net increase in Capital Reserve of \$186,678. The decrease in unrestricted net position was due primarily to a decrease in General Fund assigned fund balance of \$187,647 and a net decrease in compensated absences of \$71,589; offset by an increase in business-type activities unrestricted net position of \$19,792.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2014/15	Business- Type Activities 2014/15	Governmental Activities 2013/14	Business- Type Activities 2013/14	Total School District 2014/15	Total School District 2013/14	Percentage Change 2014/15
Revenue:							
Program Revenue:							
Charges for Services	\$ 7,024,707	\$ 315,043	\$ 6,848,705	\$ 461,559	\$ 7,339,750	\$ 7,310,264	0.40%
Operating Grants and Contributions	6,668,029	304,121	3,613,786	332,227	6,972,150	3,946,013	76.69%
General Revenue:							
Property Taxes	12,732,431		12,380,060		12,732,431	12,380,060	2.85%
Unrestricted State and Federal Aid	5,369,447		5,220,448		5,369,447	5,220,448	2.85%
Other	57,877	380	70,170	346	58,257	70,516	-17.38%
Total Revenue	31,852,491	619,544	28,133,169	794,132	32,472,035	28,927,301	12.25%
Expenses:							
Instruction	18,609,520		16,047,406		18,609,520	16,047,406	15.97%
Pupil and Instruction Services	5,226,581		4,402,604		5,226,581	4,402,604	18.72%
Administrative and Business	3,540,895		3,174,085		3,540,895	3,174,085	11.56%
Maintenance and Operations	2,930,168		2,895,524		2,930,168	2,895,524	1.20%
Transportation	741,649		631,442		741,649	631,442	17.45%
Capital Outlay	40,189		39,408		40,189	39,408	1.98%
Other	718,117	603,896	749,213	739,343	1,322,013	1,488,556	-11.19%
Total Expenses	31,807,119	603,896	27,939,682	739,343	32,411,015	28,679,025	13.01%
Increase/(Decrease) in Net Position	\$ 45,372	\$ 15,648	\$ 193,487	\$ 54,789	\$ 61,020	\$ 248,276	-75.42%

Revenue Sources. The District's total revenue for the 2014/15 school year was \$32,472,035. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$12,732,431 of the total, or 39.21 percent. (See Figure A-5). Another 38.01 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 2015

	Amount	Percentage
Sources of Income:		
Grants and Contributions	\$ 6,972,150	21.47%
Property Taxes	12,732,431	39.21%
Unrestricted Federal and State Aid	5,369,447	16.54%
Charges for Services	7,339,750	22.60%
Other	58,257	0.18%
	\$ 32,472,035	100.00%

The total cost of all programs and services was \$32,411,015. The District's expenses are predominantly related to instructing and providing pupil services (73.55 percent). (See Figure A-6). The District's administrative and business activities accounted for 10.92 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 (9.04 percent). It is important to note that expenses for the year include \$530,026 of depreciation.

Figure A-6**Expenses for Fiscal Year 2015**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 18,609,520	57.42%
Pupil and Instruction Services	5,226,581	16.13%
Administrative and Business	3,540,895	10.92%
Maintenance and Operations	2,930,168	9.04%
Transportation	741,649	2.29%
Capital Outlay	40,189	0.12%
Other	1,322,013	4.08%
	<u>\$ 32,411,015</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 increase in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary and benefit costs, school security, out of district tuitions, state mandates on testing and energy costs places great demands on the District's resources.

Careful management of expenses and increases in revenues remains essential for the District to sustain its financial health. The District continues to receive the benefit of cost saving measures from the past few years, especially the energy conservation measures. Monitoring expenses carefully and planning Capital Reserve projects and other expenses allowed us to make several significant upgrades during the 2014-2015 school year. A \$236,000 running track renovation was completed at the high school, four additional security guards were hired, a key fob access system was installed in all three schools and significant upgrades were made not only to the technology infrastructure, but also in terms of the number of devices purchased through both local and federal funds.

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**Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	2014/15	2014/15	2013/14	2013/14
Instruction	\$ 18,609,520	\$ 9,897,912	\$ 16,047,406	\$ 9,478,474
Pupil and Instruction Services	5,226,581	3,016,100	4,402,604	2,779,286
Administrative and Business	3,540,895	2,158,869	3,174,085	2,113,925
Maintenance and Operations	2,930,168	1,875,806	2,895,524	1,985,652
Transportation	741,649	481,384	631,442	413,311
Capital Outlay	40,189	30,872	39,408	29,249
Other	718,117	653,440	749,213	677,294
	<u>\$ 31,807,119</u>	<u>\$ 18,114,383</u>	<u>\$ 27,939,682</u>	<u>\$ 17,477,191</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$15,648 (Refer to Figure A-4). The increase in net position was primarily due to the following:

- Even though there was a slight decrease in enrollment in the After Care Program, the District was able to stabilize its operating expenses to generate an operating income of \$16,721.
- As of July 1, 2014, the District was no longer contracted to operate the food service program at the two Andover schools. This resulted in a decrease in both revenue and expenses and a net decrease of \$1,246 in the Food Service Fund Net Position. The guarantee from the food service management contractor of \$26,979 was able to offset the majority of the loss of revenue from the Andover schools.

Financial Analysis of the District's Funds

The District's financial position in the General Fund decreased by slightly less than \$1,000 primarily due to unexpended budget appropriations offset by a withdrawal from capital reserve and the use of budgeted fund balance in the fiscal year ended June 30, 2015 General Fund budget.

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 2014-2015 school year a high school special education teacher, middle school physical education teacher, and a third grade teacher were added to address higher enrollment. In terms of technology, the infrastructure improvement that was started during the prior year was completed by installation of switches and access points; the installation of a fiber network and participation in the NJ DRLAP program will further expand the capacity to meet educational and PARCC testing needs.

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.
- There was a significant increase in the number of DYFS placed out-of-district students, both regular and special education.

Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Percentage Change 2014/15
	Government Activities		Business-Type Activities		Total School District		
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
Sites and Site Improvements	\$ 2,009,992	\$ 1,805,027			\$ 2,009,992	\$ 1,805,027	11.36%
Buildings and Building Improvements	12,410,720	12,699,885			12,410,720	12,699,885	-2.28%
Machinery and Equipment	568,174	639,155	\$ 27,890	\$ 32,034	596,064	671,189	-11.19%
Total	\$ 14,988,886	\$ 15,144,067	\$ 27,890	\$ 32,034	\$ 15,016,776	\$ 15,176,101	-1.05%

Long-term Debt

At year-end, the District had \$7,425,000 in general obligation bonds outstanding – a decrease of \$265,000 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

	Total School District		Percentage
	2014/15	2013/14*	Change 2014/15
General Obligation Bonds (Financed with Property Taxes)	\$ 7,425,000	\$ 7,690,000	-3.45%
Net Pension Liability	6,733,989	7,253,342	-7.16%
Other Long-Term Liabilities	845,422	773,833	9.25%
	<u>\$ 15,004,411</u>	<u>\$ 15,717,175</u>	-4.53%

* Restated

The District continued to pay down its bonded debt, retiring \$265,000 of outstanding bonds. In fiscal year 2015 there was a net increase of \$71,589 in compensated absences and a net decrease of \$519,353 in net pension liability.

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.
- Project Self-Sufficiency and the Newton Board of Education applied for and received a 21st Century Learning Center grant that completed its second year of operation. Over 150 students were able to take advantage of the academically based after school and extended year program.
- The District’s Elementary After School Care program continued to generate a profit in spite of the fact that Project Launch (the 21st Century Learning Center) was open to 4th and 5th graders. The School Business Administrator will review assigning other costs to this program, and also the future possible use of an Indirect Cost Rate.

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, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 46,131	\$ 177,765	\$ 223,896
Receivables from State Government	77,945	416	78,361
Receivables from Federal Government	56,379	22,306	78,685
Other Receivables	4,889	41,049	45,938
Internal Balances	(274)	274	
Inventories		25,619	25,619
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	713,095		713,095
Capital Assets, Net:			
Sites (Land)	330,620		330,620
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	14,658,266	27,890	14,686,156
Total Assets	<u>15,887,051</u>	<u>295,319</u>	<u>16,182,370</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Interest	237,364		237,364
Changes in Assumptions - Pensions	211,753		211,753
Total Deferred Outflows of Resources	<u>449,117</u>		<u>449,117</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable - Vendors	101,283	35,086	136,369
Accrued Interest Payable	148,385		148,385
Payable to State Government	32,099		32,099
Unearned Revenue	10,220	15,703	25,923
Unamortized Bond Issuance Premium	58,616		58,616
Noncurrent Liabilities:			
Due Within One Year	275,000		275,000
Due Beyond One Year	14,729,411		14,729,411
Total Liabilities	<u>15,355,014</u>	<u>50,789</u>	<u>15,405,803</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Investment Gains - Pensions	401,309		401,309
Changes in Proportion - Pensions	320,445		320,445
Total Deferred Inflows of Resources	<u>721,754</u>		<u>721,754</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	7,801,250	27,890	7,829,140
Restricted for:			
Capital Projects	713,095		713,095
Unrestricted/(Deficit)	(8,254,945)	216,640	(8,038,305)
Total Net Position	<u>\$ 259,400</u>	<u>\$ 244,530</u>	<u>\$ 503,930</u>

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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Instruction:						
Regular	\$ 13,652,210	\$ 3,165,038	\$ 2,790,118	\$ (7,697,054)		\$ (7,697,054)
Special Education	3,378,679	783,291	1,382,891	(1,212,497)		(1,212,497)
Other Special Instruction	125,463	29,087	15,216	(81,160)		(81,160)
School Sponsored/Other Instruction	1,453,168	336,893	209,074	(907,201)		(907,201)
Support Services:						
Tuition	1,067,316		195,148	(872,168)		(872,168)
Student and Instruction Related Services	4,159,265	964,256	1,051,077	(2,143,932)		(2,143,932)
General Administrative Services	703,523	163,100	68,015	(472,408)		(472,408)
School Administrative Services	1,936,423	448,927	353,957	(1,133,539)		(1,133,539)
Central Services	574,458	133,179	103,066	(338,213)		(338,213)
Administrative Information Technology	326,491	75,692	36,090	(214,709)		(214,709)
Plant Operations and Maintenance	2,930,168	679,311	375,051	(1,875,806)		(1,875,806)
Pupil Transportation	741,649	171,939	88,326	(481,384)		(481,384)
Transfer of Funds to Charter School	110,635			(110,635)		(110,635)
Interest on Long-Term Debt	328,495			(328,495)		(328,495)
Capital Outlay	40,189	9,317		(30,872)		(30,872)
Unallocated Depreciation	278,987	64,677		(214,310)		(214,310)
Total Governmental Activities	31,807,119	7,024,707	6,668,029	(18,114,383)		(18,114,383)
Business-Type Activities:						
Food Service	555,578	250,004	304,121		\$ (1,453)	(1,453)
After Care	48,318	65,039			16,721	16,721
Total Business-Type Activities	603,896	315,043	304,121		15,268	15,268
Total Primary Government	\$ 32,411,015	\$ 315,043	\$ 6,972,150	(18,114,383)	15,268	(18,099,115)

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 12,137,057		\$ 12,137,057
Taxes Levied for Debt Service	595,374		595,374
Federal, State and Local Aid not Restricted	5,369,447		5,369,447
Interest Earnings	4,056	\$ 380	4,436
Miscellaneous Income	53,821		53,821
	18,159,755	380	18,160,135
Total General Revenues			
Change in Net Position	45,372	15,648	61,020
Net Position - Beginning (Restated)	214,028	228,882	442,910
Net Position - Ending	\$ 259,400	\$ 244,530	\$ 503,930

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, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 46,131			\$ 46,131
Interfund Receivable	10,872			10,872
Receivables From State Government	77,945			77,945
Receivables From Federal Government		\$ 56,379		56,379
Other Accounts Receivables	249	4,640		4,889
Restricted Cash and Cash Equivalents	713,095			713,095
Total Assets	\$ 848,292	\$ 61,019	\$ -0-	\$ 909,311
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 2,433	\$ 8,713		\$ 11,146
Accounts Payable - Vendors	91,246	10,037		101,283
Payable to State Government		32,099		32,099
Unearned Revenue	50	10,170		10,220
Total Liabilities	93,729	61,019		154,748
Fund Balances:				
Restricted:				
Capital Reserve Account	713,095			713,095
Assigned:				
Designated for Subsequent Year's Expenditures	8,860			8,860
Other Purposes	32,608			32,608
Total Fund Balances	754,563			754,563
Total Liabilities and Fund Balances	\$ 848,292	\$ 61,019	\$ -0-	

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 \$22,299,160 and the Accumulated Depreciation is \$7,310,274.	14,988,886
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 \$87,926.	(58,616)
Deferred Interest Costs are not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure.	237,364

TOWN OF NEWTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Total
Governmental
Funds

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

Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	\$ (148,385)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(6,733,989)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	211,753
Investment Gains - Pensions	(401,309)
Changes in Proportions - Pensions	(320,445)
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>(8,270,422)</u>
Net Position of Governmental Activities	<u><u>\$ 259,400</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, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 12,137,057		\$ 595,374	\$ 12,732,431
Tuition from Other LEAs	7,000,778			7,000,778
Tuition from Individuals	23,929			23,929
Interest Earned on Capital Reserve Funds	470			470
Miscellaneous	57,407	\$ 33,264		90,671
Total - Local Sources	19,219,641	33,264	595,374	19,848,279
State Sources	8,467,042	62,758		8,529,800
Federal Sources	90,634	706,057		796,691
Total Revenues	27,777,317	802,079	595,374	29,174,770
EXPENDITURES:				
Current:				
Regular Instruction	8,646,451	264,995		8,911,446
Special Education Instruction	2,035,953	9,202		2,045,155
Other Special Instruction	94,004			94,004
School-Sponsored/Other Instruction	1,045,157			1,045,157
Support Services and Undistributed Costs:				
Tuition	872,168	195,148		1,067,316
Student and Other Instruction Related Services	2,486,126	303,137		2,789,263
General Administrative Services	569,883			569,883
School Administrative Services	1,211,813			1,211,813
Central Services	350,002			350,002
Administrative Information Technology	246,897			246,897
Plant Operations and Maintenance	1,998,431			1,998,431
Student Transportation	582,859			582,859
Unallocated Benefits	7,146,614			7,146,614
Debt Service:				
Principal			265,000	265,000
Interest and Other Charges			330,375	330,375
Capital Outlay	381,293	29,597		410,890
Transfer of Funds to Charter School	110,635			110,635
Total Expenditures	27,778,286	802,079	595,375	29,175,740
Deficit of Revenue Under Expenditures	(969)		(1)	(970)
Fund Balance - July 1	755,532		1	755,533
Fund Balance - June 30	\$ 754,563	\$ -0-	\$ -0-	\$ 754,563

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, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	(970)
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 differs from depreciation and deletions of capital assets, net of accumulated depreciation in the period.		
Depreciation Expense	\$	(525,882)
Deletion of Capital Assets, net of Accumulated Depreciation		(2,575)
Capital Outlays		<u>373,276</u>
		(155,181)
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 (+).		
		6,073
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		265,000
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)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		519,353
Deferred Outflows:		
Changes in Assumptions		211,753
Deferred Inflows:		
Changes in Proportion		(320,445)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		(401,309)
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>(74,709)</u>
Change in Net Position of Governmental Activities	\$	<u><u>45,372</u></u>

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

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Funds</u>		
	<u>Food Service</u>	<u>After Care Program</u>	<u>Total Enterprise</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 91,797	\$ 85,968	\$ 177,765
Intergovernmental Accounts Receivable:			
State	416		416
Federal	22,306		22,306
Other Accounts Receivable	38,035	3,014	41,049
Interfund Receivable - General Fund	2,433		2,433
Inventories	25,619		25,619
Total Current Assets	<u>180,606</u>	<u>88,982</u>	<u>269,588</u>
Non-Current Assets:			
Capital Assets	201,058		201,058
Less: Accumulated Depreciation	<u>(173,168)</u>		<u>(173,168)</u>
Total Non-Current Assets	<u>27,890</u>		<u>27,890</u>
Total Assets	<u>208,496</u>	<u>88,982</u>	<u>297,478</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	34,896	190	35,086
Interfund Payable - General Fund		2,159	2,159
Unearned Revenue	<u>15,703</u>		<u>15,703</u>
Total Current Liabilities	<u>50,599</u>	<u>2,349</u>	<u>52,948</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets	27,890		27,890
Unrestricted	<u>130,007</u>	<u>86,633</u>	<u>216,640</u>
Total Net Position	<u>\$ 157,897</u>	<u>\$ 86,633</u>	<u>\$ 244,530</u>

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

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Major Funds		Total Enterprise
	Food Service	After Care Program	
Operating Revenue:			
Local Sources:			
Daily Sales	\$ 222,857		\$ 222,857
Other Income	428	\$ 65,039	65,467
Special Events	26,719		26,719
Total Operating Revenue	<u>250,004</u>	<u>65,039</u>	<u>315,043</u>
Operating Expenses:			
Cost of Sales	204,691		204,691
Salaries, Benefits & Payroll Taxes	232,135	42,685	274,820
Supplies, Insurance and Other Costs	15,732	5,633	21,365
Management Fee	74,500		74,500
Miscellaneous Expenditures	24,376		24,376
Depreciation Expense	4,144		4,144
Total Operating Expenses	<u>555,578</u>	<u>48,318</u>	<u>603,896</u>
Operating Income/(Loss)	<u>(305,574)</u>	<u>16,721</u>	<u>(288,853)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	207	173	380
State Sources:			
State School Lunch Program	5,280		5,280
Federal Sources:			
National School Lunch Program	217,684		217,684
School Breakfast Program	50,670		50,670
Food Distribution Program	30,487		30,487
Total Non-Operating Revenue	<u>304,328</u>	<u>173</u>	<u>304,501</u>
Change in Net Position	(1,246)	16,894	15,648
Net Position - Beginning of Year	<u>159,143</u>	<u>69,739</u>	<u>228,882</u>
Net Position - End of Year	<u>\$ 157,897</u>	<u>\$ 86,633</u>	<u>\$ 244,530</u>

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

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Funds</u>		
	<u>Food Service</u>	<u>After Care Program</u>	<u>Total Enterprise</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 239,142	\$ 61,914	\$ 301,056
Payments to Food Service Contractor	(515,852)		(515,852)
Payments to/for Employees	(49,930)	(39,925)	(89,855)
Payments for Suppliers	(11,213)	(5,443)	(16,656)
Net Cash Provided by/(Used for) Operating Activities	<u>(337,853)</u>	<u>16,546</u>	<u>(321,307)</u>
Cash Flows from Investing Activities:			
Interest Income	<u>207</u>	<u>173</u>	<u>380</u>
Net Cash Provided by Investing Activities	<u>207</u>	<u>173</u>	<u>380</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	1,263		1,263
State Sources	5,439		5,439
Federal Sources	<u>271,189</u>		<u>271,189</u>
Net Cash Provided by Noncapital Financing Activities	<u>277,891</u>		<u>277,891</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(59,755)	16,719	(43,036)
Cash and Cash Equivalents, July 1	<u>151,552</u>	<u>69,249</u>	<u>220,801</u>
Cash and Cash Equivalents, June 30	<u>\$ 91,797</u>	<u>\$ 85,968</u>	<u>\$ 177,765</u>

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Major Funds</u>		<u>Total</u>
	<u>Food Service</u>	<u>After Care Program</u>	
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Income/(Loss)	\$ (305,574)	\$ 16,721	\$ (288,853)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	4,144		4,144
Food Distribution Program	30,487		30,487
Changes in Assets and Liabilities:			
Increase in Unearned Revenue	8,348		8,348
Increase/(Decrease) in Accounts Payable	(26,176)	190	(25,986)
(Decrease) in Compensated Absences Payable	(3,120)		(3,120)
(Increase) in Other Accounts Receivable	(37,841)	(2,524)	(40,365)
Increase in Interfund Payable		2,159	2,159
(Increase) in Inventory	(8,121)		(8,121)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (337,853)</u>	<u>\$ 16,546</u>	<u>\$ (321,307)</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 \$38,835 and utilized U.S.D.A. Commodities valued at \$30,487.

Exhibit B-7

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 201,867	\$ 61,369
Investments	<u>13,000</u>	<u> </u>
Total Assets	<u>214,867</u>	<u>61,369</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	7,172	
Due to Student Groups	<u>207,695</u>	<u> </u>
Total Liabilities	<u>214,867</u>	<u> </u>
<u>NET POSITION:</u>		
Restricted for Scholarships	<u> </u>	<u>61,369</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 61,369</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, 2015

	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:	
Investment Earnings:	
Interest	\$ 130
Net Investment Earnings	<u>130</u>
Total Additions	<u>130</u>
DEDUCTIONS:	
Scholarships Awarded	<u>6,625</u>
Total Deductions	<u>6,625</u>
Change in Net Position	(6,495)
Net Position - Beginning of the Year	<u>67,864</u>
Net Position - End of the Year	<u><u>\$ 61,369</u></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, 2015

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, 2015
(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, 2015
(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, 2015 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, 2015
 (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 Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 27,762,956	\$ 802,712
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not.		
Current Year Encumbrances		(633)
Prior Year State Aid Payments Recognized for GAAP Statements	578,466	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(564,105)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 27,777,317</u>	<u>\$ 802,079</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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 Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 27,778,286	\$ 802,712
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(633)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 27,778,286	\$ 802,079

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, 2015
(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, 2015.

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. 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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

K. Capital Assets: (Cont'd)

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 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, 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.

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, 2015.

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.

O. Unearned Revenue

Unearned revenue in the special revenue and the enterprise funds represent cash which has been received but not yet earned.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

P. Fund Balance Appropriated

General Fund: Of the \$754,563 General Fund fund balance at June 30, 2015, \$32,608 is assigned for encumbrances; \$713,095 is restricted in the capital reserve account; \$8,860 of assigned fund balance, which is \$62,527 less than the amount that has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2016; and there is \$-0- in unassigned fund balance, which is \$501,578 less than the budgetary unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2016.

Debt Service Fund: The Debt Service Fund has \$-0- fund balance at June 30, 2015.

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, 2015.

Unassigned fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amount of \$501,578 and assigned fund balance in the General Fund for designated for subsequent year's expenditures is less than on a GAAP basis in the amount of \$62,527 as of June 30, 2015 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 \$8,254,945 in governmental activities, which is primarily due to accrued interest payable of \$148,385, \$845,422 of compensated absences payable, an unamortized bond premium of \$58,616, investment gains in pensions of \$401,309, changes in proportion in pensions of \$320,445 and net pension liability of \$6,733,989; net of \$8,860 of fund balance assigned for subsequent year's expenditures, \$32,608 assigned for encumbrances and changes in pension assumptions of \$211,753. 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:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

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 had deferred outflows of resources at June 30, 2015 for the deferred amount on refunding of debt related to the District's 2006 refunding bonds and changes in assumptions in pensions.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

R. Net Position: (Cont'd)

The District had deferred inflows of resources at June 30, 2015 for the changes in proportion in pension and the net difference between projected and actual investment earnings on pension plan investments.

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.

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 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, 2015.

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 2015/2016 budget and encumbrances in the General Fund at June 30, 2015.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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 respective Enterprise Fund.

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.

W. Pensions

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

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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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.

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;

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Investments: (Cont'd)

- (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;
- (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, 2015, cash and cash equivalents and investments of the District consisted of the following:

	<u>Restricted Cash and Cash Equivalents Capital Reserve Account</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Checking Accounts	\$ 713,095	\$ 487,132		\$ 1,200,227
Certificates of Deposit			\$ 13,000	13,000
	<u>\$ 713,095</u>	<u>\$ 487,132</u>	<u>\$ 13,000</u>	<u>\$ 1,213,227</u>

During the period ended June 30, 2015, 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, 2015, was \$1,213,227 and the bank balance was \$1,958,948.

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, 2015
(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, 2014	\$ 526,417
Add:	
Transfer from Unassigned Fund Balance as per Board Resolution - June 30, 2015	477,617
Interest Earnings	470
Less:	
Budgeted Withdrawal from Capital Reserve	(291,409)
Ending Balance, June 30, 2015	\$ 713,095

The balance in the capital reserve account at June 30, 2015 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, 2015 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 72,620	\$ 258,000		\$ 330,620
Total Capital Assets Not Being Depreciated	72,620	258,000		330,620
Capital Assets Being Depreciated:				
Site Improvements	2,183,645	53,426		2,237,071
Buildings and Building Improvements	17,471,371			17,471,371
Machinery and Equipment	2,280,931	61,850	\$ (82,683)	2,260,098
Total Capital Assets Being Depreciated	21,935,947	115,276	(82,683)	21,968,540
Governmental Activities Capital Assets	22,008,567	373,276	(82,683)	22,299,160
Less Accumulated Depreciation for:				
Site Improvements	(451,238)	(106,461)		(557,699)
Buildings and Building Improvements	(4,771,486)	(289,165)		(5,060,651)
Machinery and Equipment	(1,641,776)	(130,256)	80,108	(1,691,924)
	(6,864,500)	(525,882)	80,108	(7,310,274)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 15,144,067	\$ (152,606)	\$ (2,575)	\$ 14,988,886

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 201,058			\$ 201,058
Less: Accumulated Depreciation	(169,024)	\$ (4,144)		(173,168)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 32,034</u>	<u>\$ (4,144)</u>	<u>\$ -0-</u>	<u>\$ 27,890</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 147,082
School Sponsored/Other Instruction	38,991
Student and Instruction Related Services	737
School Administration	5,199
Operations and Maintenance of Plant	28,727
Student Transportation	26,159
Unallocated	278,987
	<u>\$ 525,882</u>

NOTE 6. OPERATING LEASES

The District has a commitment to lease copying equipment under an operating lease which expires in January 2020. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2016	\$ 33,554
June 30, 2017	33,555
June 30, 2018	33,554
June 30, 2019	33,554
June 30, 2020	16,777
Total future minimum lease payments	<u>\$ 150,994</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2014	Accrued	Retired	Balance 6/30/2015
Serial Bonds Payable	\$ 7,690,000		\$ 265,000	\$ 7,425,000
Net Pension Liability	7,253,342		519,353	6,733,989
Compensated Absences Payable	773,833	\$ 128,940	57,351	845,422
	<u>\$ 15,717,175</u>	<u>\$ 128,940</u>	<u>\$ 841,704</u>	<u>\$ 15,004,411</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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 were 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, 2015 as follows:

<u>Final Maturity Date</u>	<u>Serial Bonds Interest Rate</u>	<u>Amount</u>
7/15/2032	4.00-5.00%	<u>\$ 7,425,000</u>

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 275,000	\$ 317,875	\$ 592,875
2017	300,000	304,500	604,500
2018	310,000	290,412	600,412
2019	325,000	276,919	601,919
2020	340,000	262,788	602,788
Thereafter 5 Years (2021-2025)	1,905,000	1,086,925	2,991,925
Thereafter 5 Years (2026-2030)	2,325,000	637,806	2,962,806
Thereafter 5 Years (2031-2033)	1,645,000	112,613	1,757,613
	<u>\$ 7,425,000</u>	<u>\$ 3,289,838</u>	<u>\$ 10,714,838</u>

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

B. Bonds Authorized But Not Issued:

As of June 30, 2015, 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, 2015
(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 \$845,422. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, \$-0- is recorded for compensated absences in the Enterprise Funds.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$6,733,989. See Note 8 for further information on the PERS.

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).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

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

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$296,506 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$6,733,989 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.036%, which was a decrease of 0.002% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$287,694. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 211,753	
Changes in Proportion		\$ 320,445
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>401,309</u>
	<u>\$ 211,753</u>	<u>\$ 721,754</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (61,402)
2016	(61,402)
2017	(61,402)
2018	(61,402)
2019	38,925
Thereafter	<u>17,127</u>
	<u>\$ (189,556)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

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

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 8,471,587	\$ 6,733,989	\$ 5,274,848

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

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

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$624,840 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,302,561.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$61,375,185. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.115%, which was a decrease of 0.003% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>61,375,185</u>
Total	<u>\$ 61,375,185</u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$3,302,561 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	\$ 2,306,623,861	\$ 1,763,205,593

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

Fiscal Year Ending June 30,	Total
2015	\$ (130,688,498)
2016	(130,688,498)
2017	(130,688,498)
2018	(130,688,496)
2019	304,620,646
Thereafter	761,551,612
	\$ 543,418,268

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions (Cont'd)

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. 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 the DCRP. 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.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. 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 for DCRP are matched by a 3% employer contribution.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

For DCRP, the District recognized pension expense of \$30,004 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$39,855 for the fiscal year ended June 30, 2015.

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

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

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$991,935, \$796,523 and \$820,162 for 2015, 2014 and 2013, 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.

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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)Property and Liability Insurance (Cont'd)

The June 30, 2015 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, 2014 is as follows:

Total Assets	\$ 33,508,569
Net Position	\$ 5,114,269
Total Revenue	\$ 34,091,773
Total Expenses	\$ 37,253,827
Change in Net Position	\$ (3,162,054)
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.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 10,872	\$ 2,433
Special Revenue Fund		8,713
Food Service Fund	2,433	
After Care Program		2,159
	<u>\$ 13,305</u>	<u>\$ 13,305</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 of New Jersey.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES (Cont'd)

The interfund receivable in the Food Service Fund due to the General Fund is special functions receipts received in the General Fund that have not been turned over to the Food Service Fund as of year end. The interfund in the After Care Program due to the General Fund is for After Care Program salaries paid by the General Fund on behalf of the After Care Program net of After Care Program fees collected in the General Fund.

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)
Equitable Life Assurance
Met Life

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.

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District transferred \$30,196 to the capital outlay accounts. The transfer was made for equipment and therefore did not require approval from the County Superintendent.

NOTE 16. 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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

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, 2015, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 32,608	\$ 633	\$ 33,241

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$633 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grant receivables or an increase in unearned revenue.

NOTE 17. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Governmental Activities:</u>			
Statement of Net Position:			
Liabilities:			
Non-Current Liabilities	\$ 8,460,713	\$ 7,253,342	\$ 15,714,055
Total Liabilities	8,770,402	7,253,342	16,023,744
Net Position:			
Unrestricted/(Deficit)	(764,442)	(7,253,342)	(8,017,784)
Total Net Position	7,467,370	(7,253,342)	214,028

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0379517919%	0.0359669078%
District's proportionate share of the net pension liability	\$ 7,253,342	\$ 6,733,989
District's covered employee payroll	\$ 2,360,211	\$ 2,399,913
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	307.32%	280.59%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 285,959	\$ 296,506
Contributions in relation to the contractually required contribution	<u>(285,959)</u>	<u>(296,506)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,360,211	\$ 2,399,913
Contributions as a percentage of covered employee payroll	12.12%	12.35%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.1122527050%	0.1148342805%
State's proportionate share of the net pension liability attributable to the District	\$ 56,731,634	\$ 61,375,185
District's covered employee payroll	\$ 11,700,126	\$ 12,148,503
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	484.88%	505.21%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,137,057		\$ 12,137,057	\$ 12,137,057	
Tuition from Other LEA's	7,056,059		7,056,059	7,000,778	\$ (55,281)
Tuition from Individuals	25,000		25,000	23,929	(1,071)
Transportation Fees from LEA's	5,000		5,000		(5,000)
Interest Earned on Capital Reserve Funds				470	470
Unrestricted Miscellaneous Revenue	41,527		41,527	57,407	15,880
Total - Local Sources	<u>19,264,643</u>		<u>19,264,643</u>	<u>19,219,641</u>	<u>(45,002)</u>
State Sources:					
School Choice Aid	27,900		27,900	27,900	
Extraordinary Aid	79,783		79,783	74,921	(4,862)
Extraordinary Aid - Excess Prior Year				966	966
Excess Nonpublic School Transportation Costs				3,024	3,024
Special Education Aid	584,268		584,268	584,268	
Equalization Aid	5,168,494		5,168,494	5,168,494	
Security Aid	48,449		48,449	48,449	
Transportation Aid	29,820		29,820	29,820	
Other State Aid	21,621		21,621	21,621	
TPAF On-Behalf Pension Contributions (Non-Budgeted)				624,840	624,840
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				991,935	991,935
TPAF Social Security (Reimbursed - Non-Budgeted)				876,443	876,443
Total State Sources	<u>5,960,335</u>		<u>5,960,335</u>	<u>8,452,681</u>	<u>2,492,346</u>
Federal Sources:					
Medicaid Assistance Program				83,487	83,487
ARRA - Medicaid Assistance Program - Prior Year Adjustment				7,147	7,147
Total - Federal Sources				<u>90,634</u>	<u>90,634</u>
Total Revenues	<u>25,224,978</u>		<u>25,224,978</u>	<u>27,762,956</u>	<u>2,537,978</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
REGULAR PROGRAMS - INSTRUCTION:					
Preschool - Salaries of Teachers	\$ 100,122	\$ (14,782)	\$ 85,340	\$ 85,340	
Kindergarten - Salaries of Teachers	351,454	(35,714)	315,740	315,659	\$ 81
Grades 1-5 - Salaries of Teachers	2,204,983	23,672	2,228,655	2,215,445	13,210
Grades 6-8 - Salaries of Teachers	1,339,376	(71,251)	1,268,125	1,262,642	5,483
Grades 9-12 - Salaries of Teachers	4,114,998	(29,459)	4,085,539	4,080,799	4,740
Regular Programs - Home Instruction:					
Salaries of Teachers	18,681	5,748	24,429	23,115	1,314
Purchased Professional-Educational Services	18,000	(13,956)	4,044	1,044	3,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	120,336	(32,723)	87,613	87,612	1
Purchased Technical Services	38,237	(10,377)	27,860	27,216	644
Other Purchased Services	63,286	(8,111)	55,175	54,736	439
General Supplies	423,969	32,268	456,237	444,219	12,018
Textbooks	53,000	(6,222)	46,778	46,045	733
Other Objects	2,283	431	2,714	2,579	135
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>8,848,725</u>	<u>(160,476)</u>	<u>8,688,249</u>	<u>8,646,451</u>	<u>41,798</u>
SPECIAL EDUCATION - INSTRUCTION:					
Learning and/or Language Disabilities:					
Salaries of Teachers	176,149	(921)	175,228	175,228	
Other Salaries for Instruction	42,227	46,897	89,124	89,124	
Other Objects	1,200	(783)	417	417	
Total Learning and/or Language Disabilities	<u>219,576</u>	<u>45,193</u>	<u>264,769</u>	<u>264,769</u>	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
SPECIAL EDUCATION - INSTRUCTION:					
Multiple Disabilities:					
Salaries of Teachers	\$ 105,650	\$ (1,120)	\$ 104,530	\$ 104,530	
Other Salaries for Instruction	28,178	14,616	42,794	42,794	
General Supplies	2,014	(23)	1,991	1,991	
Textbooks	3,500	(1,855)	1,645	1,384	\$ 261
Total Multiple Disabilities	<u>139,342</u>	<u>11,618</u>	<u>150,960</u>	<u>150,699</u>	<u>261</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,024,225	65,955	1,090,180	1,090,155	25
Other Salaries for Instruction	314,802	33,326	348,128	348,128	
General Supplies	2,650	(367)	2,283	2,283	
Total Resource Room/Resource Center	<u>1,341,677</u>	<u>98,914</u>	<u>1,440,591</u>	<u>1,440,566</u>	<u>25</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	159,025	(30,087)	128,938	128,938	
Other Salaries for Instruction	65,028	(14,561)	50,467	49,995	472
General Supplies	1,000		1,000	986	14
Total Preschool Disabilities - Part-Time	<u>225,053</u>	<u>(44,648)</u>	<u>180,405</u>	<u>179,919</u>	<u>486</u>
Home Instruction:					
Salaries of Teachers	3,528		3,528		3,528
Total Home Instruction	<u>3,528</u>		<u>3,528</u>		<u>3,528</u>
 TOTAL SPECIAL EDUCATION - INSTRUCTION	 <u>1,929,176</u>	 <u>111,077</u>	 <u>2,040,253</u>	 <u>2,035,953</u>	 <u>4,300</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Basic Skills/Remedial - Instruction:					
General Supplies	\$ 500	\$ (238)	\$ 262	\$ 262	
Total Basic Skills/Remedial - Instruction	<u>500</u>	<u>(238)</u>	<u>262</u>	<u>262</u>	
Bilingual Education - Instruction:					
Salaries of Teachers	92,495	1	92,496	92,495	\$ 1
General Supplies	1,528		1,528	1,247	281
Total Bilingual Education - Instruction	<u>94,023</u>	<u>1</u>	<u>94,024</u>	<u>93,742</u>	<u>282</u>
School Sponsored Cocurricular Activities:					
Salaries	137,090	19,821	156,911	156,541	370
Purchased Services (300-500 Series)	12,600	(4,546)	8,054	8,035	19
Supplies and Materials	7,702	(5,096)	2,606	2,604	2
Other Objects	4,500	(940)	3,560	3,535	25
Total School-Sponsored Cocurricular Activities	<u>161,892</u>	<u>9,239</u>	<u>171,131</u>	<u>170,715</u>	<u>416</u>
School-Sponsored Athletics:					
Salaries	457,662	8,523	466,185	463,664	2,521
Purchased Services (300-500 Series)	37,480	1,390	38,870	37,815	1,055
Supplies and Materials	74,250	(1,052)	73,198	70,355	2,843
Other Objects	21,000		21,000	19,421	1,579
Transfers to Cover Deficit (Agency Funds)	42,000	(10,000)	32,000	32,000	
Total School-Sponsored Athletics	<u>632,392</u>	<u>(1,139)</u>	<u>631,253</u>	<u>623,255</u>	<u>7,998</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	\$ 183,617	\$ 67,592	\$ 251,209	\$ 251,187	\$ 22
Total Other Supplemental/ At-Risk Programs - Instruction	<u>183,617</u>	<u>67,592</u>	<u>251,209</u>	<u>251,187</u>	<u>22</u>
 Total Instruction	 <u>11,850,325</u>	 <u>26,056</u>	 <u>11,876,381</u>	 <u>11,821,565</u>	 <u>54,816</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	84,080	(25,467)	58,613	58,613	
Tuition to Other LEA's Within the State - Special	163,100	24,288	187,388	163,447	23,941
Tuition to County Vo. School District-Regular	53,820	(10,770)	43,050	39,480	3,570
Tuition to Private Schools for the Handicapped Within State	692,763	(96,800)	595,963	581,697	14,266
Tuition - State Facilities	<u>28,931</u>	<u>28,931</u>	<u>28,931</u>	<u>28,931</u>	
Total Undistributed Expenditures - Instruction	<u>993,763</u>	<u>(79,818)</u>	<u>913,945</u>	<u>872,168</u>	<u>41,777</u>
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	49,926	2,416	52,342	52,339	3
Other Purchased Services	<u>100</u>		<u>100</u>		<u>100</u>
Total Undistributed Expenditures - Attendance and Social Work Services	<u>50,026</u>	<u>2,416</u>	<u>52,442</u>	<u>52,339</u>	<u>103</u>
Undistributed Expenditures - Health Services:					
Salaries	219,217	6,165	225,382	225,379	3
Purchased Professional and Technical Services	18,824	(5,313)	13,511	13,108	403
Supplies and Materials	<u>4,935</u>	<u>8,286</u>	<u>13,221</u>	<u>12,333</u>	<u>888</u>
Total Undistributed Expenditures - Health Services	<u>242,976</u>	<u>9,138</u>	<u>252,114</u>	<u>250,820</u>	<u>1,294</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Speech, OT, PT and Related Services:					
Salaries	\$ 206,538	\$ (3,995)	\$ 202,543	\$ 202,543	
Purchased Professional - Educational Services	125,580	41,566	167,146	90,439	\$ 76,707
Supplies and Materials	600		600	447	153
Total Undist. Expend. - Speech, OT, PT and Related Services	332,718	37,571	370,289	293,429	76,860
Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services:					
Salaries	333,875	46,895	380,770	368,739	12,031
Purchased Professional - Educational Services	3,000	250	3,250	2,750	500
Supplies and Materials	1,000	1,707	2,707	2,620	87
Extraordinary Services	337,875	48,852	386,727	374,109	12,618
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	569,557	(4,909)	564,648	564,644	4
Salaries of Secretarial and Clerical Assistants	31,595	1,475	33,070	33,069	1
Purchased Professional - Educational Services	5,600	(3,955)	1,645	945	700
Other Purchased Professional and Technical Services	7,300	(6,519)	781	639	142
Other Purchased Services	2,000		2,000	2,000	
Supplies and Materials	5,000	(2,328)	2,672	2,672	
Other Objects	150	45	195	195	
Total Undist. Expend. - Guidance	621,202	(16,191)	605,011	604,164	847
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	358,684	(41,598)	317,086	317,086	
Salaries of Secretarial and Clerical Assistants	96,231	1,103	97,334	97,334	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Child Study Teams: (Cont'd)					
Other Salaries	\$ 1,000	\$ 209	\$ 1,209	\$ 1,209	
Purchased Professional - Educational Services	5,500	2,168	7,668	7,668	
Other Purchased Professional and Technical Services	3,000	(262)	2,738	2,683	\$ 55
Miscellaneous Purchased Services	8,678	(1,237)	7,441	6,283	1,158
Supplies and Materials	6,000		6,000	4,764	1,236
Other Objects	950		950	820	130
Total Undist. Expend. - Child Study Teams	<u>480,043</u>	<u>(39,617)</u>	<u>440,426</u>	<u>437,847</u>	<u>2,579</u>
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	134,671	(16,720)	117,951	115,368	2,583
Salaries of Other Professional Staff	14,729	4,487	19,216	19,216	
Purchased Professional - Educational Services		50	50	30	20
Other Objects		1,532	1,532		1,532
Total Undist. Expend. - Improvement of Instructional Services	<u>149,400</u>	<u>(10,651)</u>	<u>138,749</u>	<u>134,614</u>	<u>4,135</u>
Undist. Expend. - Educational Media Services/School Library:					
Salaries	235,263	(4,429)	230,834	230,751	83
Salaries of Technology Coordinators	54,636	1,137	55,773	55,773	
Supplies and Materials	31,000	1,643	32,643	32,643	
Total Undist. Expend. - Educational Media Services/School Library	<u>320,899</u>	<u>(1,649)</u>	<u>319,250</u>	<u>319,167</u>	<u>83</u>
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Other Professional Staff		18,171	18,171	18,171	
Other Purchased Services	9,250	(8,184)	1,066	1,066	
Supplies and Materials	400		400	400	
Total Undist. Expend. - Instructional Staff Training Services	<u>9,650</u>	<u>9,987</u>	<u>19,637</u>	<u>19,637</u>	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration:					
Salaries	\$ 262,901	\$ (21,363)	\$ 241,538	\$ 241,538	
Legal Services	17,500	52,859	70,359	70,359	
Audit Fees	38,000		38,000	38,000	
Other Purchased Professional Services	37,800	3,634	41,434	18,434	\$ 23,000
Communications/Telephone	75,340	(6,072)	69,268	68,467	801
BOE Other Purchased Services	6,909	(1,259)	5,650	5,650	
Miscellaneous Purchased Services	96,633	12,768	109,401	109,401	
General Supplies	3,000	2,363	5,363	2,067	3,296
BOE In-House Training/Meeting Supplies	500	710	1,210	1,210	
Miscellaneous Expenditures	3,735		3,735	3,329	406
BOE Membership Dues and Fees	11,362	100	11,462	11,428	34
Total Undist. Expend. - Support Services - General Administration	553,680	43,740	597,420	569,883	27,537
Undist. Expend. - Support Serv. - School Administration:					
Salaries of Principals/Assistant Principals	768,045	37,293	805,338	799,338	6,000
Salaries of Other Professional Staff	114,911	1,246	116,157	116,157	
Salaries of Secretarial and Clerical Assistants	247,490	(3,247)	244,243	244,206	37
Purchased Professional and Technical Services	8,800		8,800	8,780	20
Other Purchased Services	1,150	(1,150)			
Supplies and Materials	17,250	5,864	23,114	22,698	416
Other Objects	16,000	4,724	20,724	20,634	90
Total Undist. Expend. - Support Serv. - School Administration	1,173,646	44,730	1,218,376	1,211,813	6,563
Undist. Expend. - Central Services:					
Salaries	327,318	3,184	330,502	330,231	271
Purchased Professional Services	3,500	894	4,394	3,426	968

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Central Services: (Cont'd)					
Miscellaneous Purchased Services	\$ 11,528	\$ (4,013)	\$ 7,515	\$ 6,525	\$ 990
Supplies and Materials	4,828	(1,021)	3,807	3,761	46
Miscellaneous Expenditures	6,386	23	6,409	6,059	350
Total Undist. Expend. - Central Services	<u>353,560</u>	<u>(933)</u>	<u>352,627</u>	<u>350,002</u>	<u>2,625</u>
Undist. Expend. - Administrative Information Technology:					
Salaries	114,754	882	115,636	115,636	
Purchased Technical Services	98,675	2,957	101,632	96,162	5,470
Supplies and Materials	7,100	28,145	35,245	35,099	146
Total Undist. Expend. - Administrative Information Technology	<u>220,529</u>	<u>31,984</u>	<u>252,513</u>	<u>246,897</u>	<u>5,616</u>
Required Maintenance for School Facilities:					
Salaries	328,039	5,258	333,297	333,297	
Cleaning, Repair and Maintenance Services	118,222	(33,895)	84,327	84,267	60
General Supplies	56,664	41,787	98,451	97,443	1,008
Other Objects	2,569	1,076	3,645	3,447	198
Total Required Maintenance for School Facilities	<u>505,494</u>	<u>14,226</u>	<u>519,720</u>	<u>518,454</u>	<u>1,266</u>
Undist. Expend. - Custodial Services:					
Salaries	698,297	36,816	735,113	735,046	67
Purchased Professional and Technical Services	13,966	(6,072)	7,894	7,894	
Cleaning, Repair and Maintenance Services	29,240	(2,781)	26,459	25,949	510
Other Purchased Property Services	43,000	2,322	45,322	43,365	1,957
Insurance	89,537	(14,019)	75,518	75,518	
General Supplies	84,800	(9,700)	75,100	75,100	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Custodial Services: (Cont'd)					
Energy (Natural Gas)	\$ 170,864	\$ (18,692)	\$ 152,172	\$ 147,087	\$ 5,085
Energy (Electricity)	181,100	30,651	211,751	205,697	6,054
Other Objects	9,500	1,011	10,511	10,511	
Total Undist. Expend. - Custodial Services	<u>1,320,304</u>	<u>19,536</u>	<u>1,339,840</u>	<u>1,326,167</u>	<u>13,673</u>
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	55,784	553	56,337	56,326	11
Cleaning, Repair, and Maintenance Services	21,500	(16,865)	4,635	2,820	1,815
General Supplies	20,500	(2,465)	18,035	17,640	395
Total Undist. Expend. - Care and Upkeep of Grounds	<u>97,784</u>	<u>(18,777)</u>	<u>79,007</u>	<u>76,786</u>	<u>2,221</u>
Undist. Expend. - Security					
Salaries	77,780		77,780	77,024	756
General Supplies	1,000		1,000		1,000
Total Undist. Expend. - Security	<u>78,780</u>		<u>78,780</u>	<u>77,024</u>	<u>1,756</u>
Undist. Expend. - Student Transportation Services:					
Salaries of Non-Instructional Aides		6,646	6,646	6,646	
Salaries for Pupil Transportation:					
Between Home and School - Regular	84,209	15,896	100,105	100,095	10
Between Home and School - Special Education	56,162	(10,795)	45,367	45,367	
Other than Between Home and School	52,787	(23,531)	29,256	17,847	11,409
Management Fees - ESC Transportation Programs	10,000	3,673	13,673	13,673	
Cleaning, Repair and Maintenance Services	27,500	29,895	57,395	57,395	
Contracted Services:					
Aid in Lieu of Payments for Nonpublic School Students	7,500	3,992	11,492	11,492	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Student Transportation Services: (Cont'd)					
Contracted Services:					
Other than Between Home and School -Vendors	\$ 20,750	\$ 10,833	\$ 31,583	\$ 25,670	\$ 5,913
Between Home and School - Joint Agreements	75,000	(38,933)	36,067	36,067	
Special Education Students - Vendors	181,300	44,561	225,861	225,861	
Miscellaneous Purchased Services - Transportation	11,440	10,560	22,000	22,000	
Supplies and Materials	38,222	(18,666)	19,556	19,556	
Other Objects	2,000	(810)	1,190	1,190	
Total Undist. Expend. - Student Transportation Services	<u>566,870</u>	<u>33,321</u>	<u>600,191</u>	<u>582,859</u>	<u>17,332</u>
Unallocated Benefits:					
Social Security Contributions	350,000	440	350,440	337,935	12,505
Other Retirement Contribution - PERS	314,436	(17,922)	296,514	296,514	
Other Retirement Contribution - Regular	17,500	12,504	30,004	30,004	
Unemployment Compensation	60,000	1,930	61,930	61,930	
Workmen's Compensation	172,958	7,188	180,146	180,146	
Health Benefits	4,046,964	(261,498)	3,785,466	3,581,508	203,958
Other Employee Benefits	78,418	86,941	165,359	165,359	
Total Unallocated Benefits	<u>5,040,276</u>	<u>(170,417)</u>	<u>4,869,859</u>	<u>4,653,396</u>	<u>216,463</u>
ON-BEHALF CONTRIBUTIONS:					
TPAF On-Behalf Pension Contributions (non-budgeted)				624,840	(624,840)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				991,935	(991,935)
Reimbursed TPAF Social Security Contributions (non-budgeted)				876,443	(876,443)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>2,493,218</u>	<u>(2,493,218)</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 5,040,276	\$ (170,417)	\$ 4,869,859	\$ 7,146,614	\$ (2,276,755)
TOTAL UNDISTRIBUTED EXPENDITURES	13,449,475	(42,552)	13,406,923	15,464,793	(2,057,870)
TOTAL GENERAL CURRENT EXPENSE	25,299,800	(16,496)	25,283,304	27,286,358	(2,003,054)
CAPITAL OUTLAY:					
Equipment:					
School Sponsored/Co-curricular	2,097	201	2,298	2,298	
School-Sponsored/Athletics		10,365	10,365	10,365	
Undistributed:					
Operation & Maintenance of Plant Services		4,630	4,630	4,590	40
School Buses - Regular		15,000	15,000	15,000	
Total Equipment	2,097	30,196	32,293	32,253	40
Facilities Acquisition and Construction Services:					
Construction Services	53,426		53,426	53,426	
Land and Improvements	258,000		258,000	258,000	
Other Objects - Assessment for Debt Service on SDA Funding	37,614		37,614	37,614	
Total Facilities Acquisition and Construction Services	349,040		349,040	349,040	
TOTAL CAPITAL OUTLAY	351,137	30,196	381,333	381,293	40
Transfer of Funds to Charter Schools	137,930	(13,700)	124,230	110,635	13,595
TOTAL EXPENDITURES	25,788,867		25,788,867	27,778,286	(1,989,419)

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (563,889)		\$ (563,889)	\$ (15,330)	\$ 548,559
Fund Balance, July 1	1,333,998		1,333,998	1,333,998	
Fund Balance, June 30	\$ 770,109	\$ -0-	\$ 770,109	\$ 1,318,668	\$ 548,559
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 713,095	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				64,240	
Designated for Subsequent Year's Expenditures - ARRA/SEMI				7,147	
Year End Encumbrances				32,608	
Unassigned Fund Balance				501,578	
				1,318,668	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(564,105)	
Fund Balance per Governmental Funds (GAAP)				\$ 754,563	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 41,652	\$ 41,652	\$ 33,264	\$ (8,388)
State Sources	\$ 78,222	16,635	94,857	62,758	(32,099)
Federal Sources	545,519	237,700	783,219	706,690	(76,529)
Total Revenues	<u>623,741</u>	<u>295,987</u>	<u>919,728</u>	<u>802,712</u>	<u>(117,016)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	96,628	37,815	134,443	134,443	
Other Salaries for Instruction	44,472	6,016	50,488	29,482	21,006
Purchased Professional and Technical Services	10,000	4,670	14,670	14,269	401
Tuition	188,040	7,108	195,148	195,148	
General Supplies	17,050	43,067	60,117	52,659	7,458
Textbooks	7,852	1,145	8,997	7,868	1,129
Other Objects		45,920	45,920	35,888	10,032
Total Instruction	<u>364,042</u>	<u>145,741</u>	<u>509,783</u>	<u>469,757</u>	<u>40,026</u>
Support Services:					
Salaries of Supervisors of Instruction		15,764	15,764	15,764	
Salaries of Other Professional Staff		4,596	4,596	4,596	
Personal Services - Employee Benefits	10,203	8,312	18,515	16,960	1,555
Purchased Professional and Technical Services	51,365	47,865	99,230	68,441	30,789
Purchased Professional-Educational Services	124,086	33,210	157,296	125,284	32,012
Other Purchased Services	46,045	1,352	47,397	37,569	9,828

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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		\$ 37,550	\$ 37,550	\$ 34,744	\$ 2,806
Other Objects	\$ 28,000	(28,000)			
Total Support Services	<u>259,699</u>	<u>120,649</u>	<u>380,348</u>	<u>303,358</u>	<u>76,990</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		<u>29,597</u>	<u>29,597</u>	<u>29,597</u>	
Total Facilities Acquisition and Construction Services		<u>29,597</u>	<u>29,597</u>	<u>29,597</u>	
Total Expenditures	<u>\$ 623,741</u>	<u>\$ 295,987</u>	<u>\$ 919,728</u>	<u>\$ 802,712</u>	<u>\$ 117,016</u>

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 27,762,956	\$ 802,712
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(633)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	578,466	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(564,105)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 27,777,317	\$ 802,079
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 27,778,286	\$ 802,712
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(633)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 27,778,286	\$ 802,079

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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, 2015 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, 2015

	Nonpublic		Nonpublic Handicapped Services			
	Nursing	Technology Initiative	Textbooks	Supplementary Instruction	Examination and Classification	Corrective Speech
REVENUES:						
Local Sources						
State Sources	\$ 11,593	\$ 3,590	\$ 7,868	\$ 5,100	\$ 13,499	\$ 2,827
Federal Sources						
Total Revenues	11,593	3,590	7,868	5,100	13,499	2,827
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional and Technical Services						
Tuition						
General Supplies						
Textbooks			7,868			
Other Objects						
Total Instruction			7,868			
Support Services:						
Salaries of Supervisors of Instruction						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services					13,499	2,827
Purchased Professional - Educational Services				5,100		
Other Purchased Services	11,593					
Supplies and Materials		3,590				
Total Support Services	11,593	3,590		5,100	13,499	2,827
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 11,593	\$ 3,590	\$ 7,868	\$ 5,100	\$ 13,499	\$ 2,827

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Nonpublic Auxiliary Svcs Compensatory Education</u>	<u>Carl D. Perkins - Secondary 2014-15</u>	<u>I.D.E.A.</u>	
			<u>Basic 2014-15</u>	<u>Preschool 2014-15</u>
REVENUES:				
Local Sources				
State Sources	\$ 18,281			
Federal Sources		\$ 17,208	\$ 376,151	\$ 2,105
Total Revenues	<u>18,281</u>	<u>17,208</u>	<u>376,151</u>	<u>2,105</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers		12,250		
Other Salaries for Instruction				
Purchased Professional and Technical Services			195,148	
Tuition			7,097	2,105
General Supplies				
Textbooks		3,900		
Other Objects				
Total Instruction		<u>16,150</u>	<u>202,245</u>	<u>2,105</u>
Support Services:				
Salaries of Supervisors of Instruction			15,764	
Salaries of Other Professional Staff			4,596	
Personal Services - Employee Benefits		938	1,558	
Purchased Professional and Technical Services			15,131	
Purchased Professional - Educational Services	18,281		97,357	
Other Purchased Services		120	2,614	
Supplies and Materials			7,289	
Total Support Services	<u>18,281</u>	<u>1,058</u>	<u>144,309</u>	
Facilities Acquisition and Construction Services:				
Instructional Equipment			29,597	
Total Facilities Acquisition and Construction Services			<u>29,597</u>	
Total Expenditures	<u>\$ 18,281</u>	<u>\$ 17,208</u>	<u>\$ 376,151</u>	<u>\$ 2,105</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, 2015

	Private Donations	No Child Left Behind		Totals 2015
		Title I 2014-15	Title IIA 2014-15	
REVENUES:				
Local Sources	\$ 33,264			\$ 33,264
State Sources				62,758
Federal Sources		\$ 232,202	\$ 79,024	706,690
Total Revenues	33,264	232,202	79,024	802,712
EXPENDITURES:				
Instruction:				
Salaries of Teachers		101,572	20,621	134,443
Other Salaries for Instruction		29,482		29,482
Purchased Professional and Technical Services		14,269		14,269
Tuition				195,148
General Supplies	1,276	42,181		52,659
Textbooks				7,868
Other Objects	31,988			35,888
Total Instruction	33,264	187,504	20,621	469,757
Support Services:				
Salaries of Supervisors of Instruction				15,764
Salaries of Other Professional Staff				4,596
Personal Services - Employee Benefits		10,338	4,126	16,960
Purchased Professional and Technical Services		9,730	27,254	68,441
Purchased Professional - Educational Services			4,546	125,284
Other Purchased Services		4,637	18,605	37,569
Supplies and Materials		19,993	3,872	34,744
Total Support Services		44,698	58,403	303,358
Facilities Acquisition and Construction Services:				
Instructional Equipment				29,597
Total Facilities Acquisition and Construction Services				29,597
Total Expenditures	\$ 33,264	\$ 232,202	\$ 79,024	\$ 802,712

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015

	<u>Major Funds</u>		<u>Total</u>
	<u>Food Service</u>	<u>After Care Program</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 91,797	\$ 85,968	\$ 177,765
Intergovernmental Accounts Receivable:			
State	416		416
Federal	22,306		22,306
Other Accounts Receivable	38,035	3,014	41,049
Interfund Receivable - General Fund	2,433		2,433
Inventories	25,619		25,619
Total Current Assets	<u>180,606</u>	<u>88,982</u>	<u>269,588</u>
Non-Current Assets:			
Capital Assets	201,058		201,058
Less: Accumulated Depreciation	<u>(173,168)</u>		<u>(173,168)</u>
Total Non-Current Assets	<u>27,890</u>		<u>27,890</u>
Total Assets	<u>208,496</u>	<u>88,982</u>	<u>297,478</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	34,896	190	35,086
Interfund Payable - General Fund		2,159	2,159
Unearned Revenue	15,703		15,703
Total Current Liabilities	<u>50,599</u>	<u>2,349</u>	<u>52,948</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets	27,890		27,890
Unrestricted	130,007	86,633	216,640
Total Net Position	<u>\$ 157,897</u>	<u>\$ 86,633</u>	<u>\$ 244,530</u>

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, 2015

	Major Funds		Total
	Food Service	After Care Program	
Operating Revenue:			
Local Sources:			
Daily Sales	\$ 222,857		\$ 222,857
Other Income	428	\$ 65,039	65,467
Special Events	26,719		26,719
Total Operating Revenue	250,004	65,039	315,043
Operating Expenses:			
Cost of Sales	204,691		204,691
Salaries, Benefits & Payroll Taxes	232,135	42,685	274,820
Supplies, Insurance and Other Costs	15,732	5,633	21,365
Management Fee	74,500		74,500
Miscellaneous Expenditures	24,376		24,376
Depreciation Expense	4,144		4,144
Total Operating Expenses	555,578	48,318	603,896
Operating Income/(Loss)	(305,574)	16,721	(288,853)
Non-Operating Revenue:			
Local Sources:			
Interest Income	207	173	380
State Sources:			
State School Lunch Program	5,280		5,280
Federal Sources:			
National School Lunch Program	217,684		217,684
School Breakfast Program	50,670		50,670
Food Distribution Program	30,487		30,487
Total Non-Operating Revenue	304,328	173	304,501
Change in Net Position	(1,246)	16,894	15,648
Net Position - Beginning of Year	159,143	69,739	228,882
Net Position - End of Year	\$ 157,897	\$ 86,633	\$ 244,530

Exhibit G-3

TOWN OF NEWTON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Funds		Total
	Food Service	After Care Program	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 239,142	\$ 61,914	\$ 301,056
Payments to Food Service Contractor	(515,852)		(515,852)
Payments to/for Employees	(49,930)	(39,925)	(89,855)
Payments for Suppliers	(11,213)	(5,443)	(16,656)
Net Cash Provided by/(Used for) Operating Activities	<u>(337,853)</u>	<u>16,546</u>	<u>(321,307)</u>
Cash Flows from Investing Activities:			
Interest Income	207	173	380
Net Cash Provided by Investing Activities	<u>207</u>	<u>173</u>	<u>380</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	1,263		1,263
State Sources	5,439		5,439
Federal Sources	271,189		271,189
Net Cash Provided by Noncapital Financing Activities	<u>277,891</u>		<u>277,891</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(59,755)	16,719	(43,036)
Cash and Cash Equivalents, July 1	151,552	69,249	220,801
Cash and Cash Equivalents, June 30	<u>\$ 91,797</u>	<u>\$ 85,968</u>	<u>\$ 177,765</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Income/(Loss)	\$ (305,574)	\$ 16,721	\$ (288,853)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	4,144		4,144
Food Distribution Program	30,487		30,487
Changes in Assets and Liabilities:			
Increase in Unearned Revenue	8,348		8,348
Increase/(Decrease) in Accounts Payable	(26,176)	190	(25,986)
(Decrease) in Compensated Absences Payable	(3,120)		(3,120)
(Increase) in Other Accounts Receivable	(37,841)	(2,524)	(40,365)
Increase in Interfund Payable		2,159	2,159
(Increase) in Inventory	(8,121)		(8,121)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (337,853)</u>	<u>\$ 16,546</u>	<u>\$ (321,307)</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 \$38,835 and utilized U.S.D.A. Commodities valued at \$30,487.

FIDUCIARY FUNDS

Exhibit H-1

TOWN OF NEWTON SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Agency</u>			<u>Private Purpose Scholarship Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Totals</u>	
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 194,695	\$ 7,172	\$ 201,867	\$ 61,369
Investments	13,000		13,000	
Total Assets	<u>207,695</u>	<u>7,172</u>	<u>214,867</u>	<u>61,369</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings Due to Student Groups	<u>207,695</u>	7,172	7,172 <u>207,695</u>	
Total Liabilities	<u>207,695</u>	<u>7,172</u>	<u>214,867</u>	
<u>NET POSITION:</u>				
Restricted for Scholarships				<u>61,369</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 61,369</u>

Exhibit H-2

TOWN OF NEWTON SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:	
Investment Earnings:	
Interest	\$ 130
Net Investment Earnings	<u>130</u>
Total Additions	<u>130</u>
DEDUCTIONS:	
Scholarships Awarded	<u>6,625</u>
Total Deductions	<u>6,625</u>
Change in Net Position	(6,495)
Net Position - Beginning of the Year	<u>67,864</u>
Net Position - End of the Year	<u><u>\$ 61,369</u></u>

Exhibit H-3

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 180,489	\$ 366,299	\$ 352,093	\$ 194,695
Investments	13,000			13,000
Total Assets	<u>\$ 193,489</u>	<u>\$ 366,299</u>	<u>\$ 352,093</u>	<u>\$ 207,695</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	<u>\$ 193,489</u>	<u>\$ 366,299</u>	<u>\$ 352,093</u>	<u>\$ 207,695</u>
Total Liabilities	<u>\$ 193,489</u>	<u>\$ 366,299</u>	<u>\$ 352,093</u>	<u>\$ 207,695</u>

Exhibit H-4

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 10,930	\$ 29,090,032	\$ 29,093,790	\$ 7,172
Interfund Receivable	39		39	
Total Assets	<u>\$ 10,969</u>	<u>\$ 29,090,032</u>	<u>\$ 29,093,829</u>	<u>\$ 7,172</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	<u>\$ 10,930</u>	<u>\$ 29,090,032</u>	<u>\$ 29,093,790</u>	<u>\$ 7,172</u>
Total Liabilities	<u>\$ 10,930</u>	<u>\$ 29,090,032</u>	<u>\$ 29,093,790</u>	<u>\$ 7,172</u>

LONG-TERM DEBT

TOWN OF NEWTON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2014	Retired or Matured	Balance June 30, 2015
			Date	Amount				
Refunding Bonds	3/30/06	\$ 8,230,000	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%			
						\$ 7,690,000	\$ 265,000	\$ 7,425,000

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 595,374		\$ 595,374	\$ 595,374	
Total Revenues	<u>595,374</u>		<u>595,374</u>	<u>595,374</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	330,375		330,375	330,375	
Redemption of Principal	<u>265,000</u>		<u>265,000</u>	<u>265,000</u>	
Total Regular Debt Service	<u>595,375</u>		<u>595,375</u>	<u>595,375</u>	
Total Expenditures	<u>595,375</u>		<u>595,375</u>	<u>595,375</u>	
Deficit of Revenue Under Expenditures	(1)		(1)	(1)	
Fund Balance, July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION

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 TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 5,428,579	\$ 5,563,884	\$ 5,733,564	\$ 5,887,444	\$ 6,002,364	\$ 6,073,538	\$ 6,503,746	\$ 7,695,818	\$ 7,705,394	\$ 7,801,250
Restricted	749,082	1,061,875	751,932	1,079,330	804,225	536,961	400,559	409,867	526,418	713,095
Unrestricted/(Deficit)	(810,111)	(774,702)	(890,997)	(1,154,624)	(981,722)	(505,995)	(199,214)	(831,802)	(8,017,784)	(8,254,945)
Total Governmental Activities Net Position	<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>\$ 7,273,883</u>	<u>\$ 214,028</u>	<u>\$ 259,400</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 28,374	\$ 23,317	\$ 19,069	\$ 15,159	\$ 11,557	\$ 8,023	\$ 1,751	\$ 36,177	\$ 32,034	\$ 27,890
Unrestricted	33,756	52,958	35,768	27,910	62,122	88,237	135,331	137,916	196,848	216,640
Total Business-type Activities Net Position	<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>	<u>\$ 228,882</u>	<u>\$ 244,530</u>
District-wide										
Net Investment in Capital Assets	\$ 5,456,953	\$ 5,587,201	\$ 5,752,633	\$ 5,902,603	\$ 6,013,921	\$ 6,081,561	\$ 6,505,497	\$ 7,731,995	\$ 7,737,428	\$ 7,829,140
Restricted	749,082	1,061,875	751,932	1,079,330	804,225	536,961	400,559	409,867	526,418	713,095
Unrestricted/(Deficit)	(776,355)	(721,744)	(855,229)	(1,126,714)	(919,600)	(417,758)	(63,883)	(693,886)	(7,820,936)	(8,038,305)
Total District Net Position	<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>\$ 7,447,976</u>	<u>\$ 442,910</u>	<u>\$ 503,930</u>

* Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 10,786,992	\$ 11,345,284	\$ 11,778,827	\$ 11,197,600	\$ 11,737,137	\$ 11,135,333	\$ 11,080,332	\$ 11,760,258	\$ 12,136,535	\$ 13,652,210
Special Education	1,990,555	1,902,675	1,879,618	1,744,093	2,329,036	2,147,769	2,181,519	2,473,321	2,576,662	3,378,679
Other Special Education	309,288	97,384	93,852	105,494	122,491	125,940	125,509	161,434	127,874	125,463
School Sponsored/Other Instruction	750,722	894,954	911,009	874,396	988,405	1,021,508	1,061,927	1,265,476	1,206,335	1,453,168
Support Services:										
Tuition	336,612	394,809	482,719	728,472	738,970	721,550	635,143	741,923	901,919	1,067,316
Student & Instruction Related Services	3,765,488	3,615,156	3,858,181	3,736,780	3,081,302	3,466,982	3,488,565	3,526,211	3,500,685	4,159,265
General Administrative Services	553,167	549,854	578,516	521,785	595,557	559,715	691,793	604,690	628,102	703,523
School Administrative Services	1,500,529	1,745,403	1,796,326	1,637,845	1,672,794	1,542,712	1,596,152	1,747,873	1,652,033	1,936,423
Central Services	450,794	453,551	500,129	473,319	490,912	524,257	518,604	531,189	507,888	574,458
Administrative Information Technology	231,243	156,722	173,656	160,076	271,319	211,385	243,395	243,773	386,062	326,491
Plant Operations and Maintenance	2,111,084	2,376,187	2,526,960	2,333,438	2,377,602	2,489,509	2,720,977	2,703,116	2,895,524	2,930,168
Pupil Transportation	332,976	365,636	395,559	457,458	440,432	405,190	519,128	581,774	631,442	741,649
Transfer of Funds to Charter School	41,061	60,275	46,261	40,904	52,566	51,796	69,905	120,345	128,554	110,635
Interest on Long-term Debt	544,939	176,354	412,591	396,343	386,858	379,279	366,933	357,744	341,672	328,495
Capital Outlay	4,566	20,710	14,854	34	38,670	67,119	322,415	106,641	39,408	40,189
Unallocated Depreciation	69,515	69,515	69,515	24,922	286,987	278,987	278,987	278,987	278,987	278,987
Total Governmental Activities Expenses	<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>	<u>27,939,682</u>	<u>31,807,119</u>
Business-type Activities:										
Food Service	652,529	642,569	696,853	725,784	704,603	676,729	690,162	666,769	687,208	555,578
After Care				12,414	32,035	34,148	39,992	57,393	52,135	48,318
Total Business-type Activities Expense	<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>	<u>739,343</u>	<u>603,896</u>
Total District Expenses	<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>	<u>\$ 28,679,025</u>	<u>\$ 32,411,015</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)						\$ 5,614,644	\$ 6,268,933	\$ 7,034,786	\$ 6,848,705	\$ 7,024,707
Operating Grants and Contributions	\$ 4,895,959	\$ 5,538,685	\$ 5,577,206	\$ 3,228,306	\$ 3,491,209	3,235,390	3,519,456	3,786,560	3,613,786	6,668,029
Capital Grants and Contributions				63,851		92,390				
Total Governmental Activities Program Revenues	<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>	<u>10,462,491</u>	<u>13,692,736</u>
Business-type Activities:										
Charges for Services:										
Food Service	462,939	470,059	464,863	453,227	443,792	440,339	434,579	385,617	385,039	250,004
After Care				18,044	34,217	42,211	55,971	70,505	76,520	65,039
Operating Grants and Contributions - Food Service	180,984	186,475	210,375	255,342	253,610	250,656	284,735	304,799	332,227	304,121
Total Business-type Activities Program Revenues	<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>	<u>793,786</u>	<u>619,164</u>
Total District Program Revenues	<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>	<u>\$ 11,256,277</u>	<u>\$ 14,311,900</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue:										
Governmental Activities	\$ (18,883,572)	\$ (18,685,784)	\$ (19,941,367)	\$ (21,140,802)	\$ (22,119,829)	\$ (16,186,607)	\$ (16,112,895)	\$ (16,383,409)	\$ (17,477,191)	\$ (18,114,383)
Business-type Activities	(8,606)	13,965	(21,615)	(11,585)	(5,019)	22,329	45,131	36,759	54,443	15,268
Total District-wide Net Expense	<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>	<u>\$ (17,422,748)</u>	<u>\$ (18,099,115)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,812,255	\$ 9,529,621	\$ 9,910,806	\$ 10,247,124	\$ 10,647,528	\$ 11,073,429	\$ 11,044,898	\$ 11,159,127	\$ 11,782,310	\$ 12,137,057
Taxes Levied for Debt Service	660,158	560,558	634,723	633,701	587,296	582,887	597,721	597,941	597,750	595,374
Unrestricted Grants and Contributions	3,907,148	3,588,656	3,726,278	5,206,142	5,605,809	4,697,805	4,990,916	5,217,548	5,220,448	5,369,447
Tuition	5,640,271	5,316,942	5,324,462	5,162,763	5,180,176					
Investment Earnings	76,580	95,002	53,631	21,705	16,650	7,308	4,112	3,130	3,625	4,056
Miscellaneous Income	156,321	78,512	34,909	87,018	95,087	104,815	75,835	63,403	66,545	53,821
Transfers	(9,325)									
Total Governmental Activities	<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>	<u>17,670,678</u>	<u>18,159,755</u>
Business-type Activities:										
Investment Earnings	\$ 187	\$ 180	\$ 177	\$ 334	\$ 454	\$ 252	\$ 251	\$ 252	\$ 346	\$ 380
Transfers	9,325									
Cancellation of Prior Year Accounts Receivable				(517)						
Cancellation of Compensated Absences Payable					35,175					
Disposals of Capital Assets							(4,560)			
Total Business-type Activities	<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>	<u>346</u>	<u>380</u>
Total District-wide	<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>	<u>\$ 17,671,024</u>	<u>\$ 18,160,135</u>
Change in Net Position										
Governmental Activities	\$ 359,836	\$ 483,507	\$ (256,558)	\$ 217,651	\$ 12,717	\$ 279,637	\$ 600,587	\$ 657,740	\$ 193,487	\$ 45,372
Business-type Activities	906	14,145	(21,438)	(11,768)	30,610	22,581	40,822	37,011	54,789	15,648
Total District	<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>	<u>\$ 248,276</u>	<u>\$ 61,020</u>

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved/Restricted	\$ 761,011	\$ 975,611	\$ 759,395	\$ 1,006,235	\$ 896,614	\$ 536,961	\$ 400,559	\$ 409,866	\$ 526,417	\$ 713,095
Assigned						375,466	674,207	150,688	229,115	41,468
Unassigned						14,130		2,125		
Unreserved/(Deficit)	<u>205,376</u>	<u>174,133</u>	<u>186,849</u>	<u>(184,200)</u>	<u>(57,876)</u>					
Total General Fund	<u>\$ 966,387</u>	<u>\$ 1,149,744</u>	<u>\$ 946,244</u>	<u>\$ 822,035</u>	<u>\$ 838,738</u>	<u>\$ 926,557</u>	<u>\$ 1,074,766</u>	<u>\$ 562,679</u>	<u>\$ 755,532</u>	<u>\$ 754,563</u>
All Other Governmental Funds										
Reserved/Restricted	\$ 231,152	\$ 54,000						\$ 1	\$ 1	
Unreserved/(Deficit), Reported in:										
Special Revenue Fund	(11,930)	(18,065)	\$ (16,707)							
Capital Projects Fund	(126,825)	50,327	9,242	\$ 73,093	\$ (92,390)					
Debt Service Fund	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>					
Total All Other Governmental Funds	<u>\$ 92,398</u>	<u>\$ 86,264</u>	<u>\$ (7,463)</u>	<u>\$ 73,095</u>	<u>\$ (92,389)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -0-</u>
Total Governmental Funds	<u>\$ 1,058,785</u>	<u>\$ 1,236,008</u>	<u>\$ 938,781</u>	<u>\$ 895,130</u>	<u>\$ 746,349</u>	<u>\$ 926,557</u>	<u>\$ 1,074,766</u>	<u>\$ 562,680</u>	<u>\$ 755,533</u>	<u>\$ 754,563</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 9,472,413	\$ 10,090,179	\$ 10,545,529	\$ 10,880,825	\$ 11,234,824	\$ 11,656,316	\$ 11,642,619	\$ 11,757,068	\$ 12,380,060	\$ 12,732,431
Tuition Charges	5,640,271	5,316,942	5,324,462	5,162,763	5,180,176	5,614,644	6,268,933	7,034,786	6,848,705	7,024,707
Miscellaneous	236,401	176,514	91,780	108,823	135,956	112,467	87,447	73,147	83,535	91,141
State Sources	7,696,785	8,089,588	8,557,641	7,706,076	7,072,376	7,144,588	7,598,225	8,389,076	8,128,064	8,529,800
Federal Sources	1,102,822	1,034,753	742,603	792,123	2,000,423	880,653	904,647	608,418	692,805	796,691
Total Revenue	24,148,692	24,707,976	25,262,015	24,650,610	25,623,755	25,408,668	26,501,871	27,862,495	28,133,169	29,174,770
Expenditures										
Instruction										
Regular Instruction	8,346,671	8,321,766	8,618,676	8,616,301	8,878,941	8,201,435	8,362,810	8,516,168	8,849,098	8,911,446
Special Education Instruction	1,528,041	1,389,855	1,412,434	1,336,172	1,725,255	1,521,625	1,585,209	1,693,312	1,804,354	2,045,155
Other Special Instruction	153,982	71,876	66,757	79,969	91,046	90,802	93,424	115,412	93,016	94,004
School-Sponsored/Other Instruction	644,350	650,439	671,559	674,299	760,356	765,254	822,260	954,841	926,868	1,045,157
Support Services:										
Tuition	336,612	394,809	482,719	728,472	738,970	721,550	635,143	741,923	901,919	1,067,316
Student & Other Instruction Related Services	2,934,990	2,729,255	2,861,233	2,857,821	2,446,931	2,605,817	2,663,444	2,627,021	2,616,628	2,789,263
General Administrative Services	466,101	447,895	467,798	447,225	466,034	460,271	610,968	499,339	530,525	569,883
School Administrative Services	1,061,846	1,167,281	1,194,807	1,220,145	1,225,826	1,092,708	1,178,243	1,228,027	1,204,758	1,211,813
Central Services	329,167	310,048	336,025	334,651	348,754	359,610	362,974	375,132	357,474	350,002
Administrative Information Technology	174,079	119,686	136,449	118,704	238,309	163,996	194,603	196,789	323,104	246,897
Plant Operations and Maintenance	1,659,012	1,844,739	1,955,723	1,810,873	1,811,220	1,843,204	2,076,935	1,983,401	2,171,967	1,998,431
Student Transportation	259,562	289,206	319,810	382,635	355,228	309,429	416,791	460,891	509,808	582,859
Allocated Benefits	3,176,227									
Unallocated Benefits	1,924,778	5,998,889	6,178,661	5,349,162	5,695,686	6,134,945	5,747,920	6,664,286	6,585,734	7,146,614
Transfer of Funds to Charter School	41,061	60,275	46,261	40,904	52,566	51,796	69,905	120,345	128,554	110,635
Capital Outlay	1,730,712	144,880	147,720	36,750	350,117	323,130	935,312	1,599,754	338,759	410,890
Debt Service:										
Principal	235,000	245,000	255,000	265,000	205,000	210,000	235,000	245,000	255,000	265,000
Interest and Other Charges	455,865	344,854	407,610	395,178	382,297	372,888	362,721	352,940	342,750	330,375
Total Expenditures	25,458,056	24,530,753	25,559,242	24,694,261	25,772,536	25,228,460	26,353,662	28,374,581	27,940,316	29,175,740

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess/(Deficit) of Revenues										
Over/(Under) Expenditures	\$ (1,309,364)	\$ 177,223	\$ (297,227)	\$ (43,651)	\$ (148,781)	\$ 180,208	\$ 148,209	\$ (512,086)	\$ 192,853	\$ (970)
Other Financing Sources/(Uses)										
Long Term Debt Issued	8,230,000									
Payment to Bond Escrow Agent	(8,230,000)									
Transfers out	(9,325)									
Total Other Financing Sources/(Uses)	(9,325)									
Net Change in Fund Balances	<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>	<u>\$ 192,853</u>	<u>\$ (970)</u>
Debt Service as a Percentage of Noncapital Expenditures	<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>	<u>2.17%</u>	<u>2.07%</u>

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> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2014	3,625	6,848,705	66,545	6,918,875
2015	4,056	7,024,707	53,821	7,082,584

Source: School District of the Town of Newton records

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	1.66	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	1.68	727,846,015
2013	8,829,300	433,661,600	727,400	41,100	187,450,300	17,091,600	37,678,000	685,479,300	284,691,400	1,611,110	687,090,410	1.75	679,490,063
2014 **	7,644,700	369,711,500	646,200	41,100	173,581,700	13,805,400	36,143,900	601,574,500	283,633,500	2,296,214	603,870,714	2.08	627,028,621

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.

** Reassessment became effective in this year.

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

Year Ended December 31,	School District of the Town of Newton Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Town of Newton	Sussex County	
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
2013	1.66	0.08	1.75	1.20	0.62	3.56
2014	** 1.98	0.10	2.08	1.36	0.54	3.98

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.

** Reassessment became effective in this year.

Exhibit J-8

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

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Martin, Kenneth D & Assoc II, LLC	\$ 11,052,300	1	1.83%
Route 519 & North Park Drive, LLC	10,400,000	2	1.72%
Sussex Nine Inc c/o Barn Hill Conv	9,180,000	3	1.52%
Newton West LTD	9,077,200	4	1.50%
Newton 213 LLC c/o Ronetco	8,300,000	5	1.37%
Weis Markets, Inc.	7,288,000	6	1.21%
Meriam Gateway Apartments, Inc	5,750,000	7	0.95%
Newtonian Associates, LLC	4,850,000	8	0.80%
Holiday Inn Express	4,740,000	9	0.78%
Gordon Newton Assoc, LLC & Diamond	4,549,200	10	0.75%
Total	<u>\$ 75,186,700</u>		<u>12.45%</u>

Taxpayer	2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Martin, Kenneth D & Assoc II, LLC	\$ 9,000,000	1	2.37%
Newton West LTD	6,000,000	2	1.58%
Meriam Gateway C/O Sussex Warren	5,348,800	3	1.41%
United Telephone Company of NJ	5,141,000	4	1.35%
PECD Realty c/o Ronetco	4,940,600	5	1.30%
Sussex Nine Inc c/o Barnhill	4,405,200	6	1.16%
Weis Markets, Inc.	3,750,000	7	0.99%
Newtonian Gardens	3,450,500	8	0.91%
Noth Park Urban Renewal Associates, LLC	3,367,300	9	0.89%
Newton Medical Building	2,482,200	10	0.65%
	<u>\$ 47,885,600</u>		<u>12.61%</u>

Source: Municipal Tax Assessor

Exhibit J-9

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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-
2014	12,380,060	12,380,060	100.00%	-0-
2015	12,732,431	12,732,431	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 TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Bond Anticipation Notes (BANs)				
2006	\$ 9,605,000	\$ -0-	\$ 33,211	\$ -0-	\$ -0-	\$ 9,638,211	2.67%	\$ 1,159.97
2007	9,360,000	-0-	-0-	-0-	-0-	9,360,000	2.46%	1,134.68
2008	9,105,000	-0-	-0-	-0-	-0-	9,105,000	2.27%	1,109.96
2009	8,840,000	-0-	-0-	-0-	-0-	8,840,000	2.18%	1,084.13
2010	8,635,000	-0-	-0-	-0-	-0-	8,635,000	2.20%	1,062.90
2011	8,425,000	-0-	-0-	-0-	-0-	8,425,000	2.12%	1,037.31
2012	8,190,000	-0-	-0-	-0-	-0-	8,190,000	2.00%	1,015.12
2013	7,945,000	-0-	-0-	-0-	-0-	7,945,000	1.89%	992.01
2014	7,690,000	-0-	-0-	-0-	-0-	7,690,000	1.83%	969.86
2015	7,425,000	-0-	-0-	-0-	-0-	7,425,000	1.78%	942.50

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.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	1,037.31
2012	8,190,000	-0-	8,190,000	1.18%	1,015.12
2013	7,945,000	-0-	7,945,000	1.15%	992.01
2014	7,690,000	-0-	7,690,000	1.12%	969.86
2015	7,425,000	-0-	7,425,000	1.23%	942.50

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, 2014
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Town of Newton	\$ 17,065,824	100.000%	\$ 17,065,824
Sussex County General Obligation Debt	68,100,067	3.627%	<u>2,469,834</u>
Subtotal, Overlapping Debt			19,535,658
School District of the Town of Newton Direct Debt			<u>7,425,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 26,960,658</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 2015

	Equalized valuation basis	
	2014	\$ 623,134,970
	2013	632,769,593
	2012	672,911,722
		\$1,928,816,285
Average Equalized Valuation of Taxable Property		
		\$ 642,938,762
Debt Limit (4% of average equalization value)		
		\$ 25,717,550 a
Net Bonded School Debt		
		7,425,000
Legal Debt Margin		
		\$ 18,292,550

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 22,166,967	\$ 25,405,452	\$ 28,848,815	\$ 31,028,041	\$ 32,245,105	\$ 32,056,086	\$ 30,826,412	\$ 28,952,099	\$ 27,037,178	\$ 25,717,550
Total Net Debt Applicable to Limit	9,605,000	9,360,000	9,105,000	8,840,000	8,635,000	8,425,000	8,190,000	7,945,000	7,690,000	7,425,000
Legal Debt Margin	\$ 12,561,967	\$ 16,045,452	\$ 19,743,815	\$ 22,188,041	\$ 23,610,105	\$ 23,631,086	\$ 22,636,412	\$ 21,007,099	\$ 19,347,178	\$ 18,292,550
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	43.33%	36.84%	31.56%	28.49%	26.78%	26.28%	26.57%	27.44%	28.44%	28.87%

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

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

Year	Population ^a	Town of Newton Income Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2006	8,249	\$ 381,103,800	\$ 46,200	3.80%
2007	8,203	401,110,294	48,898	3.70%
2008	8,154	405,661,500	49,750	4.70%
2009	8,124	392,072,364	48,261	7.90%
2010	8,122	398,319,124	49,042	8.40%
2011	8,068	409,854,400	50,800	8.10%
2012	8,009	421,209,328	52,592	8.10%
2013	7,929	419,903,982	52,958	10.10%
2014	7,878	417,203,124 ***	52,958 *	7.00%
2015	7,878 **	417,203,124 ***	52,958 *	N/A

* - Latest Sussex County per capita personal income available (2013) was used for calculation purposes.

** - Latest population data available (2014) was used for calculation purposes.

*** - Latest available population data (2014) and latest available Sussex County per capita personal income (2013) was used for calculation purposes.

N/A - Information not available

Sources:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

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

^d 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	2014		
	Employees	Rank	Percentage of Total Employment
Crystal Springs Golf & Spa Resort	2,000	1	2.71%
Newton Memorial Hospital	1,200	2	1.63%
Selective Insurance	900	3	1.22%
County of Sussex	830	4	1.13%
Mountain Creek Resort	800	5	1.08%
Ames Rubber Corp.	445	6	0.60%
Shop Rite Supermarkets (Ronetco)	301	7	0.41%
Andover Subacute & Rehab Center	300	8	0.41%
Sussex County Community College	300	9	0.41%
SCARC, Inc.	287	10	0.39%
	<u>7,363</u>		
Total Employment	<u>73,737</u>		
Employer	2005		
	Employees	Rank	Percentage of Total Employment
Selective Insurance	975	1	N/A
Andover Subacute & Rehab Center	900	2	N/A
County of Sussex	825	3	N/A
Newton Memorial Hospital	775	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
Mountain Creek Resort	474	4	N/A
Hopatcong Board of Education	450	9	N/A
Wal-Mart	380	10	N/A
	<u>6,719</u>		
Total Employment	<u>N/A</u>		

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 TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</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>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	133	133	135	130	129	107	108	111	112	112
Special education	34	24	23	22	23	34	37	40	40	56
Other instruction	5	5	5	3	1	2	2	3	3	3
Support Services:										
Student & instruction related services	56	57	58	51	28	33	49	51	51	52
School administrative services	16	16	16	14	14	12	13	13	13	11
General administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	23	22	20	19	20	19	20	22	25	22
Pupil transportation	2	2	2	2	2	2	3	3	3	3
Business and other support services	5	5	5	6	6	5	5	5	5	5
Food Service	1	1	1	1	1	-0-	-0-	-0-	-0-	-0-
Total	<u>277</u>	<u>267</u>	<u>267</u>	<u>250</u>	<u>226</u>	<u>216</u>	<u>239</u>	<u>250</u>	<u>254</u>	<u>266</u>

Source: School District of the Town of Newton Personnel Records

TOWN OF NEWTON SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
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%
2014	1,531	27,003,807	17,638	1.54%	132	1:13:1	1:7:7	1:11:8	1,531	1,439	1.59%	93.99%
2015	1,569	28,169,475	17,954	1.79%	138	1:12.0	1:10.0	1:11.6	1,557	1,454	1.70%	93.38%

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 TEN FISCAL YEARS
UNAUDITED

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
Merriam Avenue School										
Square Feet	77,154	77,154	77,154	77,154	77,151	77,151	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	601; 693
Enrollment **	537	494	469	463	484	489	499	541	561	490
Halsted Street School										
Square Feet	71,120	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	233; 356
Enrollment **	295	270	269	269	262	246	234	207	221	301
Newton High School										
Square Feet	118,980	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	519; 904
Enrollment	877	860	849	827	801	788	797	759	749	778
Board Office										
Square Feet	3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102

Number of Schools at June 30, 2015

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

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

** 5th Grad was moved from Merriam Avenue School to Halsted Street School as of 07/01/14.

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

Source: School District of the Town of Newton Facilities Office

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 Ended June 30,	Merriam Avenue School	Halsted Street School	Newton High School	Board Office	Total
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
2014	139,175	127,805	284,796	14,498	566,274
2015	127,778	122,854	251,693	16,129	518,454

* 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

TOWN OF NEWTON SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2015
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 / 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	

SINGLE AUDIT SECTION



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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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2015.

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

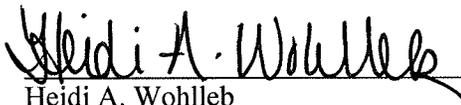
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 results 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.

November 18, 2015
Mount Arlington, New Jersey

NISIVOCCIA LLP


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



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Report on Compliance For Each Major Federal and State Program
 and Report on Internal Control Over Compliance Required by
 OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08

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, 2015. 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's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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, 2015.

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

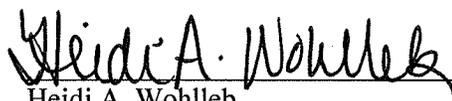
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 and 15-08. Accordingly, this report is not suitable for any other purpose.

November 18, 2015
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, 2015

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2014		Cash Received	Budgetary Expendi- tures	Adjustments	Balance at June 30, 2015	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue
<u>U.S. Department of Agriculture:</u>											
Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	\$ 38,835			\$ 38,835	\$ (23,132)			\$ 15,703
Food Distribution Program	10.555	N/A	7/1/13-6/30/14	27,463		\$ 7,355		(7,355)			
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	217,684			200,110	(217,684)		\$ (17,574)	
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	254,872	\$ (21,197)		21,197				
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	50,670			45,938	(50,670)		(4,732)	
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	41,722	(3,944)		3,944				
Total Child Nutrition Cluster					(25,141)	7,355	310,024	(298,841)		(22,306)	15,703
Total U.S. Department of Agriculture					(25,141)	7,355	310,024	(298,841)		(22,306)	15,703
<u>U.S. Department of Education:</u>											
<u>Special Revenue Fund:</u>											
Passed-through State Department of Education:											
No Child Left Behind:											
Title I	84.010	NCLB359015	7/1/14-6/30/15	259,086			217,960	(232,202)		(14,242)	
Title I	84.010	NCLB359014	7/1/13-6/30/14	262,513	(5,610)		5,611		\$ (1)		
Total Title I					(5,610)		223,571	(232,202)	(1)	(14,242)	
Title IIA	84.367	NCLB359015	7/1/14-6/30/15	87,610			74,292	(79,024)		(4,732)	
Title IIA	84.367	NCLB359014	7/1/13-6/30/14	58,427	(9,735)		9,736		(1)		
Total Title II					(9,735)		84,028	(79,024)	(1)	(4,732)	
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA359015	7/1/14-6/30/15	410,012			338,402	(376,151)		(37,749)	
I.D.E.A. Part B, Basic	84.027	IDEA359014	7/1/13-6/30/14	328,819	(56,312)		56,312				
I.D.E.A. Preschool	84.173	IDEA359015	7/1/14-6/30/15	8,221			1,816	(2,105)		(289)	
I.D.E.A. Preschool	84.173	IDEA359014	7/1/13-6/30/14	6,872	(4,836)		4,836				
Total Special Education Cluster					(61,148)		401,366	(378,256)		(38,038)	
Carl D. Perkins - Secondary	84.048	PERK359015	7/1/14-6/30/15	17,208			17,208	(17,208)			
Carl D. Perkins - Secondary	84.048	PERK359014	7/1/13-6/30/14	21,921	(540)		540				
Total Carl D. Perkins - Secondary					(540)		17,748	(17,208)			
Subtotal - Special Revenue Fund					(77,033)		726,713	(706,690)	(2)	(57,012)	
Total U.S. Department of Education					(77,033)		726,713	(706,690)	(2)	(57,012)	

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2014			Budgetary Expendi- tures	Adjustments	Balance at June 30, 2015	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received			Budgetary Accounts Receivable	Budgetary Unearned Revenue
U.S. Department of Health and Human Services:											
Medicaid Assistance Program	93.778	N/A	7/1/11-6/30/12	\$ 32,900			\$ 32,900	\$ (32,900)			
Medicaid Assistance Program	93.778	N/A	7/1/12-6/30/13	50,587			50,587	(50,587)			
ARRA - Medicaid Assistance Program	93.778	N/A	10/1/08-12/31/10	7,147			7,147	(7,147)			
Total U.S. Department of Health and Human Services							90,634	(90,634)			
Total Federal Awards					\$ (102,174)	\$ 7,355	\$ 1,127,371	\$ (1,096,165)	\$ (2)	\$ (79,318)	\$ 15,703

N/A - Not Applicable

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2015		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund State Aid:												
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 5,168,494			\$ 4,672,695	\$ (5,168,494)			\$ (495,799)	\$ 5,168,494	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	29,820			26,959	(29,820)			(2,861)	29,820	
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	584,268			528,221	(584,268)			(56,047)	584,268	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	48,449			43,801	(48,449)			(4,648)	48,449	
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1			1	(1)				1	
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	27,900			25,224	(27,900)			(2,676)	27,900	
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	10,810			9,773	(10,810)			(1,037)	10,810	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	10,810			9,773	(10,810)			(1,037)	10,810	
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	74,921				(74,921)		\$ (74,921)	(74,921)	74,921	
Excess Nonpublic Transportation Costs	15-495-034-5120-014	7/1/14-6/30/15	3,024				(3,024)		(3,024)	(3,024)	3,024	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	876,443			876,443	(876,443)				876,443	
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	5,168,494	\$ (512,739)		512,739					5,168,494	
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	29,820	(2,958)		2,958					29,820	
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	584,268	(57,962)		57,962					584,268	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	48,449	(4,807)		4,807					48,449	
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/15	93,514	(92,548)		93,514	(966)				93,514	
Excess Nonpublic Transportation Costs	14-495-034-5120-014	7/1/13-6/30/14	3,377	(3,377)		3,377					3,377	
Homeless Tuition Reimbursement	N/A	7/1/13-6/30/14	11,283	(11,283)		11,283					11,283	
Subtotal - General Fund				(685,674)		6,879,530	(6,835,906)		(77,945)	(642,050)	12,785,428	
Special Revenue Fund Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	33,145			33,145	(18,281)			\$ 14,864	18,281	
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	30,815		\$ 12,325			\$ (12,325)			18,490	
Nonpublic Handicapped Services:												
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	14,909			14,909	(5,100)			9,809	5,100	
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	17,346		12,004			(12,004)			5,342	
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	4,418			4,418	(2,827)			1,591	2,827	
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	6,250		4,688			(4,688)			1,562	
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	14,234			14,234	(13,499)			735	13,499	
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	17,680		6,690			(6,690)			10,990	
N.J. Nonpublic Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	8,997			8,997	(7,868)			1,129	7,868	
N.J. Nonpublic Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	9,270		2,849			(2,849)			6,421	
N.J. Nonpublic Nursing Aid	15-100-034-5120-070	7/1/14-6/30/15	14,322			14,322	(11,593)			2,729	11,593	
N.J. Nonpublic Nursing Aid	14-100-034-5120-070	7/1/13-6/30/14	13,047		77			(77)			12,970	
N.J. Nonpublic Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	4,832			4,832	(3,590)			1,242	3,590	
N.J. Nonpublic Technology Initiative	14-100-034-5120-373	7/1/13-6/30/14	3,380		3,380			(3,380)				
Subtotal - Special Revenue Fund					42,013	94,857	(62,758)		(42,013)	32,099	118,533	

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2015		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>												
Food Service Fund:												
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	\$ 5,280			\$ 4,864	\$ (5,280)		\$ (416)		\$ (416)	\$ 5,280
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	7,258	\$ (575)		575						7,258
Subtotal - Food Service Fund				(575)		5,439	(5,280)		(416)		(416)	12,538
Total State Department of Education				(686,249)	\$ 42,013	6,979,826	(6,903,944)	\$ (42,013)	(78,361)	\$ 32,099	(642,466)	12,916,499
Total State Awards				\$ (686,249)	\$ 42,013	\$ 6,979,826	\$ (6,903,944)	\$ (42,013)	\$ (78,361)	\$ 32,099	\$ (642,466)	\$ 12,916,499

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, 2015

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, 2015. 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's OMB Circulars 04-04 and 15-08, *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 \$14,361 for the general fund and (\$633) 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 \$624,840 and \$991,935 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	\$ 90,634	\$ 8,467,042	\$ 8,557,676
Special Revenue Fund	706,057	62,758	768,815
Food Service Fund	298,841	5,280	304,121
Total Awards	<u>\$ 1,095,532</u>	<u>\$ 8,535,080</u>	<u>\$ 9,630,612</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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, 2015.

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

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 Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and 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's OMB 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> <u>State Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/14-6/30/15	\$ 410,012	\$ 376,151
I.D.E.A. Preschool	84.173	7/1/14-6/30/15	8,221	2,105
<u>State:</u>				
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	5,168,494	5,168,494
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	584,268	584,268
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	48,449	48,449
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1	1
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	27,900	27,900
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	10,810	10,810
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	10,810	10,810

- 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, 2015
(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's OMB Circulars 04-04 and 15-08.

TOWN OF NEWTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The District had no prior year audit findings.