

**TOWN OF NEWTON  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual  
Financial Report**

**of the**

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

**Newton, New Jersey**

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

**Prepared by**

**Town of Newton School District  
Board Office**

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INTRODUCTORY SECTION

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

*Dr. G. Kennedy Greene*  
*Superintendent*

*Donna C. Snyder*  
*Business Administrator*

September 19, 2016

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, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 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 2015-2016 fiscal year with an average daily enrollment of 1,555 students, stable from the previous year.

The Honorable President and Members of  
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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 21<sup>st</sup> 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 2015-2016 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 2015-2016 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 \$6.74 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 2015-2016 budget included funds for the local share of ROD grants for emergency generators at each school, digital clocks at Merriam Avenue, fiber network installation, district-wide telephone system and Newton High School auditorium floor tile abatement and replacement. It also included personnel increases to address student population needs – a social worker and reading intervention specialist at the elementary school, district-wide psychologist to reduce caseloads, and a high school special education teacher.

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.



The Honorable President and Members of  
the Board of Education  
Town of Newton School District  
Page 3  
September 19, 2016

### 3) MAJOR INITIATIVES:

(A) Strategic Plan for School Facilities – 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 Regular Operating District (ROD) grants from the State and has budgeted for the purchase of generators which will be used to protect the building envelope. Most of the installation will be performed by District staff.

The Board of Education had 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 plus the additional property at West End Avenue. After soliciting staff and public input, the Board then asked the architects to develop one of the identified options. A conceptual plan was presented to the Board during the late summer or early fall of 2016.

(B) Student Centered Learning – The District leadership researched student-centered learning as a philosophy and methodology of increasing student achievement. The Superintendent developed and shared a vision for instructional practice and then provided staff with professional development opportunities so that they could implement new techniques.

(C) Parent and Community Engagement – The Board adopted a goal of facilitating parent and community engagement through technology applications with the intent to increase student achievement and communication with stakeholders. The District worked to build its social media audience through the use of Facebook, Twitter, a superintendent's blog and other media tools. A more user friendly website platform was rolled out in January, providing greater public access to District information. A new VoIP telephone system encourages communication between teacher and parents through voice to email capabilities. Parents were provided with the opportunity to be trained in the technology.

(D) Bond Refunding – The District refunded its existing debt, generating a gross budgetary savings of \$1,111,935. The net present value savings was \$918,672, 13.4% of the refunded bonds.

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  
 the Board of Education  
 Town of Newton School District  
 Page 4  
 September 19, 2016

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 a voter of the Board of Education. 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, 2016.

**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.

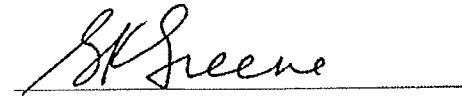
**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance 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. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 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.

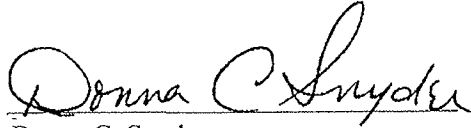
The Honorable President and Members of  
the Board of Education  
Town of Newton School District  
Page 5  
September 19, 2016

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,

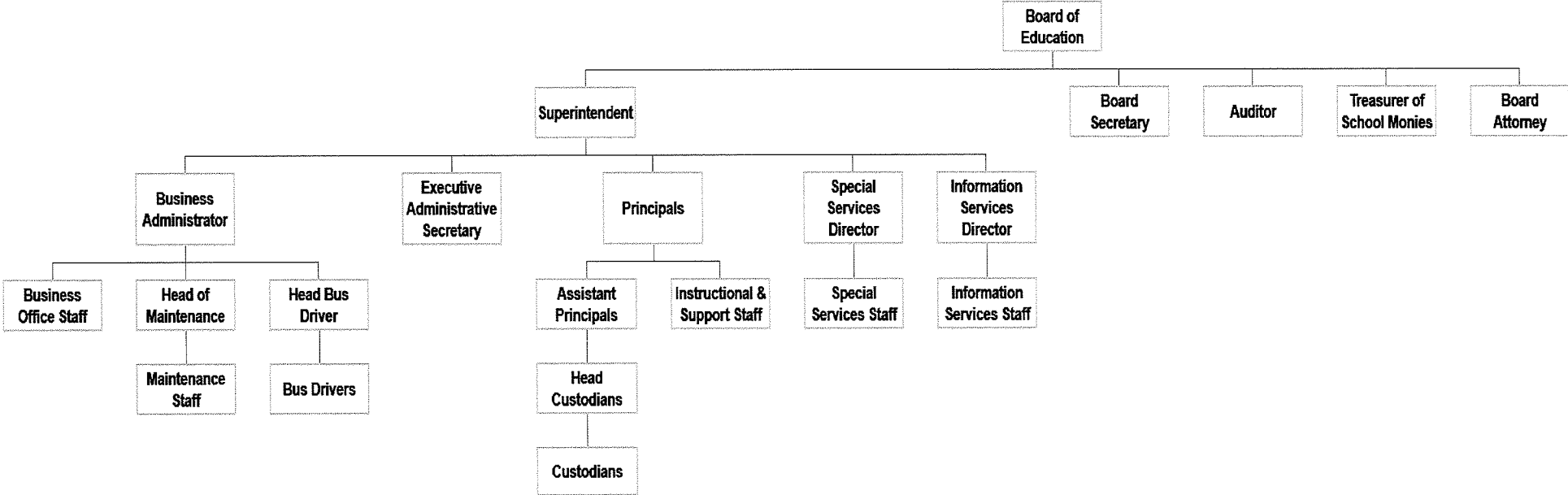


Dr. G. Kennedy Greene  
Superintendent of Schools



Donna C. Snyder  
Business Administrator/Board Secretary

TOWN OF NEWTON SCHOOL DISTRICT  
ORGANIZATIONAL CHART  
FISCAL YEAR ENDED JUNE 30, 2016



**TOWN OF NEWTON SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stella Dunn, President	2017
Jessica Egner, Vice President	2018
Ed Caffrey	2016
Charles Fantasia	2016
Joan Faye	2018
Guilene Ham	2017
John Jackson	2018
Tina Larsen	2017
Raymond Morris	2016
Michael Fancher (Andover Regional Representative)	2016
Ann Marie Cooke (Green Township Representative)	2016

Other OfficersTitle

Dr. G. Kennedy Greene	Superintendent of Schools
Donna C. Snyder	Business Administrator/Board Secretary
Dawn Babcock	Treasurer of School Monies
Allan P. Dzwilewski	School Board Attorney

**TOWN OF NEWTON BOARD OF EDUCATION**

Consultants and Advisors

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road Suite 300  
Mount Arlington, NJ 07856-1320

And

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Attorney**

Allan P. Dzwilewski  
Schwartz, Simon, Edelstein, Celso & Kessler LLP  
14 Whippany Road  
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**Architect of Record**

EI Associates  
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Cedar Knolls, NJ 07927

**Bond Counsel**

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90 Woodbridge Center Drive  
Suite 900, Box 10  
Woodbridge, NJ 07095

**Official Depository**

Lakeland Bank  
One Cochran Plaza  
Newton, NJ 07860

FINANCIAL SECTION



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

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

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Town of Newton School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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

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 and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical section are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable President and Members  
of the Board of Education  
Town of Newton School District  
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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 September 19, 2016 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.

September 19, 2016  
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, 2016  
(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, 2016. 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 increased significantly on both a district-wide basis and fund basis.
- Overall revenue was \$34.77 million.
- Overall expenses were \$34.64 million.
- Enrollment in the District has remained stable from the prior year.
- The District refunded bonds during the spring of 2016, generating gross savings of over \$1 million, or 13.4% net present value savings as a percentage of refunded bonds.

**Overview of the Financial Statements**

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

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

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

**Figure A-1**

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

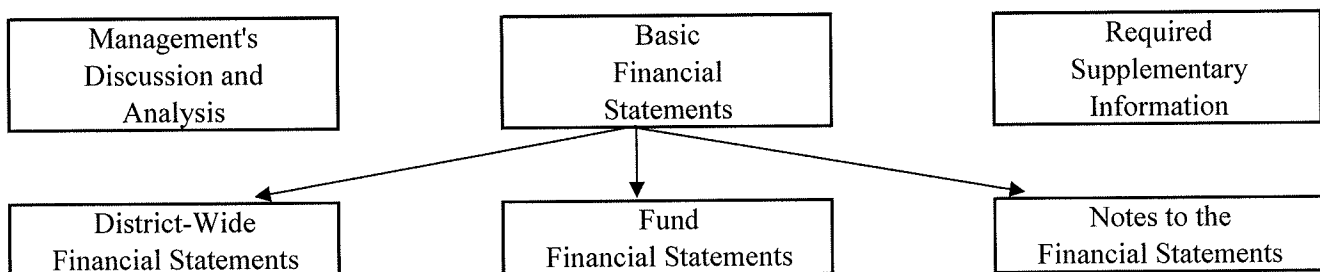


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Figure A-2**

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

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

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

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, 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 programs are included here.

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

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

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

The District has three kinds of funds:

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

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

### Financial Analysis of the District as a Whole

*Net Position.* The District's combined net position increased by \$135,457. Net position from governmental activities increased by \$134,626 and net position from business-type activities increased by \$831. Net investment in capital assets increased by \$149,446, restricted net position increased by \$180,749, and unrestricted net position decreased by \$194,738.

Figure A-3

	Condensed Statement of Net Position						Percentage Change 2015/16
	Government Activities		Business-Type Activities		Total School District		
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Current and							
Other Assets	\$ 1,440,184	\$ 898,165	\$ 246,097	\$ 267,429	\$ 1,686,281	\$ 1,165,594	44.67%
Capital Assets, Net	14,633,282	14,988,886	36,566	27,890	14,669,848	15,016,776	-2.31%
Total Assets	<u>16,073,466</u>	<u>15,887,051</u>	<u>282,663</u>	<u>295,319</u>	<u>16,356,129</u>	<u>16,182,370</u>	1.07%
Deferred Outflows of Resources	<u>1,512,095</u>	<u>449,117</u>			<u>1,512,095</u>	<u>449,117</u>	236.68%
Long-Term Liabilities							
Outstanding	16,358,355	15,063,027			16,358,355	15,063,027	8.60%
Other Liabilities	435,277	291,987	37,302	50,789	472,579	342,776	37.87%
Total Liabilities	<u>16,793,632</u>	<u>15,355,014</u>	<u>37,302</u>	<u>50,789</u>	<u>16,830,934</u>	<u>15,405,803</u>	9.25%
Deferred Inflows of Resources	<u>397,903</u>	<u>721,754</u>			<u>397,903</u>	<u>721,754</u>	-44.87%
Net Position:							
Net Investment in							
Capital Assets	7,942,020	7,801,250	36,566	27,890	7,978,586	7,829,140	1.91%
Restricted	893,844	713,095			893,844	713,095	25.35%
Unrestricted/(Deficit)	<u>(8,441,838)</u>	<u>(8,254,945)</u>	<u>208,795</u>	<u>216,640</u>	<u>(8,233,043)</u>	<u>(8,038,305)</u>	-2.42%
Total Net Position	<u>\$ 394,026</u>	<u>\$ 259,400</u>	<u>\$ 245,361</u>	<u>\$ 244,530</u>	<u>\$ 639,387</u>	<u>\$ 503,930</u>	26.88%

*Changes in Net Position.* The District's combined net position was \$639,387 on June 30, 2016, an increase of \$135,457 or 26.88% more than the year before. (See Figure A-3). Net Investment in Capital Assets increased due to the current year maturity of serial bonds payable of \$275,000, \$6,850,000 in 2006 refunding bonds defeased, as well as current year capital assets additions (net of deletions) of \$179,100 offset by current year depreciation expense of \$526,028, \$6,535,000 of refunding bonds issued and a net decrease in deferred amount on refunding of \$93,626. Restricted net position increased by \$180,749 mainly due to the net increase in Capital Reserve of \$163,334 and increase in excess surplus of \$11,419. Unrestricted net position decreased by \$194,738 due to a net increase in compensated absences of \$27,300, an increase in net pension liability of \$1,330,384, a net increase in unamortized bond issuance premium of 527,644, and a decrease of \$7,845 in business-type activities; offset by a decrease in accrued interest of \$96,339, an increase in changes in pension assumptions of \$654,296, a \$192,388 difference between expected and actual pension experience, a decrease in the change in pension proportion of \$52,202, a decrease in investment gains in pension of \$271,649, an increase in Capital Projects committed fund balance of \$102,254; and a \$329,307 net increase in unassigned and assigned (including encumbrances) General Fund fund balance due primarily to excess tuition and miscellaneous revenue and unexpended budget appropriations.

Figure A-4

## Changes in Net Position from Operating Results

	Governmental Activities 2015/16	Business- Type Activities 2015/16	Governmental Activities 2014/15	Business- Type Activities 2014/15	Total School District 2015/16	Total School District 2014/15	Percentage Change 2015/16
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 7,885,395	\$ 302,062	\$ 7,024,707	\$ 315,043	\$ 8,187,457	\$ 7,339,750	11.55%
Operating Grants and Contributions	7,941,798	308,815	6,668,029	304,121	8,250,613	6,972,150	18.34%
<b>General Revenue:</b>							
Property Taxes	12,972,673		12,732,431		12,972,673	12,732,431	1.89%
Unrestricted State and Federal Aid	5,252,323		5,369,447		5,252,323	5,369,447	-2.18%
Other	106,941	552	57,877	380	107,493	58,257	84.52%
<b>Total Revenue</b>	<b>34,159,130</b>	<b>611,429</b>	<b>31,852,491</b>	<b>619,544</b>	<b>34,770,559</b>	<b>32,472,035</b>	<b>7.08%</b>
<b>Expenses:</b>							
Instruction	20,052,288		18,609,520		20,052,288	18,609,520	7.75%
Pupil and Instruction Services	5,538,145		5,226,581		5,538,145	5,226,581	5.96%
Administrative and Business	3,818,988		3,540,895		3,818,988	3,540,895	7.85%
Maintenance and Operations	3,145,951		2,930,168		3,145,951	2,930,168	7.36%
Transportation	631,274		741,649		631,274	741,649	-14.88%
Capital Outlay	86,882		40,189		86,882	40,189	116.18%
Other	750,976	610,598	718,117	603,896	1,361,574	1,322,013	2.99%
<b>Total Expenses</b>	<b>34,024,504</b>	<b>610,598</b>	<b>31,807,119</b>	<b>603,896</b>	<b>34,635,102</b>	<b>32,411,015</b>	<b>6.86%</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 134,626</b>	<b>\$ 831</b>	<b>\$ 45,372</b>	<b>\$ 15,648</b>	<b>\$ 135,457</b>	<b>\$ 61,020</b>	<b>121.99%</b>

*Revenue Sources.* The District's total revenue for the 2015-16 school year was \$34,770,559. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$12,972,673 of the total, or 37.31 percent. (See Figure A-5). Another 38.84 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 2016

	Amount	Percentage
<b>Sources of Income:</b>		
Grants and Contributions	\$ 8,250,613	23.72%
Property Taxes	12,972,673	37.31%
Unrestricted Federal and State Aid	5,252,323	15.11%
Charges for Services	8,187,457	23.55%
Other	107,493	0.31%
	<b>\$ 34,770,559</b>	<b>100.00%</b>

The total cost of all programs and services was \$34,635,102. The District's expenses are predominantly related to instructing and providing pupil services (73.89 percent). (See Figure A-6). The District's administrative and business activities accounted for 11.03 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 (9.08 percent). It is important to note that expenses for the year include \$526,028 of depreciation.



**Figure A-6****Expenses for Fiscal Year 2016**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 20,052,288	57.90%
Pupil and Instruction Services	5,538,145	15.99%
Administrative and Business	3,818,988	11.03%
Maintenance and Operations	3,145,951	9.08%
Transportation	631,274	1.82%
Capital Outlay	86,882	0.25%
Other	1,361,574	3.93%
	<u>\$ 34,635,102</u>	<u>100.00%</u>

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District improved significantly. 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 place 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 2015-2016 school year. Additional staff were hired to meet student needs, a fiber network and additional access points were installed to allow for expansion of technology needs, as well as some minor facility projects.

It is crucial that the District examine its expenses 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>
	2015/16	2015/16	2014/15	2014/15
Instruction	\$ 20,052,288	\$ 10,082,725	\$ 18,609,520	\$ 9,897,912
Pupil and Instruction Services	5,538,145	2,903,264	5,226,581	3,016,100
Administrative and Business	3,818,988	2,169,114	3,540,895	2,158,869
Maintenance and Operations	3,145,951	1,927,279	2,930,168	1,875,806
Transportation	631,274	375,407	741,649	481,384
Capital Outlay	86,882	63,531	40,189	30,872
Other	750,976	675,991	718,117	653,440
	<u>\$ 34,024,504</u>	<u>\$ 18,197,311</u>	<u>\$ 31,807,119</u>	<u>\$ 18,114,383</u>

## Business-Type Activities

Net position from the District's business-type activity increased by \$831 (Refer to Figure A-4).

## Financial Analysis of the District's Funds

The District's financial position increased on a fund basis. The lower maintenance costs due to a milder winter and reduction in health benefit costs as a result of the switch in prescription insurance carrier during fiscal year 2016 had a direct impact on the District's financial position.

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 2015-2016 school year a high school special education teacher, CST psychologist, elementary school social work, and a reading specialist were added to address student needs. In terms of technology to meet educational needs, the infrastructure improvement that was started during the prior year was enhanced by the installation of a fiber network, funded through a combination of local funds and participation in the NJ DRLAP program.

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 decrease in the number of out-of-district students, both regular and special education.
- The change in prescription carriers generated savings for both employees and the District.

## Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Percentage Change 2015/16
	Government Activities		Business-Type Activities		Total School District		
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Sites and Site Improvements	\$ 2,024,466	\$ 2,009,992			\$ 2,024,466	\$ 2,009,992	0.72%
Buildings and Building Improvements	12,121,555	12,410,720			12,121,555	12,410,720	-2.33%
Machinery and Equipment	487,261	568,174	\$ 36,566	\$ 27,890	523,827	596,064	-12.12%
<b>Total</b>	<b>\$ 14,633,282</b>	<b>\$ 14,988,886</b>	<b>\$ 36,566</b>	<b>\$ 27,890</b>	<b>\$ 14,669,848</b>	<b>\$ 15,016,776</b>	<b>-2.31%</b>

## Long-term Liabilities

The District's long term liabilities increased by \$1,295,328 or 8.60% 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 Liabilities**

	Total School District		Percentage
	2015/16	2014/15	Change 2015/16
General Obligation Bonds (Financed with Property Taxes)	\$ 6,835,000	\$ 7,425,000	-7.95%
Unamortized Bond Issuance Premium	586,260	58,616	900.17%
Net Pension Liability	8,064,373	6,733,989	19.76%
Other Long-Term Liabilities	872,722	845,422	3.23%
	<u>\$ 16,358,355</u>	<u>\$ 15,063,027</u>	8.60%

- The District continued to pay down its bonded debt, retiring \$275,000 of outstanding bonds.
- The District refunded its 2006 Refunding Bonds thereby defeasing \$6,850,000 of those bonds and issuing \$6,535,000 in 2016 Refunding Bonds.
- Unamortized bond issuance premium increased by a net amount of \$527,644.
- Compensated absences payable increased by a net amount of \$27,300.
- Net pension liability increased by \$1,330,384.

**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 21<sup>st</sup> Century Learning Center grant that completed its third 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 21<sup>st</sup> Century Learning Center) was open to 4<sup>th</sup> and 5<sup>th</sup> graders. The School Business Administrator will began assigning other costs, including a rental fee, to this program.

**Contacting the District's Financial Management**

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 357,699	\$ 211,787	\$ 569,486
Receivables from State Government	157,929	219	158,148
Receivables from Federal Government	44,417	11,534	55,951
Other Receivables		11,682	11,682
Internal Balances	3,710	(3,710)	
Inventories		14,585	14,585
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	876,429		876,429
Capital Assets, Net:			
Sites (Land)	330,620		330,620
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	14,302,662	36,566	14,339,228
Total Assets	<u>16,073,466</u>	<u>282,663</u>	<u>16,356,129</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	143,738		143,738
Changes in Assumptions - Pensions	866,049		866,049
Difference between Expected and Actual Experience - Pensions	192,388		192,388
District Contribution Subsequent to the Measurement Date - Pensions	309,920		309,920
Total Deferred Outflows of Resources	<u>1,512,095</u>		<u>1,512,095</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	355,077	28,198	383,275
Accrued Interest Payable	52,046		52,046
Payable to State Government	13,771		13,771
Unearned Revenue	14,383	9,104	23,487
Noncurrent Liabilities:			
Due Within One Year	477,421		477,421
Due Beyond One Year	15,880,934		15,880,934
Total Liabilities	<u>16,793,632</u>	<u>37,302</u>	<u>16,830,934</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Investment Gains - Pensions	129,660		129,660
Changes in Proportion - Pensions	268,243		268,243
Total Deferred Inflows of Resources	<u>397,903</u>		<u>397,903</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	7,942,020	36,566	7,978,586
Restricted for:			
Capital Projects	876,429		876,429
Debt Service	5,996		5,996
Other Purposes	11,419		11,419
Unrestricted/(Deficit)	(8,441,838)	208,795	(8,233,043)
Total Net Position	<u>\$ 394,026</u>	<u>\$ 245,361</u>	<u>\$ 639,387</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, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 14,876,990	\$ 3,538,399	\$ 3,388,314	\$ (7,950,277)		\$ (7,950,277)
Special Education	3,630,608	848,835	1,555,926	(1,225,847)		(1,225,847)
Other Special Instruction	99,026	26,615	11,535	(60,876)		(60,876)
School Sponsored/Other Instruction	1,445,664	350,211	249,728	(845,725)		(845,725)
Support Services:						
Tuition	712,627		372,956	(339,671)		(339,671)
Student and Instruction Related Services	4,825,518	1,151,837	1,110,088	(2,563,593)		(2,563,593)
General Administrative Services	911,052	227,163	120,619	(563,270)		(563,270)
School Administrative Services	1,930,923	455,049	435,608	(1,040,266)		(1,040,266)
Central Services	624,712	149,484	125,522	(349,706)		(349,706)
Administrative Information Technology	352,301	87,509	48,920	(215,872)		(215,872)
Plant Operations and Maintenance	3,145,951	781,362	437,310	(1,927,279)		(1,927,279)
Pupil Transportation	631,274	170,595	85,272	(375,407)		(375,407)
Transfer of Funds to Charter School	82,665			(82,665)		(82,665)
Interest on Long-Term Debt	389,324			(389,324)		(389,324)
Capital Outlay	86,882	23,351		(63,531)		(63,531)
Unallocated Depreciation	278,987	74,985		(204,002)		(204,002)
<b>Total Governmental Activities</b>	<b>34,024,504</b>	<b>7,885,395</b>	<b>7,941,798</b>	<b>(18,197,311)</b>		<b>(18,197,311)</b>
Business-Type Activities:						
Food Service	544,613	242,162	308,815		\$ 6,364	6,364
After Care	65,985	59,900			(6,085)	(6,085)
<b>Total Business-Type Activities</b>	<b>610,598</b>	<b>302,062</b>	<b>308,815</b>		<b>279</b>	<b>279</b>
<b>Total Primary Government</b>	<b>\$ 34,635,102</b>	<b>\$ 302,062</b>	<b>\$ 8,250,613</b>	<b>(18,197,311)</b>	<b>279</b>	<b>(18,197,032)</b>

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 12,379,798		\$ 12,379,798
Taxes Levied for Debt Service	592,875		592,875
Federal, State and Local Aid not Restricted	5,252,323		5,252,323
Interest Earnings	4,919	\$ 362	5,281
Miscellaneous Income	102,022		102,022
Other Special Items:			
Cancellation of Prior Year Accounts Payable		190	190
	18,331,937	552	18,332,489
Total General Revenues and Other Special Items			
Change in Net Position	134,626	831	135,457
Net Position - Beginning	259,400	244,530	503,930
Net Position - Ending	\$ 394,026	\$ 245,361	\$ 639,387

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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 245,266	\$ 4,183	\$ 102,254	\$ 5,996	\$ 357,699
Interfund Receivable	3,710				3,710
Receivables From State Government	157,929				157,929
Receivables From Federal Government		44,417			44,417
Restricted Cash and Cash Equivalents	876,429				876,429
<b>Total Assets</b>	<b>\$ 1,283,334</b>	<b>\$ 48,600</b>	<b>\$ 102,254</b>	<b>\$ 5,996</b>	<b>\$ 1,440,184</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 23,611	\$ 21,546			\$ 45,157
Payable to State Government		13,771			13,771
Unearned Revenue	1,100	13,283			14,383
<b>Total Liabilities</b>	<b>24,711</b>	<b>48,600</b>			<b>73,311</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	876,429				876,429
Excess Surplus - 2017-2018	11,419				11,419
Debt Service				\$ 5,996	5,996
<b>Committed:</b>					
Capital Projects			\$ 102,254		102,254
<b>Assigned:</b>					
<b>Designated for Subsequent Year's</b>					
Expenditures	187,207				187,207
Other Purposes	183,568				183,568
<b>Total Fund Balances</b>	<b>1,258,623</b>		<b>102,254</b>	<b>5,996</b>	<b>1,366,873</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,283,334</b>	<b>\$ 48,600</b>	<b>\$ 102,254</b>	<b>\$ 5,996</b>	<b>\$ 1,440,184</b>

TOWN OF NEWTON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

Total  
Governmental  
Funds

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

Total Fund Balances from previous page	\$ 1,366,873
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$22,263,684 and the Accumulated Depreciation is \$7,630,402.	14,633,282
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$598,734 and the Accumulated Amortization is \$12,474.	(586,260)
The Deferred Amount on Refunding is not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure.	143,738
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(52,046)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(8,064,373)
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	866,049
Difference between Expected and Actual Experience	192,388
Investment Gains - Pensions	(129,660)
Changes in Proportions - Pensions	(268,243)
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>(7,707,722)</u>
Net Position of Governmental Activities	<u>\$ 394,026</u>

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 12,379,798			\$ 592,875	\$ 12,972,673
Tuition from Other LEAs	7,839,214				7,839,214
Tuition from Individuals	22,295				22,295
Tuition from Other Sources	14,886				14,886
Transportation Fees from LEAs	9,000				9,000
Interest Earned on Capital Reserve Funds	956				956
Miscellaneous	105,985	\$ 1,888			107,873
<b>Total - Local Sources</b>	<b>20,372,134</b>	<b>1,888</b>		<b>592,875</b>	<b>20,966,897</b>
State Sources	8,907,321	52,133			8,959,454
Federal Sources		698,187			698,187
<b>Total Revenues</b>	<b>29,279,455</b>	<b>752,208</b>		<b>592,875</b>	<b>30,624,538</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	9,183,978	253,115			9,437,093
Special Education Instruction	2,132,630	4,927			2,137,557
Other Special Instruction	70,507				70,507
School-Sponsored/Other Instruction	999,801				999,801
<b>Support Services and Undistributed Costs:</b>					
Tuition	339,671	372,956			712,627
Student and Other Instruction Related Services	2,930,458	121,210			3,051,668
General Administrative Services	696,293				696,293
School Administrative Services	1,171,759				1,171,759
Central Services	364,533				364,533
Administrative Information Technology	245,494				245,494
Plant Operations and Maintenance	1,938,746				1,938,746
Student Transportation	476,519				476,519
Unallocated Benefits	7,787,058				7,787,058
<b>Debt Service:</b>					
Principal				275,000	275,000
Interest and Other Charges				317,875	317,875
Capital Outlay	253,029				253,029
Transfer of Funds to Charter School	82,665				82,665
<b>Total Expenditures</b>	<b>28,673,141</b>	<b>752,208</b>		<b>592,875</b>	<b>30,018,224</b>
<b>Excess of Revenue Over Expenditures</b>	<b>606,314</b>				<b>606,314</b>
<b>Other Financing Sources/(Uses):</b>					
Long Term Debt Issued				6,535,000	6,535,000
Bond Premium				598,734	598,734
Serial Bonds Defeased				(6,850,000)	(6,850,000)
Bond Issuance Costs				(132,486)	(132,486)
Deferred Interest				(145,252)	(145,252)
Transfers	(102,254)		\$ 102,254		
<b>Total Other Financing Sources/(Uses)</b>	<b>(102,254)</b>		<b>102,254</b>	<b>5,996</b>	<b>(6,529,004)</b>

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 504,060		\$ 102,254	\$ 5,996	\$ 612,310
Fund Balance - July 1	<u>754,563</u>				<u>754,563</u>
Fund Balance - June 30	<u>\$ 1,258,623</u>	<u>\$ -0-</u>	<u>\$ 102,254</u>	<u>\$ 5,996</u>	<u>\$ 1,366,873</u>

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

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, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 612,310
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	\$ (521,751)	
Deletion of Capital Assets, net of Accumulated Depreciation	(13,305)	
Capital Outlays	179,452	(355,604)
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 (+).		
		96,339
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.		
		275,000
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.		
		71,090
Proceeds from debt issued for a refunding less the amount of bonds defeased are not recorded in the governmental fund.		
Refunding Bonds Issued	(6,535,000)	
Refunding Bond Premium	(598,734)	
Refunding Bond Deferred Interest	145,252	
School Bonds Defeased	6,850,000	(138,482)
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.		
		(238,878)
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		(1,330,384)
Deferred Outflows:		
Changes in Assumptions		654,296
Difference between Expected and Actual Experience		192,388
Deferred Inflows:		
Changes in Proportion		271,649
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		52,202

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, 2016

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 (+).

\$ (27,300)

Change in Net Position of Governmental Activities

\$ 134,626

Exhibit B-4

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>Food</u> <u>Service</u>	<u>After Care</u> <u>Program</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 136,935	\$ 74,852	\$ 211,787
Intergovernmental Accounts Receivable:			
State	219		219
Federal	11,534		11,534
Other Accounts Receivable	2,848	8,834	11,682
Inventories	14,585		14,585
Total Current Assets	<u>166,121</u>	<u>83,686</u>	<u>249,807</u>
Non-Current Assets:			
Capital Assets	181,911		181,911
Less: Accumulated Depreciation	<u>(145,345)</u>		<u>(145,345)</u>
Total Non-Current Assets	<u>36,566</u>		<u>36,566</u>
Total Assets	<u>202,687</u>	<u>83,686</u>	<u>286,373</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	28,198		28,198
Interfund Payable - General Fund	950	2,760	3,710
Unearned Revenue	9,104		9,104
Total Current Liabilities	<u>38,252</u>	<u>2,760</u>	<u>41,012</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	36,566		36,566
Unrestricted	<u>127,869</u>	<u>80,926</u>	<u>208,795</u>
Total Net Position	<u>\$ 164,435</u>	<u>\$ 80,926</u>	<u>\$ 245,361</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, 2016

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total Enterprise
	Food Service	After Care Program	
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 139,305		\$ 139,305
Daily Sales - Non-Reimbursable Programs	91,568		91,568
Other Income	157	\$ 59,900	60,057
Special Events	11,132		11,132
Total Operating Revenue	242,162	59,900	302,062
Operating Expenses:			
Cost of Sales - Reimbursable Programs	186,738		186,738
Cost of Sales - Non-Reimbursable Programs	46,684		46,684
Salaries, Benefits & Payroll Taxes	203,661	42,219	245,880
Other Purchased Services	4,000		4,000
Supplies, Insurance and Other Costs	15,244	23,766	39,010
Management Fee	45,000		45,000
Miscellaneous Expenditures	39,009		39,009
Depreciation Expense	4,277		4,277
Total Operating Expenses	544,613	65,985	610,598
Operating Loss	(302,451)	(6,085)	(308,536)
Non-Operating Revenue:			
Local Sources:			
Interest Income	174	188	362
State Sources:			
State School Lunch Program	5,282		5,282
Federal Sources:			
National School Lunch Program	212,708		212,708
School Breakfast Program	53,985		53,985
Food Distribution Program	36,840		36,840
Total Non-Operating Revenue	308,989	188	309,177
Change in Net Position Before Special Items	6,538	(5,897)	641
Special Items:			
Cancellation of Prior Year Accounts Payable		190	190
Change in Net Position After Special Items	6,538	(5,707)	831
Net Position - Beginning of Year	157,897	86,633	244,530
Net Position - End of Year	\$ 164,435	\$ 80,926	\$ 245,361

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, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>Food Service</u>	<u>After Care Program</u>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 279,837	\$ 54,080	\$ 333,917
Payments to Food Service Contractor	(480,753)		(480,753)
Payments to/for Employees		(42,219)	(42,219)
Payments for Suppliers	(27,495)	(23,766)	(51,261)
Net Cash Used for Operating Activities	(228,411)	(11,905)	(240,316)
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(12,953)		(12,953)
Net Cash Used for Capital and Related Financing Activities	(12,953)		(12,953)
Cash Flows from Investing Activities:			
Interest Income	174	188	362
Net Cash Provided by Investing Activities	174	188	362
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	3,384	601	3,985
State Sources	5,479		5,479
Federal Sources	277,465		277,465
Net Cash Provided by Noncapital Financing Activities	286,328	601	286,929
Net Increase/(Decrease) in Cash and Cash Equivalents	45,138	(11,116)	34,022
Cash and Cash Equivalents, July 1	91,797	85,968	177,765
Cash and Cash Equivalents, June 30	\$ 136,935	\$ 74,852	\$ 211,787

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>Food</u> <u>Service</u>	<u>After Care</u> <u>Program</u>	
Reconciliation of Operating Loss to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Income/(Loss)	\$ (302,451)	\$ (6,085)	\$ (308,536)
Adjustment to Reconcile Operating Loss to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	4,277		4,277
Food Distribution Program	36,840		36,840
Changes in Assets and Liabilities:			
(Decrease) in Unearned Revenue	(6,599)		(6,599)
(Decrease) in Accounts Payable	(6,699)		(6,699)
(Increase)/Decrease in Other Accounts Receivable	35,187	(5,820)	29,367
Decrease in Inventory	11,034		11,034
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (228,411)</u>	<u>\$ (11,905)</u>	<u>\$ (240,316)</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 \$30,241 and utilized U.S.D.A. Commodities valued at \$36,840.

Exhibit B-7

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 244,406	\$ 57,918
Investments	13,000	
	<u>257,406</u>	<u>57,918</u>
Total Assets		
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	27,011	
Due to Student Groups	230,395	
	<u>257,406</u>	
Total Liabilities		
<u>NET POSITION:</u>		
Restricted for Scholarships		<u>57,918</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 57,918</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, 2016

	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:	
Contributions:	
Donations	\$ 25
Total Contributions	<u>25</u>
Investment Earnings:	
Interest	<u>124</u>
Net Investment Earnings	<u>124</u>
Total Additions	<u>149</u>
DEDUCTIONS:	
Scholarships Awarded	<u>3,600</u>
Total Deductions	<u>3,600</u>
Change in Net Position	(3,451)
Net Position - Beginning of the Year	<u>61,369</u>
Net Position - End of the Year	<u><u>\$ 57,918</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, 2016

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, 2016

(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, 2016  
(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, 2016 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, 2016  
(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	\$ 29,295,245	\$ 752,208
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	564,105	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(579,895)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 29,279,455</u>	<u>\$ 752,208</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 28,673,141</u>	<u>\$ 752,208</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 28,673,141</u>	<u>\$ 752,208</u>

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue and Other Financing Sources (Budgetary Basis)	\$ 188,200	
Committed Fund Balance (Budgetary Basis)		\$ 75,565
Committed - Year End Encumbrances		112,635
	<u>188,200</u>	<u>188,200</u>
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis	<u>(85,946)</u>	<u>(85,946)</u>
Revenue and Other Financing Sources /Fund Balance per Governmental Funds (GAAP)	<u>\$ 102,254</u>	<u>\$ 102,254</u>

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. 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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

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, 2016.

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, 2016  
(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:

	Estimated Useful Life
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery 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, 2016.

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, 2016  
(Continued)

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

P. Fund Balance Appropriated

General Fund: Of the \$1,258,623 General Fund fund balance at June 30, 2016, \$183,568 is assigned for encumbrances; \$876,429 is restricted in the capital reserve account; \$11,419 is restricted for current year excess surplus in accordance with N.J.S.A.18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018; \$187,207 of assigned fund balance, which is \$9,293 less than the amount that has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2017; and there is \$-0- in unassigned fund balance, which is \$570,602 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, 2017.

Capital Projects Fund: The \$102,254 committed fund balance in the Capital Projects Fund is \$85,946 less than on the budgetary basis because the SDA grant receivable is not recognized on the GAAP basis until reimbursement request is submitted to the State.

Debt Service Fund: The Debt Service Fund has \$5,996 in fund balance at June 30, 2016.

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 excess surplus as outlined above.

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 \$8,441,838 in governmental activities, which is due to accrued interest payable of \$52,046, \$872,722 of compensated absences payable, an unamortized bond premium of \$586,260, investment gains in pensions of \$129,660, changes in proportion in pensions of \$268,243 and net pension liability of \$8,064,373; net of \$187,207 of fund balance assigned for subsequent year's expenditures, \$183,568 assigned for encumbrances, \$102,254 committed fund balance for capital projects, changes in pension assumptions of \$866,049 and the difference between expected and actual pension experience of \$192,388. 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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

R. Net Position: (Cont'd)

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016 for the deferred amount on refunding of debt related to the District's 2016 refunding bonds, changes in assumptions in pensions, the difference between expected and actual pension experience and the District contribution subsequent to the measurement date related to pensions. The District had deferred inflows of resources at June 30, 2016 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, excess surplus and debt service.

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 \$102,254 of committed fund balance at June 30, 2016 in its Capital Projects Fund on a GAAP basis.

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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments (Cont'd)

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 2016/2017 budget and encumbrances in the General Fund at June 30, 2016.

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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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 on the following page.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

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.



TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (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, 2016, 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	\$ 876,429	\$ 871,810		\$ 1,748,239
Certificates of Deposit			\$ 13,000	13,000
	<u>\$ 876,429</u>	<u>\$ 871,810</u>	<u>\$ 13,000</u>	<u>\$ 1,761,239</u>

During the period ended June 30, 2016, 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, 2016, was \$1,761,239 and the bank balance was \$2,679,368.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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.

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, 2015	\$ 713,095
Add:	
Transfer from Unassigned Fund Balance as per Board Resolution June 28, 2016	400,000
Interest Earnings	956
Unexpended Balance Returned from Capital Outlay	37,386
Less:	
Budgeted Withdrawal from Capital Reserve	(235,008)
Transfer to Capital Outlay as per Board Resolution	<u>(40,000)</u>
Ending Balance, June 30, 2016	<u>\$ 876,429</u>

The balance in the capital reserve account at June 30, 2016 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, 2016 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 330,620			\$ 330,620
Total Capital Assets Not Being Depreciated	<u>330,620</u>			<u>330,620</u>
Capital Assets Being Depreciated:				
Site Improvements	2,237,071	\$ 129,768	\$ (27,550)	2,339,289
Buildings and Building Improvements	17,471,371			17,471,371
Machinery and Equipment	2,260,098	49,684	(187,378)	2,122,404
Total Capital Assets Being Depreciated	<u>21,968,540</u>	<u>179,452</u>	<u>(214,928)</u>	<u>21,933,064</u>
Governmental Activities Capital Assets	<u>22,299,160</u>	<u>179,452</u>	<u>(214,928)</u>	<u>22,263,684</u>

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

## NOTE 5. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Less Accumulated Depreciation for:				
Site Improvements	\$ (557,699)	\$ (113,026)	\$ 25,282	\$ (645,443)
Buildings and Building Improvements	(5,060,651)	(289,165)		(5,349,816)
Machinery and Equipment	(1,691,924)	(119,560)	176,341	(1,635,143)
	<u>(7,310,274)</u>	<u>(521,751)</u>	<u>201,623</u>	<u>(7,630,402)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,988,886</u>	<u>\$ (342,299)</u>	<u>\$ (13,305)</u>	<u>\$ 14,633,282</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 201,058	\$ 12,953	\$ (32,100)	\$ 181,911
Less: Accumulated Depreciation	(173,168)	(4,277)	32,100	(145,345)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 27,890</u>	<u>\$ 8,676</u>	<u>\$ -0-</u>	<u>\$ 36,566</u>

The District has \$188,200 in active construction projects.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 157,119
School Sponsored/Other Instruction	32,343
Student and Instruction Related Services	420
School Administration	430
Operations and Maintenance of Plant	23,759
Student Transportation	28,693
Unallocated	278,987
	<u>\$ 521,751</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, 2017	\$ 33,555
June 30, 2018	33,554
June 30, 2019	33,554
June 30, 2020	16,777
Total future minimum lease payments	<u>\$ 117,440</u>

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NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2015	Accrued	Retired	Balance 6/30/2016
Serial Bonds Payable	\$ 7,425,000	\$ 6,535,000	\$ 7,125,000	\$ 6,835,000
Unamortized Bond Issuance Premium	58,616	598,734	71,090	586,260
Net Pension Liability	6,733,989	1,330,384		8,064,373
Compensated Absences Payable	845,422	112,253	84,953	872,722
	<u>\$ 15,063,027</u>	<u>\$ 8,576,371</u>	<u>\$ 7,281,043</u>	<u>\$ 16,358,355</u>

A. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$37,421 and is separated from the long-term liability balance of \$548,839.

B. 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 April 21, 2016, the District issued refunding school bonds of \$6,535,000 with interest rates ranging from 1.00% to 4.00% to refund \$6,850,000 of 2006 refunding school bonds with interest rates ranging from 4.0% to 4.5%. The bonds mature on July 15, 2016 through 2032 and are non-callable. 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 2006 refunding school bonds were called on July 15, 2016. The 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 refunding, the District will realize a total of \$1,111,935 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$918,672, or 13.41%, of the bonds refunded.

The District had bonds outstanding as of June 30, 2016 as follows:

Purpose	<u>Serial Bonds</u>		
	Final Maturity Date	Interest Rate	Amount
Refunding Bonds	07/15/16	5.00%	\$ 300,000
Refunding Bonds of 2016	07/15/32	1.00-4.00%	6,535,000
			<u>\$ 6,835,000</u>

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

B. Bonds Payable: (Cont'd)

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>
2017	\$ 440,000	\$ 161,671	\$ 601,671
2018	325,000	206,538	531,538
2019	335,000	199,937	534,937
2020	340,000	193,188	533,188
2021	345,000	186,337	531,337
Thereafter 5 Years (2022-2026)	1,855,000	786,688	2,641,688
Thereafter 5 Years (2027-2031)	2,205,000	403,356	2,608,356
Thereafter 5 Years (2032-2033)	990,000	37,312	1,027,312
	<u>\$ 6,835,000</u>	<u>\$ 2,175,027</u>	<u>\$ 9,010,027</u>

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

C. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had no bonds authorized but not issued.

D. 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 \$872,722. 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, 2016, \$-0- is recorded for compensated absences in the Enterprise Funds.

E. 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, 2016 is \$-0- and the long-term portion is \$8,064,373. 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 tax qualified contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 8. PENSION PLANS (Cont'd)

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](http://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:

<u>Tier</u>	<u>Definition</u>
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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. 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 \$308,856 for fiscal year 2016.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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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

At June 30, 2016, the District reported a liability of \$8,064,373 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.036%, which was a decrease of 0.00004% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$308,856. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 172,625	
	2015	5.72	693,424	
Difference Between Expected and Actual Experience	2015	5.72	192,388	
Changes in Proportion	2014	6.44		\$ 261,539
	2015	5.72		6,704
Net Difference Between Projected and Actual	2014	5.00		300,629
Investment Earnings on Pension Plan Investments	2015	5.00		(170,969)
District Contribution Subsequent to the Measurement Date	2015	1.00	309,920	
			<u>\$ 1,368,357</u>	<u>\$ 397,903</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 169,084
2017	169,084
2018	169,084
2019	269,294
2020	152,231
	<u>\$ 928,777</u>

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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
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) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%



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NOTE 8. PENSION PLANS (Cont'd)A. Public Employees' Retirement System (PERS) (Cont'd)Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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 3.80% as of June 30, 2015 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 actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on 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.

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, 2015 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:

	<u>Fiscal Year Ended June 30, 2015</u>		
	1%	Current	1%
	Decrease (3.90%)	Discount Rate (4.90%)	Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 10,023,029	\$ 8,064,373	\$ 6,422,250

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NOTE 8. PENSION PLANS (Cont'd)

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

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 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](http://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:

<u>Tier</u>	<u>Definition</u>
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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

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.

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NOTE 8. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the 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 2016, the State of New Jersey contributed \$925,660 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,460,253.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> 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, 2016, the State's proportionate share of the net pension liability associated with the District was \$73,048,248. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.116%, which was a decrease of 0.001% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>73,048,248</u>
Total	<u>\$ 73,048,248</u>

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the District in the amount of \$4,460,253 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

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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:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,999,074,013	
	2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience	2015	8.3	321,224,871	
	2015	8.5		\$ 19,039,817
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5		1,305,927,430
	2015	5		(770,568,242)
			<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. 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%

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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, 2014 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 (7.90% at June 30, 2015) 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. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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 State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of net pension liability associated with the District as of June 30, 2015 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, 2015		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 86,815,112	\$ 73,048,248	\$ 61,187,270

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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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.

For DCRP, the District recognized pension expense of \$31,529 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$43,909 for the fiscal year ended June 30, 2016.

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$1,102,205, \$991,935 and \$796,523 for 2016, 2015 and 2014, 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 and their dental benefits insurance through Delta Dental Plan of New Jersey. Effective September 1, 2015, the District switched their prescription drug coverage to Horizon Blue Cross/Blue Shield of New Jersey. Effective September 1, 2016, the District will obtain their health benefit coverage through Horizon Blue Cross/Blue Shield of New Jersey.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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.

The June 30, 2016 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, 2015 is as follows:

Total Assets	\$ 35,565,090
Net Position	\$ 7,171,390
Total Revenue	\$ 38,445,836
Total Expenses	\$ 36,388,715
Change in Net Position	\$ 2,057,121
Members Dividends	\$ -0-

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

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

New Jersey Unemployment Compensation Insurance

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

NOTE 11. ECONOMIC DEPENDENCY

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



TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 3,710	
Food Service Fund		\$ 950
After Care Program		2,760
	\$ 3,710	\$ 3,710

The interfund receivable in the Food Service Fund due to the General Fund is an interfund loan advanced to the Food Service Fund. 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 in a prior year.

During the fiscal year, the District transferred \$102,254 from the Capital Reserve in the General Fund to the Capital Projects Fund to fund the local share of a SDA project.

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 fiscal year ended June 30, 2016, the District transferred \$20,129 to the capital outlay accounts. The transfer was made for equipment and therefore did not require approval from the County Superintendent. The \$102,254 transfer from Capital Reserve required County Superintendent's approval.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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.

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, 2016, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 183,568	\$ -0-	\$ 112,635	\$ 296,203

The \$112,635 of year-end encumbrances, which are for construction commitments, in the Capital Projects Fund on a budgetary basis are included in the \$102,254 committed fund balance at June 30, 2016, which is \$85,946 less than the committed fund balance on a budgetary basis because SDA grants receivable are not recognized on the GAAP basis until the reimbursement request has been submitted to the State.

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type Activities as of June 30, 2016 consisted of the following:

	<u>Governmental Funds</u>		District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	<u>Business-Type Activities</u>
	General Fund	Special Revenue Fund			Proprietary Funds
Vendors	\$ 23,611	\$ 3,949		\$ 27,560	\$ 28,198
State of New Jersey		17,597	\$ 309,920	327,517	
	<u>\$ 23,611</u>	<u>\$ 21,546</u>	<u>\$ 309,920</u>	<u>\$ 355,077</u>	<u>\$ 28,198</u>

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

L-1

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>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0359669078%	0.0359246917%
District's proportionate share of the net pension liability	\$ 6,733,989	\$ 8,064,373
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	285.31%	336.03%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

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>2015</u>	<u>2016</u>
Contractually required contribution	\$ 296,506	\$ 308,856
Contributions in relation to the contractually required contribution	<u>(296,506)</u>	<u>(308,856)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,399,913	\$ 2,382,232
Contributions as a percentage of covered employee payroll	12.35%	12.96%

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 STATE'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.1148342805%	0.1155748610%
State's proportionate share of the net pension liability attributable to the District	\$ 61,375,185	\$ 73,048,248
District's covered employee payroll	\$ 11,700,126	\$ 12,148,503
State's proportionate share of the net pension liability as a percentage of its covered employee payroll	524.57%	601.29%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

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 STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 3,302,561	\$ 4,460,253
Contributions in relation to the contractually required contribution	<u>(624,840)</u>	<u>(925,660)</u>
Contribution deficiency/(excess)	<u>\$ 2,677,721</u>	<u>\$ 3,534,593</u>
District's covered employee payroll	\$ 12,148,503	\$ 12,579,678
Contributions as a percentage of covered employee payroll	5.14%	7.36%

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, 2016  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.



BUDGETARY COMPARISON SCHEDULES

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 12,379,798		\$ 12,379,798	\$ 12,379,798	
Tuition from Other LEA's	7,806,955		7,806,955	7,839,214	\$ 32,259
Tuition from Individuals	20,000		20,000	22,295	2,295
Tuition from Other Sources				14,886	14,886
Transportation Fees from LEA's	5,000		5,000	9,000	4,000
Interest Earned on Capital Reserve Funds				956	956
Unrestricted Miscellaneous Revenue	41,527		41,527	105,985	64,458
<b>Total - Local Sources</b>	<b>20,253,280</b>		<b>20,253,280</b>	<b>20,372,134</b>	<b>118,854</b>
State Sources:					
School Choice Aid	27,900		27,900	27,900	
Extraordinary Aid	49,783		49,783	103,133	53,350
Excess Nonpublic School Transportation Costs				522	522
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)				925,660	925,660
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,102,205	1,102,205
TPAF Social Security (Reimbursed - Non-Budgeted)				911,039	911,039
<b>Total State Sources</b>	<b>5,930,335</b>		<b>5,930,335</b>	<b>8,923,111</b>	<b>2,992,776</b>
Federal Sources:					
Medicaid Assistance Program	39,525		39,525		(39,525)
<b>Total - Federal Sources</b>	<b>39,525</b>		<b>39,525</b>		<b>(39,525)</b>
<b>Total Revenues</b>	<b>26,223,140</b>		<b>26,223,140</b>	<b>29,295,245</b>	<b>3,072,105</b>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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:					
REGULAR PROGRAMS - INSTRUCTION:					
Preschool - Salaries of Teachers	\$ 86,835	\$ 1,127	\$ 87,962	\$ 87,940	\$ 22
Kindergarten - Salaries of Teachers	294,881	(19,296)	275,585	275,585	
Grades 1-5 - Salaries of Teachers	2,202,015	82,353	2,284,368	2,284,368	
Grades 6-8 - Salaries of Teachers	1,352,865	(20,070)	1,332,795	1,332,795	
Grades 9-12 - Salaries of Teachers	4,184,625	132,376	4,317,001	4,298,462	18,539
Regular Programs - Home Instruction:					
Salaries of Teachers	18,681	2,516	21,197	21,137	60
Purchased Professional-Educational Services	17,000	(7,440)	9,560	6,813	2,747
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	72,734	(3,183)	69,551	69,551	
Unused Vacation Payment to Terminated / Retired Staff		3,552	3,552	3,552	
Purchased Technical Services	66,940	(20,648)	46,292	46,292	
Other Purchased Services	70,040	(5,352)	64,688	63,816	872
General Supplies	354,577	286,706	641,283	634,906	6,377
Textbooks	36,250	19,609	55,859	55,243	616
Other Objects	3,033	608	3,641	3,518	123
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>8,760,476</u>	<u>452,858</u>	<u>9,213,334</u>	<u>9,183,978</u>	<u>29,356</u>
SPECIAL EDUCATION - INSTRUCTION:					
Learning and/or Language Disabilities:					
Salaries of Teachers	230,171	(281)	229,890	229,787	103
Other Salaries for Instruction	105,575	(26,852)	78,723	78,723	
General Supplies	300		300		300
Other Objects	1,100		1,100	620	480
<b>Total Learning and/or Language Disabilities</b>	<u>337,146</u>	<u>(27,133)</u>	<u>310,013</u>	<u>309,130</u>	<u>883</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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:					
SPECIAL EDUCATION - INSTRUCTION:					
Multiple Disabilities:					
Salaries of Teachers	\$ 105,902	\$ 3,161	\$ 109,063	\$ 109,063	
Other Salaries for Instruction	51,544	(7,896)	43,648	43,648	
General Supplies	2,050	(645)	1,405	1,405	
Textbooks	234	(234)			
Other Objects	2,500	(1,574)	926	926	
Total Multiple Disabilities	<u>162,230</u>	<u>(7,188)</u>	<u>155,042</u>	<u>155,042</u>	
Resource Room/Resource Center:					
Salaries of Teachers	1,113,969	13,548	1,127,517	1,127,517	
Other Salaries for Instruction	381,967	(38,889)	343,078	343,040	\$ 38
General Supplies	2,650	(968)	1,682	1,682	
Textbooks	4,900	(3,368)	1,532	1,362	170
Total Resource Room/Resource Center	<u>1,503,486</u>	<u>(29,677)</u>	<u>1,473,809</u>	<u>1,473,601</u>	<u>208</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	136,039	(4,428)	131,611	131,611	
Other Salaries for Instruction	53,771	8,418	62,189	62,189	
General Supplies	1,000	587	1,587	1,057	530
Total Preschool Disabilities - Part-Time	<u>190,810</u>	<u>4,577</u>	<u>195,387</u>	<u>194,857</u>	<u>530</u>
Home Instruction:					
Salaries of Teachers	3,528	(3,528)			
Total Home Instruction	<u>3,528</u>	<u>(3,528)</u>			
 TOTAL SPECIAL EDUCATION - INSTRUCTION	 <u>2,197,200</u>	 <u>(62,949)</u>	 <u>2,134,251</u>	 <u>2,132,630</u>	 <u>1,621</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 94,347	\$ (26,463)	\$ 67,884	\$ 67,883	\$ 1
General Supplies		2,500	2,500	1,865	635
Textbooks		760	760	759	1
Total Bilingual Education - Instruction	<u>94,347</u>	<u>(23,203)</u>	<u>71,144</u>	<u>70,507</u>	<u>637</u>
School Sponsored Cocurricular Activities:					
Salaries	168,552	(1)	168,551	155,727	12,824
Purchased Services (300-500 Series)	11,525	6,638	18,163	17,124	1,039
Supplies and Materials	8,275	(4,763)	3,512	3,142	370
Other Objects	6,500	(3,435)	3,065	3,065	
Total School-Sponsored Cocurricular Activities	<u>194,852</u>	<u>(1,561)</u>	<u>193,291</u>	<u>179,058</u>	<u>14,233</u>
School-Sponsored Athletics:					
Salaries	467,338	6,449	473,787	471,751	2,036
Purchased Services (300-500 Series)	44,480	(565)	43,915	40,971	2,944
Supplies and Materials	81,453	(1,233)	80,220	57,087	23,133
Other Objects	31,000	(2,979)	28,021	22,967	5,054
Transfers to Cover Deficit (Agency Funds)	42,000		42,000	42,000	
Total School-Sponsored Athletics	<u>666,271</u>	<u>1,672</u>	<u>667,943</u>	<u>634,776</u>	<u>33,167</u>
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	239,286	(53,319)	185,967	185,967	
Total Other Supplemental/ At-Risk Programs - Instruction	<u>239,286</u>	<u>(53,319)</u>	<u>185,967</u>	<u>185,967</u>	
Total Instruction	<u>12,152,432</u>	<u>313,498</u>	<u>12,465,930</u>	<u>12,386,916</u>	<u>79,014</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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:					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 32,012	\$ 2,634	\$ 34,646	\$ 34,646	
Tuition to Other LEA's Within the State - Special	120,175	(68,483)	51,692	1,009	\$ 50,683
Tuition to County Vo. School District-Regular	42,000		42,000	30,030	11,970
Tuition to Private Schools for the Handicapped Within State	503,881	(272,140)	231,741	231,741	
Tuition - Other		42,245	42,245	42,245	
Total Undistributed Expenditures - Instruction	<u>698,068</u>	<u>(295,744)</u>	<u>402,324</u>	<u>339,671</u>	<u>62,653</u>
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	104,670	10,335	115,005	115,004	1
Supplies and Materials	900	(150)	750	750	
Total Undistributed Expenditures - Attendance and Social Work Services	<u>105,570</u>	<u>10,185</u>	<u>115,755</u>	<u>115,754</u>	<u>1</u>
Undistributed Expenditures - Health Services:					
Salaries	236,702	(2,200)	234,502	234,460	42
Purchased Professional and Technical Services	19,000	(4,673)	14,327	13,922	405
Supplies and Materials	6,000	(630)	5,370	4,512	858
Total Undistributed Expenditures - Health Services	<u>261,702</u>	<u>(7,503)</u>	<u>254,199</u>	<u>252,894</u>	<u>1,305</u>
Undist. Expend. - Speech, OT, PT and Related Services:					
Salaries	210,671	2,297	212,968	212,207	761
Purchased Professional - Educational Services	122,321	15,128	137,449	130,019	7,430
Supplies and Materials	753	1,500	2,253	1,492	761
Total Undist. Expend. - Speech, OT, PT and Related Services	<u>333,745</u>	<u>18,925</u>	<u>352,670</u>	<u>343,718</u>	<u>8,952</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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. - Other Supp. Serv. Students - Extraordinary					
Services:					
Salaries	\$ 428,100	\$ 85,260	\$ 513,360	\$ 510,293	\$ 3,067
Purchased Professional - Educational Services	3,500	52,050	55,550	42,621	12,929
Supplies and Materials	1,000	300	1,300	1,241	59
Extraordinary Services	<u>432,600</u>	<u>137,610</u>	<u>570,210</u>	<u>554,155</u>	<u>16,055</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	584,754	(35)	584,719	584,718	1
Salaries of Secretarial and Clerical Assistants	33,932		33,932	33,932	
Purchased Professional - Educational Services	1,900	426	2,326	2,268	58
Other Purchased Professional and Technical Services	6,100	(2,074)	4,026	3,937	89
Other Purchased Services		1,500	1,500	1,500	
Supplies and Materials	5,900	(1,863)	4,037	4,037	
Other Objects	1,500	(810)	690	690	
Total Undist. Expend. - Guidance	<u>634,086</u>	<u>(2,856)</u>	<u>631,230</u>	<u>631,082</u>	<u>148</u>
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	424,297	5,624	429,921	429,921	
Salaries of Secretarial and Clerical Assistants	99,008	500	99,508	99,508	
Other Salaries	800	463	1,263	1,263	
Purchased Professional - Educational Services	7,450		7,450	7,450	
Other Purchased Professional and Technical Services	3,000	750	3,750	2,300	1,450
Miscellaneous Purchased Services	8,750	(652)	8,098	8,003	95
Supplies and Materials	6,000		6,000	5,600	400
Other Objects	950	395	1,345	1,345	
Total Undist. Expend. - Child Study Teams	<u>550,255</u>	<u>7,080</u>	<u>557,335</u>	<u>555,390</u>	<u>1,945</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Improvement of Instructional Services:</b>					
Salaries of Supervisors of Instruction	\$ 122,065	\$ (6,192)	\$ 115,873	\$ 115,872	\$ 1
Salaries of Other Professional Staff	19,000	4,337	23,337	23,337	
Other Objects	1,532	1,675	3,207	3,207	
<b>Total Undist. Expend. - Improvement of Instructional Services</b>	<b>142,597</b>	<b>(180)</b>	<b>142,417</b>	<b>142,416</b>	<b>1</b>
<b>Undist. Expend. - Educational Media Services/School Library:</b>					
Salaries	237,677	(30,801)	206,876	205,181	1,695
Salaries of Technology Coordinators	55,728		55,728	55,727	1
Supplies and Materials	30,500	4,838	35,338	35,338	
<b>Total Undist. Expend. - Educational Media Services/School Library</b>	<b>323,905</b>	<b>(25,963)</b>	<b>297,942</b>	<b>296,246</b>	<b>1,696</b>
<b>Undist. Expend. - Instructional Staff Training Services:</b>					
Salaries of Supervisors of Instruction	20,000	650	20,650	20,650	
Purchased Professional - Educational Services		10,758	10,758	10,758	
Other Purchased Services	7,250	(3,282)	3,968	3,951	17
Supplies and Materials	400	3,044	3,444	3,444	
<b>Total Undist. Expend. - Instructional Staff Training Services</b>	<b>27,650</b>	<b>11,170</b>	<b>38,820</b>	<b>38,803</b>	<b>17</b>
<b>Undist. Expend. - Support Services - General Administration:</b>					
Salaries	314,392	733	315,125	315,125	
Unused Vacation Payment to Terminated / Retired Staff		7,144	7,144	7,144	
Legal Services	36,810	18,450	55,260	55,260	
Audit Fees	38,000	2,800	40,800	40,800	
Other Purchased Professional Services	53,500	(6,040)	47,460	47,460	
Communications/Telephone	73,944	(12,533)	61,411	61,411	
BOE Other Purchased Services	4,040	(260)	3,780	3,780	



TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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:					
Other Purchased Services	\$ 111,941	\$ 9,743	\$ 121,684	\$ 121,684	
General Supplies	5,263	16,212	21,475	21,475	
BOE In-House Training/Meeting Supplies	1,000	189	1,189	1,189	
Miscellaneous Expenditures	3,810	5,653	9,463	9,463	
BOE Membership Dues and Fees	11,362	140	11,502	11,502	
Total Undist. Expend. - Support Services - General Administration	<u>654,062</u>	<u>42,231</u>	<u>696,293</u>	<u>696,293</u>	
Undist. Expend. - Support Serv. - School Administration:					
Salaries of Principals/Assistant Principals	751,055	13,194	764,249	764,249	
Salaries of Other Professional Staff	120,657		120,657	120,657	
Salaries of Secretarial and Clerical Assistants	249,414	20	249,434	249,434	
Unused Vacation Payment to Terminated / Retired Staff		3,916	3,916	3,916	
Purchased Professional and Technical Services	9,812	(300)	9,512	9,512	
Other Purchased Services	1,350	(1,089)	261	250	\$ 11
Supplies and Materials	18,400	(7,924)	10,476	10,385	91
Other Objects	15,300	1,854	17,154	13,356	3,798
Total Undist. Expend. - Support Serv. - School Administration	<u>1,165,988</u>	<u>9,671</u>	<u>1,175,659</u>	<u>1,171,759</u>	<u>3,900</u>
Undist. Expend. - Central Services:					
Salaries	340,794	(5,417)	335,377	335,368	9
Purchased Professional Services	3,500	889	4,389	4,389	
Miscellaneous Purchased Services	11,550	(2,790)	8,760	8,424	336
Supplies and Materials	4,828	788	5,616	5,576	40
Miscellaneous Expenditures	7,394	3,382	10,776	10,776	
Total Undist. Expend. - Central Services	<u>368,066</u>	<u>(3,148)</u>	<u>364,918</u>	<u>364,533</u>	<u>385</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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. - Administrative Information Technology:					
Salaries	\$ 129,855	\$ (334)	\$ 129,521	\$ 129,521	
Unused Vacation Payment to Terminated / Retired Staff		1,184	1,184	1,184	
Purchased Technical Services	74,486	(29,176)	45,310	44,764	\$ 546
Supplies and Materials	51,236	13,789	65,025	65,025	
Other Objects		5,000	5,000	5,000	
Total Undist. Expend. - Administrative Information Technology	<u>255,577</u>	<u>(9,537)</u>	<u>246,040</u>	<u>245,494</u>	<u>546</u>
Required Maintenance for School Facilities:					
Salaries	332,407	(30,688)	301,719	299,396	2,323
Cleaning, Repair and Maintenance Services	130,520	189,237	319,757	145,073	174,684
General Supplies	133,200	(18,584)	114,616	104,710	9,906
Other Objects	2,500	(158)	2,342	2,184	158
Total Required Maintenance for School Facilities	<u>598,627</u>	<u>139,807</u>	<u>738,434</u>	<u>551,363</u>	<u>187,071</u>
Undist. Expend. - Custodial Services:					
Salaries	731,043	(27)	731,016	726,651	4,365
Unused Vacation Payment to Terminated/Retired Staff	3,250		3,250	2,650	600
Purchased Professional and Technical Services	15,811	(11,132)	4,679	3,979	700
Cleaning, Repair and Maintenance Services	30,140	(8,021)	22,119	20,233	1,886
Other Purchased Property Services	42,360	4,550	46,910	40,769	6,141
Insurance	83,066	(2,763)	80,303	79,022	1,281
General Supplies	84,500	(5,197)	79,303	75,453	3,850
Energy (Natural Gas)	175,000	(68,036)	106,964	93,750	13,214
Energy (Electricity)	191,400	(12,751)	178,649	165,479	13,170
Other Objects	10,000		10,000	9,946	54
Total Undist. Expend. - Custodial Services	<u>1,366,570</u>	<u>(103,377)</u>	<u>1,263,193</u>	<u>1,217,932</u>	<u>45,261</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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. - Care and Upkeep of Grounds:					
Salaries	\$ 56,767		\$ 56,767	\$ 54,491	\$ 2,276
Cleaning, Repair, and Maintenance Services	18,000	\$ 1,825	19,825	14,232	5,593
General Supplies	23,200	(1,800)	21,400	14,848	6,552
Total Undist. Expend. - Care and Upkeep of Grounds	<u>97,967</u>	<u>25</u>	<u>97,992</u>	<u>83,571</u>	<u>14,421</u>
Undist. Expend. - Security					
Salaries	78,865	6,348	85,213	85,211	2
General Supplies	1,500		1,500	669	831
Total Undist. Expend. - Security	<u>80,365</u>	<u>6,348</u>	<u>86,713</u>	<u>85,880</u>	<u>833</u>
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation:					
Non-Instructional Aides	6,780	(17)	6,763	6,762	1
Between Home and School - Regular	88,951	(3,624)	85,327	85,326	1
Between Home and School - Special Education	57,368	(23,802)	33,566	33,566	
Other than Between Home and School	55,787	(21,510)	34,277	21,323	12,954
Management Fees - ESC Transportation Programs	10,000		10,000	7,084	2,916
Cleaning, Repair and Maintenance Services	30,000	25,085	55,085	51,780	3,305
Contracted Services:					
Aid in Lieu of Payments for Nonpublic School Students	7,500	7,970	15,470	15,357	113
Other than Between Home and School - Vendors	21,270	18,429	39,699	38,443	1,256
Between Home and School - Joint Agreements	45,000	2,465	47,465	47,465	
Special Education Students - Vendors	185,000	(45,938)	139,062	122,556	16,506
Miscellaneous Purchased Services - Transportation	23,760	823	24,583	24,583	
Supplies and Materials	38,222	(18,181)	20,041	20,041	
Other Objects	2,000	1,253	3,253	2,233	1,020
Total Undist. Expend. - Student Transportation Services	<u>571,638</u>	<u>(57,047)</u>	<u>514,591</u>	<u>476,519</u>	<u>38,072</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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:					
Unallocated Benefits:					
Social Security Contributions	\$ 367,500	\$ 4,797	\$ 372,297	\$ 372,297	
Other Retirement Contribution - PERS	316,975	(8,119)	308,856	308,856	
Other Retirement Contribution - Regular	29,000	2,529	31,529	31,529	
Unemployment Compensation	62,250	1,091	63,341	63,341	
Workmen's Compensation	183,038	5,932	188,970	188,966	\$ 4
Health Benefits	4,135,815	(114,070)	4,021,745	3,827,153	194,592
Tuition Reimbursement	28,000		28,000	28,000	
Other Employee Benefits	126,262	(112,259)	14,003	8,710	5,293
Unused Sick Payment to Terminated/ Retired Staff	33,278	(12,225)	21,053	19,302	1,751
Total Unallocated Benefits	<u>5,282,118</u>	<u>(232,324)</u>	<u>5,049,794</u>	<u>4,848,154</u>	<u>201,640</u>
ON-BEHALF CONTRIBUTIONS:					
TPAF On-Behalf Pension Contributions (non-budgeted)				925,660	(925,660)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,102,205	(1,102,205)
Reimbursed TPAF Social Security Contributions (non-budgeted)				911,039	(911,039)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>2,938,904</u>	<u>(2,938,904)</u>
EXPENDITURES:					
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>5,282,118</u>	<u>(232,324)</u>	<u>5,049,794</u>	<u>7,787,058</u>	<u>(2,737,264)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>13,951,156</u>	<u>(354,627)</u>	<u>13,596,529</u>	<u>15,950,531</u>	<u>(2,354,002)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>26,103,588</u>	<u>(41,129)</u>	<u>26,062,459</u>	<u>28,337,447</u>	<u>(2,274,988)</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 6-8	\$ 3,000	\$ 499	\$ 3,499	\$ 3,437	\$ 62
Grades 9-12	10,495	(4,564)	5,931	4,816	1,115
At-Risk Programs		3,565	3,565	3,565	
Undistributed:					
Instruction		2,629	2,629	2,629	
Required Maint for School Facilities		18,000	18,000	17,802	198
Total Equipment	<u>13,495</u>	<u>20,129</u>	<u>33,624</u>	<u>32,249</u>	<u>1,375</u>
Facilities Acquisition and Construction Services:					
Construction Services	297,411	(81,254)	216,157	183,166	32,991
Other Objects - Assessment for Debt Service on SDA Funding	37,614		37,614	37,614	
Total Facilities Acquisition and Construction Services	<u>335,025</u>	<u>(81,254)</u>	<u>253,771</u>	<u>220,780</u>	<u>32,991</u>
TOTAL CAPITAL OUTLAY	<u>348,520</u>	<u>(61,125)</u>	<u>287,395</u>	<u>253,029</u>	<u>34,366</u>
Transfer of Funds to Charter Schools	<u>102,888</u>		<u>102,888</u>	<u>82,665</u>	<u>20,223</u>
TOTAL EXPENDITURES	<u>26,554,996</u>	<u>(102,254)</u>	<u>26,452,742</u>	<u>28,673,141</u>	<u>(2,220,399)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(331,856)	102,254	(229,602)	622,104	851,706
Other Financing Uses:					
Capital Reserve - Transfer to Capital Projects Fund		(102,254)	(102,254)	(102,254)	
Total Other Financing Uses		<u>(102,254)</u>	<u>(102,254)</u>	<u>(102,254)</u>	

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ (331,856)		\$ (331,856)	\$ 519,850	\$ 851,706
Fund Balance, July 1	1,318,668		1,318,668	1,318,668	
Fund Balance, June 30	\$ 986,812	\$ -0-	\$ 986,812	\$ 1,838,518	\$ 851,706
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 876,429	
Excess Surplus to be Utilized for 2017-2018 school year				11,419	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				196,500	
Year End Encumbrances				183,568	
Unassigned Fund Balance				570,602	
				1,838,518	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(579,895)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,258,623	

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources		\$ 13,388	\$ 13,388	\$ 1,888	\$ (11,500)
State Sources	\$ 90,729	(24,825)	65,904	52,133	(13,771)
Federal Sources	580,151	212,476	792,627	698,187	(94,440)
<b>Total Revenues</b>	<u>670,880</u>	<u>201,039</u>	<u>871,919</u>	<u>752,208</u>	<u>(119,711)</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	148,093	56,271	204,364	199,992	4,372
Other Salaries for Instruction	13,030	(5,508)	7,522		7,522
Purchased Professional and Technical Services	3,640	21,421	25,061	20,961	4,100
Tuition	216,476	177,378	393,854	372,956	20,898
General Supplies	7,740	27,501	35,241	26,756	8,485
Textbooks	7,648	(1,481)	6,167	4,408	1,759
Other Objects		16,336	16,336	5,925	10,411
<b>Total Instruction</b>	<u>396,627</u>	<u>291,918</u>	<u>688,545</u>	<u>630,998</u>	<u>57,547</u>
<b>Support Services:</b>					
Personal Services - Employee Benefits	36,538	(7,442)	29,096	27,339	1,757
Purchased Professional and Technical Services	57,734	15,100	72,834	29,366	43,468
Purchased Professional-Educational Services	117,024	(81,618)	35,406	26,288	9,118
Other Purchased Services	46,850	(18,571)	28,279	23,270	5,009
Supplies and Materials	16,107	1,652	17,759	14,947	2,812
<b>Total Support Services</b>	<u>274,253</u>	<u>(90,879)</u>	<u>183,374</u>	<u>121,210</u>	<u>62,164</u>
<b>Total Expenditures</b>	<u>\$ 670,880</u>	<u>\$ 201,039</u>	<u>\$ 871,919</u>	<u>\$ 752,208</u>	<u>\$ 119,711</u>

Exhibit C-3

TOWN OF NEWTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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	\$ 29,295,245	\$ 752,208
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	564,105	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(579,895)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 29,279,455</u>	<u>\$ 752,208</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 28,673,141</u>	<u>\$ 752,208</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 28,673,141</u>	<u>\$ 752,208</u>

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, 2016

	Nonpublic				Nonpublic
	Nursing	Technology Initiative	Textbooks	Security	Auxiliary Srvs Compensatory Education
REVENUES:					
Local Sources					
State Sources	\$ 9,634	\$ 2,392	\$ 4,408	\$ 2,684	\$ 13,875
Federal Sources					
Total Revenues	<u>9,634</u>	<u>2,392</u>	<u>4,408</u>	<u>2,684</u>	<u>13,875</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services					
Tuition					
General Supplies					
Textbooks			4,408		
Other Objects					
Total Instruction			<u>4,408</u>		
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services					
Purchased Professional - Educational Services					13,875
Other Purchased Services	9,634				
Supplies and Materials		2,392		2,684	
Total Support Services	<u>9,634</u>	<u>2,392</u>		<u>2,684</u>	<u>13,875</u>
Total Expenditures	<u>\$ 9,634</u>	<u>\$ 2,392</u>	<u>\$ 4,408</u>	<u>\$ 2,684</u>	<u>\$ 13,875</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, 2016

	<u>Nonpublic Handicapped Services</u>			<u>I.D.E.A.</u>	
	<u>Supplementary Instruction</u>	<u>Examination and Classification</u>	<u>Corrective Speech</u>	<u>Basic 2015-16</u>	<u>Preschool 2015-16</u>
REVENUES:					
Local Sources					
State Sources	\$ 6,608	\$ 8,352	\$ 4,180		
Federal Sources				\$ 384,054	\$ 4,004
Total Revenues	<u>6,608</u>	<u>8,352</u>	<u>4,180</u>	<u>384,054</u>	<u>4,004</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services					
Tuition				372,956	
General Supplies				3,423	1,504
Textbooks					
Other Objects					
Total Instruction				<u>376,379</u>	<u>1,504</u>
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services		8,352	4,180	4,925	2,500
Purchased Professional - Educational Services	6,608			2,147	
Other Purchased Services				300	
Supplies and Materials				303	
Total Support Services	<u>6,608</u>	<u>8,352</u>	<u>4,180</u>	<u>7,675</u>	<u>2,500</u>
Total Expenditures	<u>\$ 6,608</u>	<u>\$ 8,352</u>	<u>\$ 4,180</u>	<u>\$ 384,054</u>	<u>\$ 4,004</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, 2016

	Private Donations	Carl D. Perkins - Secondary 2015-16	No Child Left Behind		Totals
			Title I 2015-16	Title IIA 2015-16	2016
REVENUES:					
Local Sources	\$ 1,888				\$ 1,888
State Sources					52,133
Federal Sources		\$ 17,656	\$ 255,725	\$ 36,748	698,187
Total Revenues	1,888	17,656	255,725	36,748	752,208
EXPENDITURES:					
Instruction:					
Salaries of Teachers		12,800	173,164	14,028	199,992
Purchased Professional and Technical Services			20,961		20,961
Tuition					372,956
General Supplies			21,829		26,756
Textbooks					4,408
Other Objects	1,888	4,037			5,925
Total Instruction	1,888	16,837	215,954	14,028	630,998
Support Services:					
Personal Services - Employee Benefits		819	23,021	3,499	27,339
Purchased Professional and Technical Services			5,050	4,359	29,366
Purchased Professional - Educational Services				3,658	26,288
Other Purchased Services			4,411	8,925	23,270
Supplies and Materials			7,289	2,279	14,947
Total Support Services		819	39,771	22,720	121,210
Total Expenditures	\$ 1,888	\$ 17,656	\$ 255,725	\$ 36,748	\$ 752,208

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

CAPITAL PROJECTS FUND

Exhibit F-1

TOWN OF NEWTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 85,946
Transfer from Capital Reserve	<u>102,254</u>
Total Revenue and Other Financing Sources	<u>188,200</u>
Excess of Revenue and Other Financing Sources Over Expenditures	188,200
Fund Balance - Beginning of Year	<u>-0-</u>
Fund Balance - End of Year	<u>\$ 188,200</u>
<u>Recapitulation:</u>	
Committed	\$ 75,565
Committed - Year End Encumbrances	<u>112,635</u>
Total Fund Balance - Budgetary Basis	188,200
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on the GAAP Basis	<u>(85,946)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 102,254</u>



Exhibit F-1A

TOWN OF NEWTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HIGH SCHOOL ELECTRICAL UPGRADES AND NEW BACK-UP GENERATOR  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 42,014	\$ 42,014	\$ 42,014
Transfer from Capital Reserve		49,986	49,986	49,986
Total Revenue and Other Financing Sources		92,000	92,000	92,000
Expenditures:				
Purchased Professional and Technical Services				9,000
Construction Services				82,500
Other Objects				500
Total Expenditures				92,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 92,000	\$ 92,000	\$ -0-

Additional Project Information:

Project Numbers	3590-050-14-1002
Grant Date	06/02/16
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 92,000
Additional Authorized Cost	-0-
Revised Authorized Cost	92,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	06/17
Revised Target Completion Date	N/A

Exhibit F-1B

TOWN OF NEWTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HALSTED MIDDLE SCHOOL ELECTRICAL UPGRADES AND NEW BACK-UP GENERATOR  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 17,719	\$ 17,719	\$ 17,719
Transfer from Capital Reserve		21,081	21,081	21,081
Total Revenue and Other Financing Sources		<u>38,800</u>	<u>38,800</u>	<u>38,800</u>
Expenditures:				
Purchased Professional and Technical Services				5,500
Construction Services				33,000
Other Objects				300
Total Expenditures				<u>38,800</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ -0-</u>	<u>\$ 38,800</u>	<u>\$ 38,800</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	3590-060-14-1005
Grant Date	06/02/16
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 38,800
Additional Authorized Cost	-0-
Revised Authorized Cost	38,800
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	06/17
Revised Target Completion Date	N/A

TOWN OF NEWTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
MERRIAM AVENUE SCHOOL ELECTRICAL UPGRADES AND NEW BACK-UP GENERATOR  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 26,213	\$ 26,213	\$ 26,213
Transfer from Capital Reserve		31,187	31,187	31,187
Total Revenue and Other Financing Sources		57,400	57,400	57,400
Expenditures:				
Purchased Professional and Technical Services				7,500
Construction Services				49,500
Other Objects				400
Total Expenditures				57,400
Excess of Revenue and Other Financing Sources Over Expenditures				
	\$ -0-	\$ 57,400	\$ 57,400	\$ -0-

Additional Project Information:

Project Numbers	3590-070-14-1008
Grant Date	06/02/16
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 57,400
Additional Authorized Cost	-0-
Revised Authorized Cost	57,400
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	06/17
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

Exhibit G-1

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service	After Care Program	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 136,935	\$ 74,852	\$ 211,787
Intergovernmental Accounts Receivable:			
State	219		219
Federal	11,534		11,534
Other Accounts Receivable	2,848	8,834	11,682
Inventories	14,585		14,585
Total Current Assets	<u>166,121</u>	<u>83,686</u>	<u>249,807</u>
Non-Current Assets:			
Capital Assets	181,911		181,911
Less: Accumulated Depreciation	<u>(145,345)</u>		<u>(145,345)</u>
Total Non-Current Assets	<u>36,566</u>		<u>36,566</u>
Total Assets	<u>202,687</u>	<u>83,686</u>	<u>286,373</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	28,198		28,198
Interfund Payable - General Fund	950	2,760	3,710
Unearned Revenue	9,104		9,104
Total Current Liabilities	<u>38,252</u>	<u>2,760</u>	<u>41,012</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	36,566		36,566
Unrestricted	<u>127,869</u>	<u>80,926</u>	<u>208,795</u>
Total Net Position	<u>\$ 164,435</u>	<u>\$ 80,926</u>	<u>\$ 245,361</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, 2016

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food</u>	<u>After Care</u>	<u>Total</u>
	<u>Service</u>	<u>Program</u>	
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 139,305		\$ 139,305
Daily Sales - Non-Reimbursable Programs	91,568		91,568
Other Income	157	\$ 59,900	60,057
Special Events	11,132		11,132
Total Operating Revenue	<u>242,162</u>	<u>59,900</u>	<u>302,062</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	186,738		186,738
Cost of Sales - Non-Reimbursable Programs	46,684		46,684
Salaries, Benefits & Payroll Taxes	203,661	42,219	245,880
Other Purchased Services	4,000		4,000
Supplies, Insurance and Other Costs	15,244	23,766	39,010
Management Fee	45,000		45,000
Miscellaneous Expenditures	39,009		39,009
Depreciation Expense	4,277		4,277
Total Operating Expenses	<u>544,613</u>	<u>65,985</u>	<u>610,598</u>
Operating Loss	<u>(302,451)</u>	<u>(6,085)</u>	<u>(308,536)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	174	188	362
State Sources:			
State School Lunch Program	5,282		5,282
Federal Sources:			
National School Lunch Program	212,708		212,708
School Breakfast Program	53,985		53,985
Food Distribution Program	36,840		36,840
Total Non-Operating Revenue	<u>308,989</u>	<u>188</u>	<u>309,177</u>
Change in Net Position Before Special Items	6,538	(5,897)	641
Special Items:			
Cancellation of Prior Year Accounts Payable		190	190
Change in Net Position After Special Items	6,538	(5,707)	831
Net Position - Beginning of Year	<u>157,897</u>	<u>86,633</u>	<u>244,530</u>
Net Position - End of Year	<u>\$ 164,435</u>	<u>\$ 80,926</u>	<u>\$ 245,361</u>

Exhibit G-3

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food</u>	<u>After Care</u>	
	<u>Service</u>	<u>Program</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 279,837	\$ 54,080	\$ 333,917
Payments to Food Service Contractor	(480,753)		(480,753)
Payments to/for Employees		(42,219)	(42,219)
Payments for Suppliers	(27,495)	(23,766)	(51,261)
Net Cash Used for Operating Activities	<u>(228,411)</u>	<u>(11,905)</u>	<u>(240,316)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(12,953)		(12,953)
Net Cash Used for Capital and Related Financing Activities	<u>(12,953)</u>		<u>(12,953)</u>
Cash Flows from Investing Activities:			
Interest Income	174	188	362
Net Cash Provided by Investing Activities	<u>174</u>	<u>188</u>	<u>362</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	3,384	601	3,985
State Sources	5,479		5,479
Federal Sources	277,465		277,465
Net Cash Provided by Noncapital Financing Activities	<u>286,328</u>	<u>601</u>	<u>286,929</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	45,138	(11,116)	34,022
Cash and Cash Equivalents, July 1	91,797	85,968	177,765
Cash and Cash Equivalents, June 30	<u>\$ 136,935</u>	<u>\$ 74,852</u>	<u>\$ 211,787</u>
Reconciliation of Operating Loss to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Loss	\$ (302,451)	\$ (6,085)	\$ (308,536)
Adjustment to Reconcile Operating Loss to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	4,277		4,277
Food Distribution Program	36,840		36,840
Changes in Assets and Liabilities:			
(Decrease) in Unearned Revenue	(6,599)		(6,599)
(Decrease) in Accounts Payable	(6,699)		(6,699)
(Increase)/Decrease in Other Accounts Receivable	35,187	(5,820)	29,367
Decrease in Inventory	11,034		11,034
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (228,411)</u>	<u>\$ (11,905)</u>	<u>\$ (240,316)</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 \$30,241 and utilized U.S.D.A. Commodities valued at \$36,840.

FIDUCIARY FUNDS



Exhibit H-1

TOWN OF NEWTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	<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	\$ 217,395	\$ 27,011	\$ 244,406	\$ 57,918
Investments	13,000		13,000	
Total Assets	<u>230,395</u>	<u>27,011</u>	<u>257,406</u>	<u>57,918</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings Due to Student Groups	<u>230,395</u>	27,011	<u>230,395</u>	
Total Liabilities	<u>230,395</u>	<u>27,011</u>	<u>257,406</u>	
<u>NET POSITION:</u>				
Restricted for Scholarships				<u>57,918</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 57,918</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, 2016

	<u>Private Purpose Scholarship Trust</u>
<b>ADDITIONS:</b>	
Contributions:	
Donations	\$ 25
Total Contributions	<u>25</u>
Investment Earnings:	
Interest	<u>124</u>
Net Investment Earnings	<u>124</u>
Total Additions	<u>149</u>
<b>DEDUCTIONS:</b>	
Scholarships Awarded	<u>3,600</u>
Total Deductions	<u>3,600</u>
Change in Net Position	(3,451)
Net Position - Beginning of the Year	<u>61,369</u>
Net Position - End of the Year	<u><u>\$ 57,918</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, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 194,695	\$ 371,409	\$ 348,709	\$ 217,395
Investments	13,000			13,000
Total Assets	<u>\$ 207,695</u>	<u>\$ 371,409</u>	<u>\$ 348,709</u>	<u>\$ 230,395</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 207,695	\$ 371,409	\$ 348,709	\$ 230,395
Total Liabilities	<u>\$ 207,695</u>	<u>\$ 371,409</u>	<u>\$ 348,709</u>	<u>\$ 230,395</u>

Exhibit H-4

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 7,172	\$ 30,315,401	\$ 30,295,562	\$ 27,011
Total Assets	<u>\$ 7,172</u>	<u>\$ 30,315,401</u>	<u>\$ 30,295,562</u>	<u>\$ 27,011</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 7,172	\$ 30,315,401	\$ 30,295,562	\$ 27,011
Total Liabilities	<u>\$ 7,172</u>	<u>\$ 30,315,401</u>	<u>\$ 30,295,562</u>	<u>\$ 27,011</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, 2015	Issued	Retired or Matured	Balance June 30, 2016
			Date	Amount					
Refunding Bonds	03/30/06	\$ 8,230,000	07/15/16	\$ 300,000	5.00%	\$ 7,425,000		\$ 7,125,000	\$ 300,000
Refunding Bonds of 2016	04/21/16	6,535,000	07/15/16	140,000	1.00%				
			07/15/17	325,000	2.00%				
			07/15/18	335,000	2.00%				
			07/15/19	340,000	2.00%				
			07/15/20	345,000	2.00%				
			07/15/21	350,000	2.00%				
			07/15/22	360,000	3.00%				
			07/15/23	370,000	3.00%				
			07/15/24	380,000	4.00%				
			07/15/25	395,000	4.00%				
			07/15/26	410,000	4.00%				
			07/15/27	425,000	4.00%				
			07/15/28	435,000	4.00%				
			07/15/29	460,000	3.75%				
			07/15/30	475,000	3.75%				
			07/15/31	490,000	3.75%				
			07/15/32	500,000	3.75%				
							\$ 6,535,000		6,535,000
						\$ 7,425,000	\$ 6,535,000	\$ 7,125,000	\$ 6,835,000
						Matured		\$ 275,000	
						Refunded		6,850,000	
								\$ 7,125,000	

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 592,875		\$ 592,875	\$ 592,875	
Total Revenues	<u>592,875</u>		<u>592,875</u>	<u>592,875</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	317,875		317,875	317,875	
Redemption of Principal	<u>275,000</u>		<u>275,000</u>	<u>275,000</u>	
Total Regular Debt Service	<u>592,875</u>		<u>592,875</u>	<u>592,875</u>	
Total Expenditures	<u>592,875</u>		<u>592,875</u>	<u>592,875</u>	
Excess of Revenue Under Expenditures	-0-		-0-	-0-	
Other Financing Sources/(Uses):					
Long Term Debt Issued				6,535,000	\$ 6,535,000
Bond Premium				598,734	598,734
Serial Bonds Defeased				(6,850,000)	(6,850,000)
Bond Issuance Costs				(132,486)	(132,486)
Deferred Interest				<u>(145,252)</u>	<u>(145,252)</u>
Total Other Financing Sources/(Uses)				<u>5,996</u>	<u>5,996</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-0-		-0-	5,996	5,996
Fund Balance, July 1	-0-		-0-	-0-	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,996</u>	<u>\$ 5,996</u>

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

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

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

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.



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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 7,942,020
Restricted	1,061,875	751,932	1,079,330	804,225	536,961	400,559	409,867	526,418	713,095	893,844
Unrestricted/(Deficit)	<u>(774,702)</u>	<u>(890,997)</u>	<u>(1,154,624)</u>	<u>(981,722)</u>	<u>(505,995)</u>	<u>(199,214)</u>	<u>(831,802)</u>	<u>(8,017,784)</u>	<u>(8,254,945)</u>	<u>(8,441,838)</u>
Total Governmental Activities Net Position	<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>	<u>\$ 394,026</u>
Business-type Activities										
Investment in Capital Assets	\$ 23,317	\$ 19,069	\$ 15,159	\$ 11,557	\$ 8,023	\$ 1,751	\$ 36,177	\$ 32,034	\$ 27,890	\$ 36,566
Unrestricted	52,958	35,768	27,910	62,122	88,237	135,331	137,916	196,848	216,640	208,795
Total Business-type Activities Net Position	<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>	<u>\$ 245,361</u>
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 7,978,586
Restricted	1,061,875	751,932	1,079,330	804,225	536,961	400,559	409,867	526,418	713,095	893,844
Unrestricted/(Deficit)	<u>(721,744)</u>	<u>(855,229)</u>	<u>(1,126,714)</u>	<u>(919,600)</u>	<u>(417,758)</u>	<u>(63,883)</u>	<u>(693,886)</u>	<u>(7,820,936)</u>	<u>(8,038,305)</u>	<u>(8,233,043)</u>
Total District Net Position	<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>	<u>\$ 639,387</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 14,876,990
Special Education	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	3,630,608
Other Special Education	97,384	93,852	105,494	122,491	125,940	125,509	161,434	127,874	125,463	99,026
School Sponsored/Other Instruction	894,954	911,009	874,396	988,405	1,021,508	1,061,927	1,265,476	1,206,335	1,453,168	1,445,664
Support Services:										
Tuition	394,809	482,719	728,472	738,970	721,550	635,143	741,923	901,919	1,067,316	712,627
Student & Instruction Related Services	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	4,825,518
General Administrative Services	549,854	578,516	521,785	595,557	559,715	691,793	604,690	628,102	703,523	911,052
School Administrative Services	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	1,930,923
Central Services	453,551	500,129	473,319	490,912	524,257	518,604	531,189	507,888	574,458	624,712
Administrative Information Technology	156,722	173,656	160,076	271,319	211,385	243,395	243,773	386,062	326,491	352,301
Plant Operations and Maintenance	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	3,145,951
Pupil Transportation	365,636	395,559	457,458	440,432	405,190	519,128	581,774	631,442	741,649	631,274
Transfer of Funds to Charter School	60,275	46,261	40,904	52,566	51,796	69,905	120,345	128,554	110,635	82,665
Interest on Long-term Debt	176,354	412,591	396,343	386,858	379,279	366,933	357,744	341,672	328,495	389,324
Capital Outlay	20,710	14,854	34	38,670	67,119	322,415	106,641	39,408	40,189	86,882
Unallocated Depreciation	69,515	69,515	24,922	286,987	278,987	278,987	278,987	278,987	278,987	278,987
<b>Total Governmental Activities Expenses</b>	<b>24,224,469</b>	<b>25,518,573</b>	<b>24,432,959</b>	<b>25,611,038</b>	<b>25,129,031</b>	<b>25,901,284</b>	<b>27,204,755</b>	<b>27,939,682</b>	<b>31,807,119</b>	<b>34,024,504</b>
Business-type Activities:										
Food Service	642,569	696,853	725,784	704,603	676,729	690,162	666,769	687,208	555,578	544,613
After Care			12,414	32,035	34,148	39,992	57,393	52,135	48,318	65,985
<b>Total Business-type Activities Expense</b>	<b>642,569</b>	<b>696,853</b>	<b>738,198</b>	<b>736,638</b>	<b>710,877</b>	<b>730,154</b>	<b>724,162</b>	<b>739,343</b>	<b>603,896</b>	<b>610,598</b>
<b>Total District Expenses</b>	<b>\$ 24,867,038</b>	<b>\$ 26,215,426</b>	<b>\$ 25,171,157</b>	<b>\$ 26,347,676</b>	<b>\$ 25,839,908</b>	<b>\$ 26,631,438</b>	<b>\$ 27,928,917</b>	<b>\$ 28,679,025</b>	<b>\$ 32,411,015</b>	<b>\$ 34,635,102</b>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)										
Pupil Transportation					\$ 5,614,644	\$ 6,268,933	\$ 7,034,786	\$ 6,848,705	\$ 7,024,707	\$ 7,876,395
										9,000
Operating Grants and Contributions	\$ 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	7,941,798
Capital Grants and Contributions			63,851		92,390					
<b>Total Governmental Activities Program Revenues</b>	<b>5,538,685</b>	<b>5,577,206</b>	<b>3,292,157</b>	<b>3,491,209</b>	<b>8,942,424</b>	<b>9,788,389</b>	<b>10,821,346</b>	<b>10,462,491</b>	<b>13,692,736</b>	<b>15,827,193</b>
Business-type Activities:										
Charges for Services:										
Food Service										
Food Service	470,059	464,863	453,227	443,792	440,339	434,579	385,617	385,039	250,004	242,162
After Care			18,044	34,217	42,211	55,971	70,505	76,520	65,039	59,900
Operating Grants and Contributions - Food Service	186,475	210,375	255,342	253,610	250,656	284,735	304,799	332,227	304,121	308,815
<b>Total Business-type Activities Program Revenues</b>	<b>656,534</b>	<b>675,238</b>	<b>726,613</b>	<b>731,619</b>	<b>733,206</b>	<b>775,285</b>	<b>760,921</b>	<b>793,786</b>	<b>619,164</b>	<b>610,877</b>
<b>Total District Program Revenues</b>	<b>\$ 6,195,219</b>	<b>\$ 6,252,444</b>	<b>\$ 4,018,770</b>	<b>\$ 4,222,828</b>	<b>\$ 9,675,630</b>	<b>\$ 10,563,674</b>	<b>\$ 11,582,267</b>	<b>\$ 11,256,277</b>	<b>\$ 14,311,900</b>	<b>\$ 16,438,070</b>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (18,197,311)
Business-type Activities	13,965	(21,615)	(11,585)	(5,019)	22,329	45,131	36,759	54,443	15,268	279
Total District-wide Net Expense	<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>	<u>\$ (18,197,032)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 12,379,798
Taxes Levied for Debt Service	560,558	634,723	633,701	587,296	582,887	597,721	597,941	597,750	595,374	592,875
Unrestricted Grants and Contributions	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	5,252,323
Tuition	5,316,942	5,324,462	5,162,763	5,180,176						
Investment Earnings	95,002	53,631	21,705	16,650	7,308	4,112	3,130	3,625	4,056	4,919
Miscellaneous Income	78,512	34,909	87,018	95,087	104,815	75,835	63,403	66,545	53,821	102,022
Total Governmental Activities	<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>	<u>18,331,937</u>
Business-type Activities:										
Investment Earnings	\$ 180	\$ 177	\$ 334	\$ 454	\$ 252	\$ 251	\$ 252	\$ 346	\$ 380	\$ 362
Cancellation of Prior Year Accounts Receivable			(517)							190
Cancellation of Prior Year Accounts Payable										
Cancellation of Compensated Absences Payable				35,175						
Disposals of Capital Assets						(4,560)				
Total Business-type Activities	<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>	<u>552</u>
Total District-wide	<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>	<u>\$ 18,332,489</u>
Change in Net Position										
Governmental Activities	\$ 483,507	\$ (256,558)	\$ 217,651	\$ 12,717	\$ 279,637	\$ 600,587	\$ 657,740	\$ 193,487	\$ 45,372	\$ 134,626
Business-type Activities	14,145	(21,438)	(11,768)	30,610	22,581	40,822	37,011	54,789	15,648	831
Total District	<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>	<u>\$ 135,457</u>

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved/Restricted	\$ 975,611	\$ 759,395	\$ 1,006,235	\$ 896,614	\$ 536,961	\$ 400,559	\$ 409,866	\$ 526,417	\$ 713,095	\$ 887,848
Assigned					375,466	674,207	150,688	229,115	41,468	370,775
Unassigned					14,130		2,125			
Unreserved/(Deficit)	174,133	186,849	(184,200)	(57,876)						
<b>Total General Fund</b>	<b>\$ 1,149,744</b>	<b>\$ 946,244</b>	<b>\$ 822,035</b>	<b>\$ 838,738</b>	<b>\$ 926,557</b>	<b>\$ 1,074,766</b>	<b>\$ 562,679</b>	<b>\$ 755,532</b>	<b>\$ 754,563</b>	<b>\$ 1,258,623</b>
All Other Governmental Funds										
Reserved/Restricted	\$ 54,000						\$ 1	\$ 1		\$ 5,996
Committed										102,254
Unreserved/(Deficit), Reported in:										
Special Revenue Fund	(18,065)	\$ (16,707)								
Capital Projects Fund	50,327	9,242	\$ 73,093	\$ (92,390)						
Debt Service Fund	2	2	2	1						
<b>Total All Other Governmental Funds</b>	<b>\$ 86,264</b>	<b>\$ (7,463)</b>	<b>\$ 73,095</b>	<b>\$ (92,389)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ -0-</b>	<b>\$ 108,250</b>
<b>Total Governmental Funds</b>	<b>\$ 1,236,008</b>	<b>\$ 938,781</b>	<b>\$ 895,130</b>	<b>\$ 746,349</b>	<b>\$ 926,557</b>	<b>\$ 1,074,766</b>	<b>\$ 562,680</b>	<b>\$ 755,533</b>	<b>\$ 754,563</b>	<b>\$ 1,366,873</b>

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 12,972,673
Tuition Charges	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	7,876,395
Transportation Fees from LEAs										9,000
Miscellaneous	176,514	91,780	108,823	135,956	112,467	87,447	73,147	83,535	91,141	108,829
State Sources	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	8,959,454
Federal Sources	1,034,753	742,603	792,123	2,000,423	880,653	904,647	608,418	692,805	796,691	698,187
<b>Total Revenue</b>	<b>24,707,976</b>	<b>25,262,015</b>	<b>24,650,610</b>	<b>25,623,755</b>	<b>25,408,668</b>	<b>26,501,871</b>	<b>27,862,495</b>	<b>28,133,169</b>	<b>29,174,770</b>	<b>30,624,538</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	9,437,093
Special Education Instruction	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	2,137,557
Other Special Instruction	71,876	66,757	79,969	91,046	90,802	93,424	115,412	93,016	94,004	70,507
School-Sponsored/Other Instruction	650,439	671,559	674,299	760,356	765,254	822,260	954,841	926,868	1,045,157	999,801
<b>Support Services:</b>										
Tuition	394,809	482,719	728,472	738,970	721,550	635,143	741,923	901,919	1,067,316	712,627
Student & Other Instruction Related Services	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	3,051,668
General Administrative Services	447,895	467,798	447,225	466,034	460,271	610,968	499,339	530,525	569,883	696,293
School Administrative Services	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	1,171,759
Central Services	310,048	336,025	334,651	348,754	359,610	362,974	375,132	357,474	350,002	364,533
Administrative Information Technology	119,686	136,449	118,704	238,309	163,996	194,603	196,789	323,104	246,897	245,494
Plant Operations and Maintenance	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	1,938,746
Student Transportation	289,206	319,810	382,635	355,228	309,429	416,791	460,891	509,808	582,859	476,519
Allocated Benefits										
Unallocated Benefits	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	7,787,058
Transfer of Funds to Charter School	60,275	46,261	40,904	52,566	51,796	69,905	120,345	128,554	110,635	82,665
Capital Outlay	144,880	147,720	36,750	350,117	323,130	935,312	1,599,754	338,759	410,890	253,029
<b>Debt Service:</b>										
Principal	245,000	255,000	265,000	205,000	210,000	235,000	245,000	255,000	265,000	275,000
Interest and Other Charges	344,854	407,610	395,178	382,297	372,888	362,721	352,940	342,750	330,375	317,875
<b>Total Expenditures</b>	<b>24,530,753</b>	<b>25,559,242</b>	<b>24,694,261</b>	<b>25,772,536</b>	<b>25,228,460</b>	<b>26,353,662</b>	<b>28,374,581</b>	<b>27,940,316</b>	<b>29,175,740</b>	<b>30,018,224</b>
<b>Excess/(Deficit) of Revenues</b>										
Over/(Under) Expenditures	177,223	(297,227)	(43,651)	(148,781)	180,208	148,209	(512,086)	192,853	(970)	606,314

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Other Financing Sources/(Uses)										\$ 6,535,000
Long Term Debt Issued										598,734
Bond Premium										(6,850,000)
Serial Bonds Defeased										(132,486)
Bond Issuance Costs										(145,252)
Deferred Interest										5,996
Total Other Financing Sources/(Uses)										
Net Change in Fund Balances	<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>	<u>\$ 612,310</u>
Debt Service as a Percentage of Noncapital Expenditures	<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>	<u>1.99%</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>Transportation</u> <u>Fees</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2016	4,919	7,876,395	\$ 9,000	102,022	7,992,336

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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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
2015	8,703,900	369,929,600	646,200	41,100	172,475,000	13,593,900	36,143,900	601,533,600	283,534,100	3,135,425	604,669,025	2.13	632,598,156

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.



Exhibit J-7

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

Year Ended December 31,	School District of the Town of Newton Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Town of Newton	Sussex County	
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
2015	2.03	0.10	2.13	1.39	0.54	4.06

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	2015		
	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>12.43%</u>

Taxpayer	2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Martin, Kenneth D & Assoc II, LLC	\$ 8,200,000	1	2.14%
Meriam Gateway C/O Sussex Warren	5,348,800	2	1.39%
PECD Realty c/o Ronetco	4,940,600	3	1.29%
United Telephone Company of NJ	4,919,190	4	1.28%
Sussex Nine Inc c/o Barnhill	4,405,200	5	1.15%
Weis Markets, Inc.	3,750,000	6	0.98%
Newton West LTD	3,500,000	7	0.91%
Newtonian Gardens	3,450,500	8	0.90%
Gordon Newton Assoc, LLC	3,192,400	9	0.83%
Holiday Inn Express	3,096,100	10	0.81%
Total	<u>\$ 44,802,790</u>		<u>11.68%</u>

## Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2016	12,972,673	12,972,673	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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Bond Anticipation Notes (BANs)				
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	2.43%	1,109.96
2009	8,840,000	-0-	-0-	-0-	-0-	8,840,000	2.29%	1,084.13
2010	8,635,000	-0-	-0-	-0-	-0-	8,635,000	2.31%	1,062.90
2011	8,425,000	-0-	-0-	-0-	-0-	8,425,000	2.22%	1,036.92
2012	8,190,000	-0-	-0-	-0-	-0-	8,190,000	2.09%	1,014.49
2013	7,945,000	-0-	-0-	-0-	-0-	7,945,000	1.95%	980.50
2014	7,690,000	-0-	-0-	-0-	-0-	7,690,000	1.90%	957.78
2015	7,425,000	-0-	-0-	-0-	-0-	7,425,000	1.76%	931.97
2016	6,835,000	-0-	-0-	-0-	-0-	6,835,000	1.62%	856.62

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.

Exhibit J-11

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 <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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% **	1,036.92
2012	8,190,000	-0-	8,190,000	1.18%	1,014.49
2013	7,945,000	-0-	7,945,000	1.15%	980.50
2014	7,690,000	-0-	7,690,000	1.12% **	957.78
2015	7,425,000	-0-	7,425,000	1.23%	931.97
2016	6,835,000	-0-	6,835,000	1.13%	856.62

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.

\*\* Reassessment became effective this year.

Exhibit J-12

TOWN OF NEWTON SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Town of Newton	\$ 16,466,062	100.000%	\$ 16,466,062
Sussex County General Obligation Debt	112,567,827	3.667%	<u>4,127,859</u>
Subtotal, Overlapping Debt			20,593,921
School District of the Town of Newton Direct Debt			<u>6,835,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 27,428,921</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 2016

	Equalized valuation basis	
	2015	\$ 615,820,639
	2014	623,134,970
	2013	632,769,593
		<u>\$1,871,725,202</u>
Average Equalized Valuation of Taxable Property		<u>\$ 623,908,401</u>
Debt Limit (4% of average equalization value)		\$ 24,956,336 <sup>a</sup>
Net Bonded School Debt		6,835,000
Legal Debt Margin		<u>\$ 18,121,336</u>

Fiscal Year Ended June 30,

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 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	\$ 24,956,336
Total Net Debt Applicable to Limit	<u>9,360,000</u>	<u>9,105,000</u>	<u>8,840,000</u>	<u>8,635,000</u>	<u>8,425,000</u>	<u>8,190,000</u>	<u>7,945,000</u>	<u>7,690,000</u>	<u>7,425,000</u>	<u>6,835,000</u>
Legal Debt Margin	<u>\$ 16,045,452</u>	<u>\$ 19,743,815</u>	<u>\$ 22,188,041</u>	<u>\$ 23,610,105</u>	<u>\$ 23,631,086</u>	<u>\$ 22,636,412</u>	<u>\$ 21,007,099</u>	<u>\$ 19,347,178</u>	<u>\$ 18,292,550</u>	<u>\$ 18,121,336</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	36.84%	31.56%	28.49%	26.78%	26.28%	26.57%	27.44%	28.44%	28.87%	27.39%

<sup>a</sup> 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 <sup>a</sup>	Town of Newton Income Personal Income <sup>b</sup>	Sussex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2007	8,203	\$ 374,368,514	\$ 45,638	3.70%
2008	8,154	386,630,064	47,416	4.70%
2009	8,124	373,874,604	46,021	7.90%
2010	8,125	379,104,375	46,659	8.40%
2011	8,073	391,306,383	48,471	8.10%
2012	8,103	406,519,407	50,169	8.10%
2013	8,029	405,737,486	50,534	10.10%
2014	7,967	421,063,917	52,851	7.00%
2015	7,979	421,698,129 ***	52,851 *	6.50%
2016	7,979 **	421,698,129 ***	52,851 *	N/A

\* - Latest Sussex County per capita personal income available (2014) was used for calculation purposes.

\*\* - Latest population data available (2015) was used for calculation purposes.

\*\*\* - Latest available population data (2015) and latest available Sussex County per capita personal income (2014) was used for calculation purposes.

N/A - Information not available

Sources:

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

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

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

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



Exhibit J-15

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

Employer	2015	
	Employees	Percentage of Total Employment
Newton Medical Center	5,000	6.80%
Selective Insurance	5,000	6.80%
Mountain Creek Resort	1,000	1.36%
Thor Labs	1,000	1.36%
County of Sussex	1,000	1.36%
Ames Rubber Corp.	500	0.68%
Raider Express	500	0.68%
Sussex County Community College	500	0.68%
Mountain Creek Waterpark	250	0.34%
A&P Food Store	250	0.34%
	15,000	20.41%
Total Employment	73,505	
Employer	2006	
	Employees	Percentage of Total Employment
Mountain Creek/ Intrawest	1,247	1.54%
Crystal Springs Golf and Spa Resort	1,154	1.43%
Newton Memorial Hospital	1,109	1.37%
Selective Insurance	954	1.18%
County of Sussex	770	0.95%
Andover Sub Acute and Rehab Center	700	0.86%
Ronetco Supermarkets, Inc. (Shop Rite)	672	0.83%
Vernon Township Board of Education	664	0.82%
Sparta Board of Education	557	0.69%
Sussex County Community College	516	0.64%
	8,343	10.31%
Total Employment	80,951	

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	133	135	130	129	107	108	111	112	112	119
Special education	24	23	22	23	34	37	40	40	56	50
Other instruction	5	5	3	1	2	2	3	3	3	3
Support Services:										
Student & instruction related services	57	58	51	28	33	49	51	51	52	59
School administrative services	16	16	14	14	12	13	13	13	11	10
General administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	22	20	19	20	19	20	22	25	22	22
Pupil transportation	2	2	2	2	2	3	3	3	3	2
Business and other support services	5	5	6	6	5	5	5	5	5	5
Food Service	1	1	1	1	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total</b>	<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>	<u>272</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 <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
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	1,587	24,748,912	15,595	6.43%	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	-1.30%	148	1:10.8	1:8.7	1:11.0	1,559	1,467	-1.70%	94.10%
2010	1,547	24,835,122	16,054	4.29%	135	1:13.5	1:10.9	1:14.9	1,537	1,453	-1.41%	94.53%
2011	1,523	24,322,442	15,970	-0.52%	123	1:11.5	1:12.8	1:12.0	1,501	1,416	-2.34%	94.34%
2012	1,530	24,820,629	16,223	1.58%	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	7.07%	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%
2015	1,549	29,172,320	18,833	4.90%	147	1:11.8	1:12.1	1:11.2	1,555	1,466	-0.13%	94.28%

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
Merriam Avenue School										
Square Feet	77,154	77,154	77,154	77,151	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 **	494	469	463	484	489	499	541	561	490	472
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 **	270	269	269	262	246	234	207	221	301	316
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	860	849	827	801	788	797	759	749	778	761
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, 2016

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

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

\*\* 5th Grade 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
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
2016	155,047	123,433	251,787	21,096	551,363

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

Source: School District of the Town of Newton records

Exhibit J-20

TOWN OF NEWTON SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2016  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund (SAIF):		
School Package Policy:		
Building & Personal Property	\$ 250,000,000 Fund Aggregate	\$ 2,500
Inland Marine - Auto Physical Damage		1,000
General Liability including Auto, Employee Benefits:	5,000,000	
Per Occurrence		
General Aggregate	100,000,000 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	10,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler and Machinery	100,000,000	2,500
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	230,000	

SINGLE AUDIT SECTION



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 200 Valley Road, Suite 300  
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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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 19, 2016.

**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**

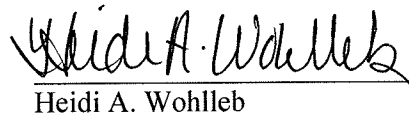
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

September 19, 2016  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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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

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 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, 2016. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 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, 2016.

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 the Uniform Guidance and NJOMB 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.

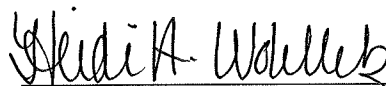
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

September 19, 2016  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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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, 2016

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2015			Budgetary Expendi- tures	Adjustments	Cancellation of Prior Year Encum- brances	Balance at June 30, 2016		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received				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	7/1/15-6/30/16	\$ 30,241			\$ 30,241	\$ (21,137)				\$ 9,104	
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	38,835		\$ 15,703		(15,703)					
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	212,708			203,643	(212,708)			\$ (9,065)		
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	217,684	\$ (17,574)		17,574						
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	53,985			51,516	(53,985)			(2,469)		
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	50,670	(4,732)		4,732						
Total Child Nutrition Cluster					(22,306)	15,703	307,706	(303,533)			(11,534)	9,104	
Total U.S. Department of Agriculture					(22,306)	15,703	307,706	(303,533)			(11,534)	9,104	
<u>U.S. Department of Education:</u>													
Special Revenue Fund:													
Passed-through State Department of Education:													
No Child Left Behind:													
Title I	84.010	NCLB359016	7/1/15-6/30/16	266,064			238,212	(255,725)			(17,513)		
Title I	84.010	NCLB359015	7/1/14-6/30/15	259,086	(14,242)		13,831		\$ (1)	\$ 412			
Total Title I					(14,242)		252,043	(255,725)	(1)	412	(17,513)		
Title IIA	84.367	NCLB359016	7/1/15-6/30/16	56,383			33,115	(36,748)			(3,633)		
Title IIA	84.367	NCLB359015	7/1/14-6/30/15	87,610	(4,732)		4,512		(1)	221			
Total Title II					(4,732)		37,627	(36,748)	(1)	221	(3,633)		
Special Education Cluster:													
I.D.E.A. Part B, Basic	84.027	IDEA359016	7/1/15-6/30/16	438,618			360,783	(384,054)			(23,271)		
I.D.E.A. Part B, Basic	84.027	IDEA359015	7/1/14-6/30/15	410,012	(37,749)		37,748		1				
I.D.E.A. Preschool	84.173	IDEA359016	7/1/15-6/30/16	13,458			4,004	(4,004)					
I.D.E.A. Preschool	84.173	IDEA359015	7/1/14-6/30/15	8,221	(289)		289						
Total Special Education Cluster					(38,038)		402,824	(388,058)	1		(23,271)		
Carl D. Perkins - Secondary	84.048	PERK359016	7/1/15-6/30/16	17,656			17,656	(17,656)					
Total Carl D. Perkins - Secondary							17,656	(17,656)					
Subtotal - Special Revenue Fund					(57,012)		710,150	(698,187)	(1)	633	(44,417)		
Total U.S. Department of Education					(57,012)		710,150	(698,187)	(1)	633	(44,417)		
Total Federal Awards					\$ (79,318)	\$ 15,703	\$ 1,017,856	\$ (1,001,720)	\$ (1)	\$ 633	\$ (55,951)	\$ 9,104	\$ -0-

N/A - Not Applicable

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016.

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2016		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>												
<b>General Fund State Aid:</b>												
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 5,168,494			\$ 4,658,817	\$ (5,168,494)			\$ (509,677)	\$ 5,168,494	
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	29,820			26,879	(29,820)			(2,941)	29,820	
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	584,268			526,652	(584,268)			(57,616)	584,268	
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	48,449			43,671	(48,449)			(4,778)	48,449	
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1			1	(1)				1	
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	27,900			25,149	(27,900)			(2,751)	27,900	
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	10,810			9,744	(10,810)			(1,066)	10,810	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	10,810			9,744	(10,810)			(1,066)	10,810	
Extraordinary Special Education Costs Aid	16-495-034-5120-044	7/1/15-6/30/16	103,133				(103,133)		\$ (103,133)	(103,133)	103,133	
Excess Nonpublic Transportation Costs	16-495-034-5120-014	7/1/15-6/30/16	522				(522)		(522)	(522)	522	
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	911,039			865,697	(911,039)		(45,342)	(45,342)	911,039	
Homeless Tuition Reimbursement	N/A	7/1/15-6/30/16	8,932				(8,932)		(8,932)	(8,932)	8,932	
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	5,168,494	\$ (495,799)		495,799					5,168,494	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	29,820	(2,861)		2,861					29,820	
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	584,268	(56,047)		56,047					584,268	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	48,449	(4,648)		4,648					48,449	
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	27,900	(2,676)		2,676					27,900	
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	10,810	(1,037)		1,037					10,810	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	10,810	(1,037)		1,037					10,810	
Extraordinary Special Education Costs Aid	15-495-034-5120-044	7/1/14-6/30/15	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	
Subtotal - General Fund				(642,050)		6,808,404	(6,904,178)		(157,929)		(737,824)	12,862,674
<b>Special Revenue Fund Aid:</b>												
<b>Nonpublic Auxiliary Services:</b>												
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	20,305			20,305	(13,875)			\$ 6,430	13,875	
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	33,145		\$ 14,864			\$ (14,864)			18,281	
<b>Nonpublic Handicapped Services:</b>												
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	7,426			7,426	(6,608)			818	6,608	
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	14,909		9,809			(9,809)			5,100	
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	5,016			5,016	(4,180)			836	4,180	
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	4,418		1,591			(1,591)			2,827	
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	11,762			11,762	(8,352)			3,410	8,352	
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	14,234		735			(735)			13,499	
N.J. Nonpublic Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	6,167			6,167	(4,408)			1,759	4,408	
N.J. Nonpublic Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	8,997		1,129			(1,129)			7,868	
N.J. Nonpublic Nursing Aid	16-100-034-5120-070	7/1/15-6/30/16	9,720			9,720	(9,634)			86	9,634	
N.J. Nonpublic Nursing Aid	15-100-034-5120-070	7/1/14-6/30/15	14,322		2,729			(2,729)			11,593	
N.J. Nonpublic Technology Initiative	16-100-034-5120-373	7/1/15-6/30/16	2,808			2,808	(2,392)			416	2,392	
N.J. Nonpublic Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	4,832		1,242			(1,242)			3,590	
N.J. Nonpublic Security Aid	16-100-034-5120-509	7/1/15-6/30/16	2,700			2,700	(2,684)			16	2,700	
Subtotal - Special Revenue Fund					32,099	65,904	(52,133)	(32,099)		13,771	114,907	

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2016		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	16-100-010-3350-023	7/1/15-6/30/16	\$ 5,282			\$ 5,063	\$ (5,282)		\$ (219)		\$ (219)	\$ 5,282
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	5,280	\$ (416)		416						5,280
Subtotal - Food Service Fund				(416)		5,479	(5,282)		(219)		(219)	10,562
Total State Department of Education				(642,466)	\$ 32,099	6,879,787	(6,961,593)	\$ (32,099)	(158,148)	\$ 13,771	(738,043)	12,988,143
Total State Awards				\$ (642,466)	\$ 32,099	\$ 6,879,787	\$ (6,961,593)	\$ (32,099)	\$ (158,148)	\$ 13,771	\$ (738,043)	\$ 12,988,143

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, 2016

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, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 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 on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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 (\$15,790) for the general fund, \$-0- for the special revenue fund and (\$85,946) for the capital projects 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 \$925,660 and \$1,102,205 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		\$ 8,907,321	\$ 8,907,321
Special Revenue Fund	\$ 698,187	52,133	750,320
Food Service Fund	303,533	5,282	308,815
Total Awards	<u>\$ 1,001,720</u>	<u>\$ 8,964,736</u>	<u>\$ 9,966,456</u>

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 5. 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 6. 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, 2016.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The District has been awarded a \$85,946 grant in the Capital Projects Fund from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2016, \$-0- of the grant fund has been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.



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

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*.
- 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 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	C.F.D.A./ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/15-6/30/16	\$ 30,241	\$ 21,137
Food Distribution Program	10.555	7/1/14-6/30/15	38,835	15,703
National School Lunch Program	10.555	7/1/15-6/30/16	212,708	212,708
School Breakfast Program	10.553	7/1/15-6/30/16	53,985	53,985
<u>State:</u>				
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	5,168,494	5,168,494
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	584,268	584,268
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	48,449	48,449
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1	1
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	27,900	27,900
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	10,810	10,810
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	10,810	10,810

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- 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, 2016  
(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 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

TOWN OF NEWTON SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The District had no prior year audit findings.