

TOWN OF NEWTON SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

TOWN OF NEWTON SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	2
Examination of Claims	2
Payroll Account and Position Control Roster	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
No Child Left Behind (N.C.L.B.)	3
Other Special Federal and/or State Projects	3
T.P.A.F. Reimbursement	4
Travel Expense and Reimbursement Policy	4
School Purchasing Programs:	4
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service Fund	5
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation	7
Facilities and Capital Assets	7
Management Suggestions	7
Follow-up on Prior Year Findings	8
Schedule of Meal Count Activity	9
Schedule of Net Cash Resources	10
Schedule of Audited Enrollment	11
Excess Surplus Calculation	16
Summary of Recommendations	18



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

September 19, 2016

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

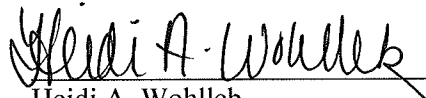
We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Town of Newton School District in the County of Sussex for the year ended June 30, 2016, and have issued our report thereon dated September 19, 2016.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Town of Newton School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

NISIVOCCIA LLP


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

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Dawn L. Babcock	Treasurer of School Monies	\$ 225,000
Donna C. Snyder	Business Administrator/Board Secretary	230,000

The District has Employee Dishonesty and Faithful Performance coverage through the School Alliance Insurance Fund as detailed on Exhibit J-20 of the CAFR.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review indicated overall compliance with respect to signatures, certification and supporting documentation.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account. Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

All payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrators and the Chief School Administrator. Payrolls were delivered to the Treasurer of School Monies with a warrant to her order for the full amount of the payroll.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-8.2 as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-16.2(f). Overall compliance was noted.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I and Title II of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Finding:

A review was completed by the State of New Jersey Department of Education, Office of Fiscal Accountability and Compliance (the "State") to verify the enrollment of students under the Chapter 192/193 Programs for Nonpublic School Students for fiscal year 2013-2014. The District implemented a state approved corrective action plan.

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

Financial Planning, Accounting and Reporting (Cont'd)

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2016. The reimbursement form was reviewed and no exceptions were noted.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. Overall compliance was noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

Effective July 1, 2015 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$18,800.

As per *N.J.S.A.* 18A:18A-3, the Board passed a resolution at its July 28, 2015 meeting, authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$40,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No exceptions were noted.

Based upon the results of our examination, we did not note any individual payments, contracts, or agreements for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A.* 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per *N.J.S.A.* 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The District utilizes a food service management company (FMSC) and is depositing and expending program monies in accordance with *N.J.S.A.* 18A:17-34, and 19-1 through 19-4.1. Provisions of the FMSC contract/addendum were reviewed and audited. The FMSC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$50,000. The operating results provision has been met. No exceptions were noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

School Food Service (Cont'd)

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the School Food Service Fund. No exceptions were noted.

Net cash resources did not exceed three months average expenditures.

Time sheets and payroll records provided to the District from the Food Service contractor were reviewed on a test basis. There were no food service employees authorized by the Board of Education.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal policy was reviewed for uniform administration throughout the school district. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

U.S.D.A. Food Distribution Program commodities (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the U.S.D.A. mandated Non-program Food Revenue tool at least annually. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled "Proprietary Funds", Section G of the CAFR.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have noted no exceptions.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income students and bilingual education. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with minor exceptions. The information that was included on the workpapers was verified on a test basis with a minor exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Application for State School Aid (Cont'd)

The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures for the recording of student enrollment data appear to be adequate.

Pupil Transportation

Our audit procedures included a test of on-roll status reported on the 2015-2016 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording SDA revenue and awarding contracts for eligible facilities construction.

Management Suggestions

Report on After Care Program Expenses

Consideration should be given to preparing a report for submission to the Board on the After Care Program expenses.

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the District consider options to test and protect the District from cyber-crime.

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Management Suggestions (Cont'd)

Deferred Compensation Plans

The District has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the District. The District should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the District's fiduciary responsibilities.

Independent Contractors vs. Employees

The District should consider reviewing the status of "Independent Contractors" utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Follow-up on Prior Year Finding/Recommendation

The prior year recommendation regarding the timely deposit of Halsted Middle School student activities and After Care account receipts has been resolved.

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

ENTERPRISE FUND - FOOD SERVICE - NET CASH RESOURCE SCHEDULE

Net Cash Resources:

CAFR * Current Assets

B-4	Cash & Cash Equiv.	\$ 136,935	
B-4	Due from Other Gov'ts	11,753	
B-4	Accounts Receivable	2,848	

CAFR Current Liabilities

B-4	Less Accounts Payable	(28,198)	
B-4	Less Due to Other Funds	(950)	
B-4	Less Unearned Revenue	(9,104)	

Net Cash Resources	\$ 113,284	(A)
---------------------------	-------------------	------------

Net Adj. Total Operating Expenses:

B-5	Total Operating Exp.	\$ 544,613	
B-5	Less Depreciation	(4,277)	
	Adj. Tot. oper. Exp.	\$ 540,336	(B)

Average Monthly Operating Expenses:

B/10	\$ 54,034	(C)
------	-----------	------------

Three Times Monthly Average:

3*C	\$ 162,102	(D)
-----	------------	------------

TOTAL IN BOX A	\$ 113,284	(A)
LESS TOTAL IN BOX D	(162,102)	(D)
NET	\$ (48,818)	

From above:

A is greater than D, cash exceeds 3x's average monthly operating expenses

D is greater than A, cash does not exceed 3x's average monthly operating expenses.

* Inventories are not to be included in total current assets.

TOWN OF NEWTON SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2015

	2016-17 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors per	
	A.S.S.A.		Workpapers				Selected from		Registers		Registers	
	On Roll		On Roll				Workpapers		On Roll		On Roll	
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool	9		9					9				
Full Day Kindergarten	76		76					76				
Grade One	76		76					76				
Grade Two	82		82					82				
Grade Three	75		75					75				
Grade Four	71		71					71				
Grade Five	62		62					62				
Grade Six	63		63					63				
Grade Seven	73		73					73				
Grade Eight	62		62					62				
Grade Nine	159	1	159	1			1	159	1			
Grade Ten	178		178					178				
Grade Eleven	152	1	152	1			1	152	1			
Grade Twelve	147		147					147				
Subtotal	1,285	2	1,285	2			2	1,285	2			
Special Education:												
Elementary School	108		107		1		10	108		10		
Middle School	34		36		(2)		3	34		3		
High School	122		122				12	122		12		
Subtotal	264		265		(1)		25	264		25		
Totals	1,549	2	1,550	2	(1)	-0-	2	1,549	2	-0-	-0-	
Percentage Error					-0.06%	0.00%				0.00%	0.00%	

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Private Schools for Disabled</u>			<u>Sample</u> <u>Errors</u>
	<u>Reported</u> <u>on ASSA</u> <u>as Private</u> <u>Schools</u>	<u>Sample</u> <u>for</u> <u>Verification</u>	<u>Sample</u> <u>Verified</u>	
Special Education:				
Elementary School	1	1	1	
Middle School	1			
High School	3	1	1	
Totals	<u>5</u>	<u>2</u>	<u>2</u>	<u>-0-</u>
Percentage Error				<u>0.00%</u>

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	42.0	42.0		3.0	3.0	
Grade One	45.0	45.0		3.0	3.0	
Grade Two	37.0	36.0	(1.0)	2.0	2.0	
Grade Three	41.0	41.0		3.0	3.0	
Grade Four	37.0	37.0		2.0	2.0	
Grade Five	28.0	28.0		1.0	1.0	
Grade Six	26.0	26.0				
Grade Seven	32.0	32.0		3.0	3.0	
Grade Eight	31.0	32.0	1.0	3.0	3.0	
Grade Nine	34.0	34.0		1.0	1.0	
Grade Ten	21.0	20.0	(1.0)	2.0	1.0	1.0
Grade Eleven	17.5	17.5		1.0	1.0	
Grade Twelve	19.0	20.0	1.0	1.0	1.0	
Subtotal	<u>410.5</u>	<u>410.5</u>		<u>25.0</u>	<u>24.0</u>	<u>1.0</u>
Special Education:						
Elementary School	68.0	67.0	(1.0)	3.0	3.0	
Middle School	18.0	19.0	1.0	1.0	1.0	
High School	27.0	26.0	(1.0)	2.0	2.0	
Subtotal	<u>113.0</u>	<u>112.0</u>	<u>(1.0)</u>	<u>6.0</u>	<u>6.0</u>	
Totals	<u>523.5</u>	<u>522.5</u>	<u>(1.0)</u>	<u>31.0</u>	<u>30.0</u>	<u>1.0</u>
Percentage Error			<u>-0.19%</u>			<u>3.23%</u>

TOWN OF NEWTON SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP Low Income					Resident LEP Not Low Income					
	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers Errors	Verified to Test Scores, Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten											
Grade One	2	2	1	1							
Grade Two											
Grade Three	5	5									
Grade Four	1	1									
Grade Five											
Grade Six	1	1	1	1							
Grade Seven											
Grade Eight	1	1									
Grade Nine	1	1									
Grade Ten	3	3	1	1		2	2		2	2	
Grade Eleven	1	1									
Grade Twelve											
Subtotal	<u>15</u>	<u>15</u>	<u>3</u>	<u>3</u>		<u>2</u>	<u>2</u>		<u>2</u>	<u>2</u>	
Special Ed - Elementary	3	3									
Special Ed - Middle School											
Special Ed - High School											
Subtotal	<u>3</u>	<u>3</u>									
Totals	<u>18</u>	<u>18</u>	<u>-0-</u>	<u>3</u>	<u>-0-</u>	<u>2</u>	<u>2</u>	<u>-0-</u>	<u>2</u>	<u>2</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>		<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	39	39		4	4	
Regular - Special Education	10	10		1	1	
Transported - Non Public	34	34		3	3	
Special Needs - Public	30	30		3	3	
Special Needs - Private	5	5		1	1	
Totals	118	118	-0-	12	12	-0-
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	6.6	6.6
Average Mileage - Regular Excluding Grade PK Students	6.6	6.6
Average Mileage - Special Education with Special Needs	6.0	6.0

TOWN OF NEWTON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016

EXCESS SURPLUS CALCULATION**REGULAR DISTRICT****SECTION 1****A. 2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 28,673,141</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ 102,254</u> (B1b)	
Transfer from General Fund to SRF for PreK-Regular	<u>\$ -0-</u> (B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	<u>\$ -0-</u> (B1d)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 2,938,904</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjusted 15-16 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 25,836,491</u> (B3)	
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	<u>\$ 516,730</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 516,730</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 53,872</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 570,602</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/16 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 1,838,518</u> (C)	
Decreased by:		
Year End Encumbrances	<u>\$ 183,568</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C3)	
Other Restricted/Reserved Fund Balances	<u>\$ 876,429</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 196,500</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 582,021</u> (U1)
Increased by:		
Adjustment for Disallowed Transfers per S1701		<u>\$ -0-</u> (C6)
Total Unassigned Fund Balance for Excess Surplus Calculation (U1 + C6)		<u>\$ 582,021</u> (U2)

TOWN OF NEWTON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 11,419 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ -0- (C3)</u>
Restricted Excess Surplus [(E)]	<u>\$ -0- (E)</u>
Fund Balance Restricted for 2015-16 per S1701	<u>\$ -0- (F)</u>
 Total [(C3)+(E)+(F)]	 <u><u>\$ -0- (D)</u></u>

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0- (H)</u>
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ 53,350 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 522 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	<u>\$ -0- (J3)</u>
Family Crisis Transportation Aid	<u>\$ -0- (J4)</u>
 Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4))	 <u><u>\$ 53,872 (K)</u></u>

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	<u>\$ -0-</u>
Sale/lease-back reserve	<u>\$ -0-</u>
Capital reserve	<u>\$ 876,429</u>
Maintenance reserve	<u>\$ -0-</u>
Emergency reserve	<u>\$ -0-</u>
Tuition reserve	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year	<u>\$ -0-</u>
Impact Aid General Fund Reserve (Sections 8002 and 8003)	<u>\$ -0-</u>
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	<u>\$ -0-</u>
Other state/governmental mandated reserve	<u>\$ -0-</u>
 Other Restricted Fund Balance not noted above	 <u>\$ -0-</u>
 Total Other Restricted Fund Balance	 <u><u>\$ 876,429 (C4)</u></u>

TOWN OF NEWTON SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2016

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Status of Prior Year's Finding/Recommendation

The prior year recommendation regarding the timely deposit of Halsted Middle School student activities and After Care account receipts has been resolved.