

**TOWN OF NEWTON  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual  
Financial Report**

**of the**

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

**Newton, New Jersey**

**For the Fiscal Year Ended June 30, 2021**

**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*

*James R. Sekelsky*  
*Business Administrator*

October 20, 2021

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, 2021, 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 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 2020-2021 fiscal year with an average daily enrollment of 1,535 students, a small decrease from the previous year.

2) ECONOMIC CONDITION AND OUTLOOK: The Town of Newton continues to experience increasing numbers of low-income and homeless families, as well as English Language Learners. As the County Seat, 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 priority for the Board of Education, as well as the municipality, particularly during the pandemic with the reduction in tax receipts at the state and local levels. Both entities continue to recognize the importance of offering quality programs and facilities while maintaining fiscal responsibility. Due to Senate Bill S-2 the District has been receiving more state aid as overfunded districts are having equalization reduced to benefit underfunded districts like Newton.

Newton is proactively building a flexible, responsive, and year-long (regular year and summer) education program supported by federal grant programs associated with the COVID-19 pandemic. The following federally funded programs (CARES, CRRSA/ESSER II, and ARP/ESSER III) positively affected school year 20-21 and continue into the school years of 21-22 and 22-23.

The District continued the educational partnerships with Thorlabs and Picatinny as they supported the robotics program. As Thorlabs continues to grow, there should be further opportunities to expand the existing partnerships and develop new ones 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 in all schools. Newton Public Schools continue to expand technology and software available for education. Thorlabs supported student mental health initiatives with a generous donation.

The District's Choose 2 Connect (C2C), a Nita M. Lowey 21st Century Community Learning Center grant program which provides an after-school and extended-year program for Grades 3-8, as well as family and parenting programs in both English and Spanish, was highly successful in its third year of the five-year grant. This program is run by the school district and focuses on a STEM curriculum. The program includes a summer curriculum and trips, and continued to grow during the school year. Newton has aligned its new P2P program (formerly Aftercare), with C2C so that more students could participate and benefit families.

In the 20-21 school year, Newton High School received students from Andover Borough, Andover Township and Green Township, which constitutes approximately half of the high school population; however, tuition revenue has decreased by 27.1% from fiscal year 19-20 – from approximately \$7.5 million in 19-20 to just \$5.5 million for 21-22. Newton believes the student population will level off in the short term.

In order to continue to develop a budget that is both educationally and economically sound, the Board of Education and Administration continue to work together to ensure the most effective use of resources to deal with the educational costs by accepting 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.

### 3) MAJOR INITIATIVES:

(A) Strategic Plan for School Facilities— Newton has established a new Maintenance Reserve and will utilize it to address preventive maintenance needs. The Board of Education reviews and prioritizes capital projects and equipment annually that would be funded by the capital reserve.



3) MAJOR INITIATIVES: (Cont'd)

B) Student-Centered Learning—A District goal was to develop and implement curriculum and provide professional development that strengthens student-centered learning to increase student achievement. Activities included staff book discussions, professional development, PLC's, and development of curriculum in content areas, including digital citizenship. These efforts proved successful.

(C) Community Schools—A Newton-specific model for Community Schools was developed to increase student achievement. The model has formalized existing relationships and expanded to a full Community Schools program.

(D) School Funding—The District continued receiving reallocated state aid in 2020-21 – an increase of \$215,347 for 20-21 and an increase of \$2,052,073 for fiscal year 21-22.

(E) Preschool—The District continued to receive Preschool Education Expansion Aid (PEEA) in 20-21. With private providers First Impressions and Little Sprouts, along with the Norwescap Head Start program, we were able to serve the needs of more than 120 preschool children from Newton at no cost to their parents – an additional classroom is planned to open for the next two fiscal years (21-22 and 22-23). The PEEA will continue as state aid for the foreseeable future.

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.

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 vote 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, 2021.

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.

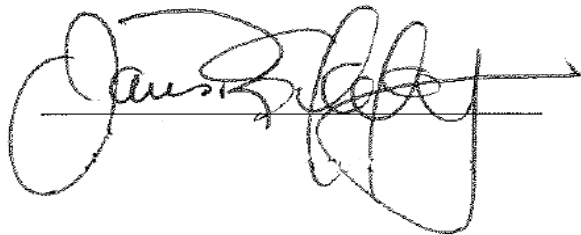
9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, 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.

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,

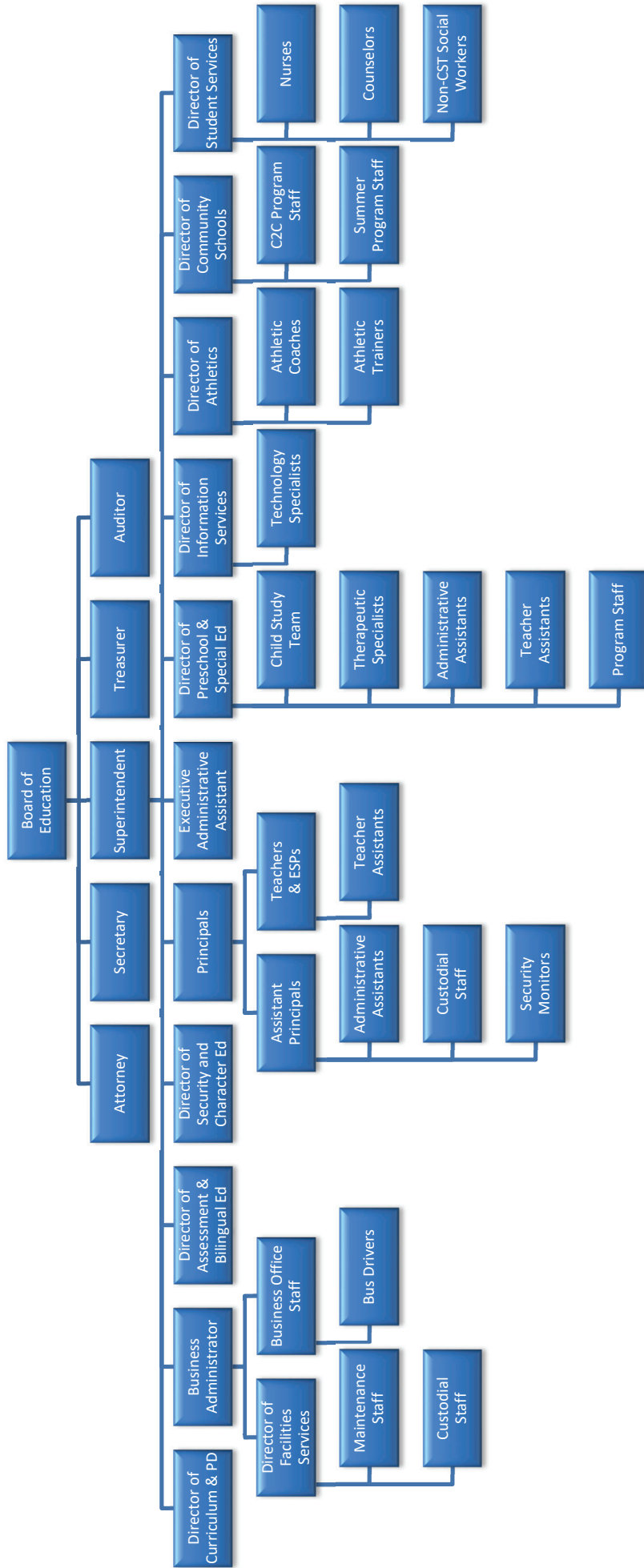


Dr. G. Kennedy Greene  
Superintendent of Schools



James R. Sekelsky  
Business Administrator/Board Secretary

# Newton Public Schools Organization Chart 2020-21



**TOWN OF NEWTON SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stella Dunn, President	2023
Ed Caffrey, Vice President	2022
Grace Dickson	2021
Joan Faye	2021
Jenna Genung	2021
Tina Larsen	2023
Raymond Morris	2022
Anthony Neggers II	2022
Lisa Qarmout	2023
Jessica Brennan (Andover Regional Representative) (to 12/31/20)	2020
William Porter (Andover Regional Representative) (from 1/4/21)	2021
Ann Marie Cooke (Green Township Representative)	2021

<u>Other Officers</u>	<u>Title</u>
Dr. G. Kennedy Greene	Superintendent of Schools
Dr. Alfred Savio	School Business Administrator/Board Secretary (until 8/1/20)
Donna C. Snyder	Interim School Business Administrator/Board Secretary (from 8/1/20 - 1/3/21)
James R. Sekelsky	School Business Administrator/Board Secretary (from 1/4/21)
Theresa Schlosser	Treasurer of School Monies
Stephen Edelstein	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**

Stephen Edelstein, Esq.  
Weiner Law Group LLP  
629 Parsippany Road  
P.O. Box 0438  
Parsippany, NJ 07054

## **Architect of Record**

EI Associates  
8 Ridgedale Avenue  
Cedar Knolls, NJ 07927

## **Official Depository**

Lakeland Bank  
One Cochran Plaza  
Newton, NJ 07860

FINANCIAL SECTION

## 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, 2021, 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.

### ***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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 22 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

### ***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 and postemployment benefits schedules in Exhibits L-1 through L-5 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 United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying other supplementary schedules 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 other supplementary schedules 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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s 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.

October 20, 2021  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*  
\_\_\_\_\_  
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, 2021

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, 2021. 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.

### 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.

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

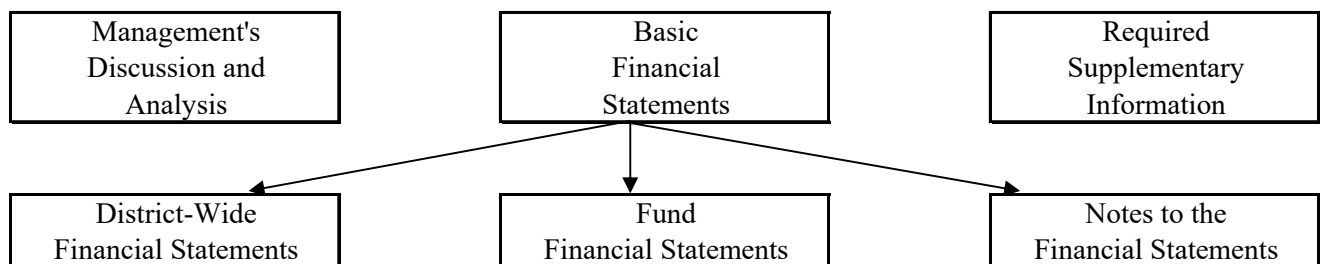


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and after care program.
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>
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
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 included	All assets and liabilities, both financial and capital, short-term and long-term
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

## ***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 two 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.

*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 \$929,517. Net position from governmental activities increased by \$917,852 and net position from business-type activities increased by \$11,665. Net investment in capital assets increased by \$1,494,559, restricted net position increased by \$246,490, and unrestricted net position decreased by \$811,532.

Figure A-3

	Condensed Statement of Net Position						Percentage Change 2020/21
	Government Activities		Business-Type Activities		Total School District		
	2020/21	(Restated) 2019/20	2020/21	2019/20	2020/21	(Restated) 2019/20	
Current and							
Other Assets	\$ 5,607,258	\$ 6,082,454	\$ 262,198	\$ 289,737	\$ 5,869,456	\$ 6,372,191	
Capital Assets, Net	14,369,415	14,106,358	47,837	59,321	14,417,252	14,165,679	
Total Assets	<u>19,976,673</u>	<u>20,188,812</u>	<u>310,035</u>	<u>349,058</u>	<u>20,286,708</u>	<u>20,537,870</u>	-1.22%
Deferred Outflows of Resources	<u>1,110,871</u>	<u>1,285,864</u>			<u>1,110,871</u>	<u>1,285,864</u>	-13.61%
Other Liabilities	1,376,620	931,682	51,982	102,670	1,428,602	1,034,352	
Long-Term Liabilities							
Outstanding	14,532,230	16,251,210			14,532,230	16,251,210	
Total Liabilities	<u>15,908,850</u>	<u>17,182,892</u>	<u>51,982</u>	<u>102,670</u>	<u>15,960,832</u>	<u>17,285,562</u>	-7.66%
Deferred Inflows of Resources	<u>2,526,374</u>	<u>2,557,316</u>			<u>2,526,374</u>	<u>2,557,316</u>	-1.21%
Net Position:							
Net Investment in Capital Assets	7,142,779	5,636,736	47,837	59,321	7,190,616	5,696,057	
Restricted	2,394,433	2,147,943			2,394,433	2,147,943	
Unrestricted/(Deficit)	<u>(6,884,892)</u>	<u>(6,050,211)</u>	<u>210,216</u>	<u>187,067</u>	<u>(6,674,676)</u>	<u>(5,863,144)</u>	
Total Net Position	<u>\$ 2,652,320</u>	<u>\$ 1,734,468</u>	<u>\$ 258,053</u>	<u>\$ 246,388</u>	<u>\$ 2,910,373</u>	<u>\$ 1,980,856</u>	46.93%

*Changes in Net Position.* The District's combined net position was \$2,910,373 on June 30, 2021, an increase of \$929,517 or 46.93% more than the year before. (See Figure A-3). Net Investment in Capital Assets increased due to current year capital assets additions (net of deletions) of \$896,245, maturity of \$779,071 and cancellation of \$127,993 in capital lease payable and maturity of \$345,000 in serial bonds payable; offset by current year depreciation expense of \$644,672 and a net decrease in deferred amount on refunding of \$9,078. Restricted net position increased mainly due to the creation of a Maintenance Reserve of \$136,820 and an increase in the Tuition Reserve of \$208,814. Unrestricted net position decreased mainly due to a net decrease in Capital Projects committed fund balance and an increase in compensated absences payable; offset by an increase in encumbrances and changes in deferred outflows and deferred inflows related to pensions and the related net pension liability.

**Figure A-4**

**Changes in Net Position from Operating Results**

	Governmental Activities 2020/21	Business- Type Activities 2020/21	Governmental Activities 2019/20	Business- Type Activities 2019/20	Total School District 2020/21	Total School District 2018/19	Percentage Change 2020/21
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 6,713,707	\$ 5,611	\$ 7,590,182	\$ 240,764	\$ 6,719,318	\$ 7,830,946	
Operating Grants and Contributions	10,498,210	357,056	9,681,204	355,325	10,855,266	10,036,529	
<b>General Revenue:</b>							
Property Taxes	13,857,415		12,890,372		13,857,415	12,890,372	
Unrestricted Local, State and Federal Aid	6,497,338		6,247,849		6,497,338	6,247,849	
Other	62,510	345	77,064	1,723	62,855	78,787	
<b>Total Revenue</b>	<b>37,629,180</b>	<b>363,012</b>	<b>36,486,671</b>	<b>597,812</b>	<b>37,992,192</b>	<b>37,084,483</b>	<b>2.45%</b>
<b>Expenses:</b>							
Instruction	21,225,435		20,823,744		21,225,435	20,823,744	
Pupil and Instruction Services	7,271,257		6,994,269		7,271,257	6,994,269	
Administrative and Business	4,142,764		3,667,237		4,142,764	3,667,237	
Maintenance and Operations	2,893,623		2,870,910		2,893,623	2,870,910	
Transportation	861,752		926,303		861,752	926,303	
Other	314,462	339,184	397,998	648,338	653,646	1,046,336	
<b>Total Expenses</b>	<b>36,709,293</b>	<b>339,184</b>	<b>35,680,461</b>	<b>648,338</b>	<b>37,048,477</b>	<b>36,328,799</b>	<b>1.98%</b>
Other Items	(2,035)	(12,163)			(14,198)		-100.00%
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 917,852</b>	<b>\$ 11,665</b>	<b>\$ 806,210</b>	<b>\$ (50,526)</b>	<b>\$ 929,517</b>	<b>\$ 755,684</b>	<b>23.00%</b>

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, maintaining existing programs and 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 and insurance changes.

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. Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation 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-5**

	<b>Net Cost of Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2020/21	2020/21	2019/20	2019/20
Instruction	\$ 21,225,435	\$ 11,573,444	\$ 20,823,744	\$ 10,583,817
Pupil and Instruction Services	7,271,257	2,742,618	6,994,269	2,980,118
Administrative and Business	4,142,764	2,536,405	3,667,237	2,183,000
Maintenance and Operations	2,893,623	1,916,000	2,870,910	1,832,891
Transportation	861,752	414,447	926,303	431,251
Other	314,462	314,462	397,998	397,998
	<u>\$ 36,709,293</u>	<u>\$ 19,497,376</u>	<u>\$ 35,680,461</u>	<u>\$ 18,409,075</u>

**Business-Type Activities**

Net position from the District’s business-type activity increased by \$11,665 (Refer to Figure A-4). The increase in net position was primarily due to the following:

- The Food Service Program had a decrease of \$213,637 in operating expenses; offset by a \$161,273 decrease in operating revenue mainly due to a decrease in daily sales and other income. The District operated on the Summer Food Service Program which served free meals to all students.
- The After Care Program had a decrease of \$95,517 in operating expenses; offset by a \$73,880 decrease in other income as the program did not operate during fiscal year 2021 due to COVID-19.

**Financial Analysis of the District’s Funds**

The District’s financial position decreased on a fund basis due primarily to current year capital projects expenditures offset by unexpended appropriations in the General Fund.

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.

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.



## Capital Assets and Long-term Liabilities Administration

Figure A-6

	Capital Assets (Net of Depreciation)						Percentage Change 2020/21
	Government Activities		Business-Type Activities		Total School District		
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	
Sites and Site Improvements	\$ 1,951,595	\$ 1,922,467			\$ 1,951,595	\$ 1,922,467	
Construction in Progress	540,084				540,084		
Buildings and Building Improvements	10,949,903	11,274,610			10,949,903	11,274,610	
Machinery and Equipment	927,833	909,281	\$ 47,837	\$ 59,321	975,670	968,602	
<b>Total</b>	<b>\$ 14,369,415</b>	<b>\$ 14,106,358</b>	<b>\$ 47,837</b>	<b>\$ 59,321</b>	<b>\$ 14,417,252</b>	<b>\$ 14,165,679</b>	1.78%

### Long-term Liabilities

The District's long term liabilities decreased by \$1,718,980 or 10.58% from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-7

	Outstanding Long-Term Liabilities		Percentage Change 2020/21
	Total School District		
	2020/21	2019/20	
General Obligation Bonds (Financed with Property Taxes)	\$ 5,050,000	\$ 5,395,000	
Unamortized Bond Issuance Premium	399,156	436,577	
Net Pension Liability	5,554,232	6,085,367	
Compensated Absences Payable	1,253,858	1,152,218	
Capital Leases Payable	2,274,984	3,182,048	
	<b>\$ 14,532,230</b>	<b>\$ 16,251,210</b>	-10.58%

- The District continued to pay down its bonded debt, retiring \$345,000 of outstanding bonds.
- Unamortized bond issuance premium decreased by \$37,421.
- Net pension liability decreased by \$531,135.
- Compensated absences payable increased by a net amount of \$101,640.
- The District paid down \$779,071 and cancelled \$127,993 in lease principal during the fiscal year.

## **Factors Bearing on the District's Future**

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 continues to go through significant changes in school funding; moreover, COVID-19 and loss of tuition received from sending districts impact the District. Increases in State Aid are significant (\$2,052,000 for FY21-22); however, reduction in tuition received from our sending districts has decreased by \$2,057,000 in FY20-21 and projected for FY21-22. Newton is able to utilize federal stimulus funds to offset some of the lost revenue, and with unanticipated retirements, we have some breakage to help offset the loss.
- The Newton Board of Education received a Nita M. Lowey 21st Century Community Learning Center grant and completed its third year of operation. Although participation was down due to COVID-19, this grant program can annually serve over 250 students who are able to take advantage of the academically based after school and extended year program. At least 150 students are targeted to be served in the program, and up to 300 students can be enrolled.
- The Board faces continued maintenance of the three aging school building that are over 50, 70, and 100 years old.

## **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

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,237,677	\$ 160,367	\$ 1,398,044
Cash with Fiscal Agents	1,636,251		1,636,251
Receivables from State Government	178,410		178,410
Receivables from Federal Government	104,112	90,833	194,945
Receivables from Other Governments	22,034		22,034
Other Receivables	34,795		34,795
Internal Balances	(453)	453	
Inventories		10,545	10,545
Restricted Cash and Cash Equivalents	2,381,432		2,381,432
Restricted Investments	13,000		13,000
Capital Assets, Net:			
Sites (Land) and Construction in Progress	870,704		870,704
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	13,498,711	47,837	13,546,548
Total Assets	<u>19,976,673</u>	<u>310,035</u>	<u>20,286,708</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	98,348		98,348
Deferred Outflows Related to Pensions	604,038		604,038
District Contribution Subsequent to the Measurement Date - Pensions	408,485		408,485
Total Deferred Outflows of Resources	<u>1,110,871</u>		<u>1,110,871</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	945,077	27,190	972,267
Accrued Interest Payable	83,823		83,823
Payable to State Government		103	103
Payable to Federal Government		12,080	12,080
Unearned Revenue	347,720	12,609	360,329
Noncurrent Liabilities:			
Due Within One Year	549,371		549,371
Due Beyond One Year	13,982,859		13,982,859
Total Liabilities	<u>15,908,850</u>	<u>51,982</u>	<u>15,960,832</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,526,374		2,526,374
Total Deferred Inflows of Resources	<u>2,526,374</u>		<u>2,526,374</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	7,142,779	47,837	7,190,616
Restricted for:			
Capital Projects	1,109,094		1,109,094
Maintenance Reserve	136,820		136,820
Tuition Reserve	780,328		780,328
Student Activities	269,717		269,717
Scholarships	98,473		98,473
Debt Service	1		1
Unrestricted/(Deficit)	<u>(6,884,892)</u>	<u>210,216</u>	<u>(6,674,676)</u>
Total Net Position	<u>\$ 2,652,320</u>	<u>\$ 258,053</u>	<u>\$ 2,910,373</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, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 15,577,950	\$ 2,854,521	\$ 3,790,048	\$ (8,933,381)		\$ (8,933,381)
Special Education	3,755,957	688,246	1,607,020	(1,460,691)		(1,460,691)
Other Special Instruction	435,620	79,823	86,684	(269,113)		(269,113)
School Sponsored/Other Instruction	1,455,908	266,782	278,867	(910,259)		(910,259)
<b>Support Services:</b>						
Tuition	847,709		410,534	(437,175)		(437,175)
Student and Instruction Related Services	6,423,548	1,373,471	2,744,634	(2,305,443)		(2,305,443)
General Administrative Services	670,152	122,799	96,382	(450,971)		(450,971)
School Administrative Services	2,449,940	448,930	546,443	(1,454,567)		(1,454,567)
Central Services	690,645	126,555	151,532	(412,558)		(412,558)
Administrative Information Technology	332,027	60,841	52,877	(218,309)		(218,309)
Plant Operations and Maintenance	2,893,623	530,231	447,392	(1,916,000)		(1,916,000)
Pupil Transportation	861,752	161,508	285,797	(414,447)		(414,447)
Transfer of Funds to Charter School	159,630			(159,630)		(159,630)
Interest on Long-Term Debt	154,832			(154,832)		(154,832)
<b>Total Governmental Activities</b>	<b>36,709,293</b>	<b>6,713,707</b>	<b>10,498,210</b>	<b>(19,497,376)</b>		<b>(19,497,376)</b>
<b>Business-Type Activities:</b>						
Food Service	337,884	4,782	357,056		\$ 23,954	23,954
After Care Program	1,300	829			(471)	(471)
<b>Total Business-Type Activities</b>	<b>339,184</b>	<b>5,611</b>	<b>357,056</b>		<b>23,483</b>	<b>23,483</b>
<b>Total Primary Government</b>	<b>\$ 37,048,477</b>	<b>\$ 6,719,318</b>	<b>\$ 10,855,266</b>	<b>(19,497,376)</b>	<b>23,483</b>	<b>(19,473,893)</b>

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 13,326,077		\$ 13,326,077
Taxes Levied for Debt Service	531,338		531,338
Federal, State and Local Aid not Restricted	6,497,338		6,497,338
Interest Earnings	9,267	\$ 345	9,612
Miscellaneous Income	53,243		53,243
Other Items:			
Cancellation of Lease Purchase Agreement Proceeds, Net	(2,035)		(2,035)
Cancellation of Prior Year Accounts Receivable		(12,163)	(12,163)
Total General Revenues and Other Items	20,415,228	(11,818)	20,403,410
Change in Net Position	917,852	11,665	929,517
Net Position - Beginning as Restated	1,734,468	246,388	1,980,856
Net Position - Ending	\$ 2,652,320	\$ 258,053	\$ 2,910,373

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, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,131,745	\$ 105,931		\$ 1	\$ 1,237,677
Cash with Fiscal Agents			\$ 1,636,251		1,636,251
Receivables From State Government	178,410				178,410
Receivables From Federal Government		104,112			104,112
Receivables From Other Governments	22,034				22,034
Other Accounts Receivables		34,795			34,795
Restricted Cash and Cash Equivalents	2,026,242	355,190			2,381,432
Restricted Investments		13,000			13,000
<b>Total Assets</b>	<u>\$ 3,358,431</u>	<u>\$ 613,028</u>	<u>\$ 1,636,251</u>	<u>\$ 1</u>	<u>\$ 5,607,711</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable	\$ 453				\$ 453
Accounts Payable	498,551	\$ 38,041			536,592
Unearned Revenue		347,720			347,720
<b>Total Liabilities</b>	<u>499,004</u>	<u>385,761</u>			<u>884,765</u>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	1,109,094				1,109,094
Maintenance Reserve Account	136,820				136,820
Tuition Reserve Account	780,328				780,328
Student Activities		269,717			269,717
Scholarships		98,473			98,473
Debt Service				\$ 1	1
<b>Committed:</b>					
Capital Projects			\$ 1,636,251		1,636,251
<b>Assigned:</b>					
Designated for Subsequent Year's Expenditures	115,915				115,915
Other Purposes	717,270				717,270
<b>Unassigned/(Deficit):</b>					
Special Revenue Fund		(140,923)			(140,923)
<b>Total Fund Balances</b>	<u>2,859,427</u>	<u>227,267</u>	<u>1,636,251</u>	<u>1</u>	<u>4,722,946</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,358,431</u>	<u>\$ 613,028</u>	<u>\$ 1,636,251</u>	<u>\$ 1</u>	<u>\$ 5,607,711</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<u>Total Governmental Funds</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances from previous page	\$ 4,722,946
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	14,369,415
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(399,156)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	98,348
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(83,823)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(5,554,232)
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:	
Deferred Outflows	604,038
Deferred Inflows	(2,526,374)
Long-Term Liabilities, Including Bonds Payable and Capital Leases Payable, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(8,578,842)</u>
Net Position of Governmental Activities	<u><u>\$ 2,652,320</u></u>

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

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,326,077			\$ 531,338	\$ 13,857,415
Tuition from Other LEAs	6,513,694				6,513,694
Transportation Fees from LEAs	3,600				3,600
Interest Earned on Capital Reserve Funds	852				852
Restricted Miscellaneous Revenue		\$ 196,677			196,677
Unrestricted Miscellaneous Revenue	61,658	70,213			131,871
Total - Local Sources	19,905,881	266,890		531,338	20,704,109
State Sources	13,063,047	1,383,683			14,446,730
Federal Sources	51,392	1,350,167			1,401,559
Total Revenues	33,020,320	3,000,740		531,338	36,552,398
EXPENDITURES:					
Current:					
Regular Instruction	8,565,642	844,150			9,409,792
Special Education Instruction	2,153,388	5,003			2,158,391
Other Special Instruction	263,323				263,323
School-Sponsored/Other Instruction	933,269				933,269
Support Services and Undistributed Costs:					
Tuition	437,175	410,534			847,709
Student and Other Instruction Related Services	2,777,719	1,964,838			4,742,557
General Administrative Services	529,027				529,027
School Administrative Services	1,422,121				1,422,121
Central Services	418,474				418,474
Administrative Information Technology	238,868				238,868
Plant Operations and Maintenance	1,904,620				1,904,620
Student Transportation	516,702				516,702
Unallocated Benefits	11,149,893				11,149,893
Debt Service:					
Principal				345,000	345,000
Interest and Other Charges				186,338	186,338
Capital Outlay	803,147	472	\$ 1,257,849		2,061,468
Transfer of Funds to Charter School	159,630				159,630
Total Expenditures	32,272,998	3,224,997	1,257,849	531,338	37,287,182
Excess/(Deficit) of Revenue Over/(Under) Expenditures	747,322	(224,257)	(1,257,849)		(734,784)
Other Financing Sources/(Uses):					
Cancellation of Lease Purchase Agreement Proceeds			(130,028)		(130,028)
Transfers	(153,792)	153,792			
Total Other Financing Sources/(Uses)	(153,792)	153,792	(130,028)		(130,028)
Net Change in Fund Balances	593,530	(70,465)	(1,387,877)		(864,812)
Fund Balance - July 1 (Restated)	2,265,897	297,732	3,024,128	1	5,587,758
Fund Balance - June 30	\$ 2,859,427	\$ 227,267	\$ 1,636,251	\$ 1	\$ 4,722,946

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, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (864,812)

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 differ from depreciation and deletions of capital assets, net of accumulated depreciation in the period.

Depreciation Expense	\$ (633,188)	
Deletion of Capital Assets, net of Accumulated Depreciation	(1,312)	
Capital Outlays	897,557	263,057

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 (+).

3,163

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment and cancellation reduce Long-Term Liabilities in the Statement of Net Position and are not reported in the Statement of Activities.

Repayment	779,071	
Cancellation	127,993	907,064

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.

345,000

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.

37,421

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.

(9,078)

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	531,135	
Change in Deferred Outflows	(224,400)	
Change in Deferred Inflows	30,942	

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 (+).

(101,640)

Change in Net Position of Governmental Activities

\$ 917,852

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

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total Enterprise
	Food Service	After Care Program	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 158,467	\$ 1,900	\$ 160,367
Interfund Receivable - General Fund	453		453
Intrafund Receivable - Food Service Fund		250	250
Intergovernmental Accounts Receivable:			
Federal	90,833		90,833
Inventories	10,545		10,545
Total Current Assets	260,298	2,150	262,448
Non-Current Assets:			
Capital Assets	221,538		221,538
Less: Accumulated Depreciation	(173,701)		(173,701)
Total Non-Current Assets	47,837		47,837
Total Assets	308,135	2,150	310,285
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	27,190		27,190
Payable to State Government	103		103
Payable to Federal Government	12,080		12,080
Intrafund Payable - After Care Program	250		250
Unearned Revenue - Donated Commodities	3,535		3,535
Unearned Revenue - Prepaid Sales	9,074		9,074
Total Current Liabilities	52,232		52,232
<u>NET POSITION:</u>			
Investment in Capital Assets	47,837		47,837
Unrestricted	208,066	2,150	210,216
Total Net Position	\$ 255,903	\$ 2,150	\$ 258,053

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, 2021

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total Enterprise
	Food Service	After Care Program	
Operating Revenue:			
Local Sources:			
Other Income	\$ 4,284	\$ 829	5,113
Special Events	498		498
Total Operating Revenue	4,782	829	5,611
Operating Expenses:			
Cost of Sales - Reimbursable Programs	107,705		107,705
Salaries, Benefits & Payroll Taxes	125,727		125,727
Other Purchased Services	4,500	1,300	5,800
Supplies, Insurance and Other Costs	8,624		8,624
Management Fee	54,000		54,000
Miscellaneous Expenses	25,844		25,844
Depreciation Expense	11,484		11,484
Total Operating Expenses	337,884	1,300	339,184
Operating Loss	(333,102)	(471)	(333,573)
Non-Operating Revenue:			
Local Sources:			
Interest Income	338	7	345
Federal Sources:			
Summer Food Service Program	343,281		343,281
Food Distribution Program	13,775		13,775
Total Non-Operating Revenue	357,394	7	357,401
Change in Net Position Before Other Item	24,292	(464)	23,828
Other Item:			
Cancellation of Prior Year Accounts Receivable		(12,163)	(12,163)
Change in Net Position After Other Item	24,292	(12,627)	11,665
Net Position - Beginning of Year	231,611	14,777	246,388
Net Position - End of Year	\$ 255,903	\$ 2,150	\$ 258,053

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, 2021

	<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	\$ 36,302	\$ 829	\$ 37,131
Payments to Food Service Contractor	(344,421)		(344,421)
Payments for Suppliers	(11,370)	(1,300)	(12,670)
Net Cash Used for Operating Activities	<u>(319,489)</u>	<u>(471)</u>	<u>(319,960)</u>
Cash Flows from Investing Activities:			
Interest Income	338	7	345
Net Cash Provided by Investing Activities	<u>338</u>	<u>7</u>	<u>345</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	718		718
State Sources Collected in Food Service Fund	1,358		1,358
Federal Sources Collected in Food Service Fund	277,652		277,652
Net Cash Provided by Noncapital Financing Activities	<u>279,728</u>		<u>279,728</u>
Net (Decrease) in Cash and Cash Equivalents	(39,423)	(464)	(39,887)
Cash and Cash Equivalents, July 1	197,890	2,364	200,254
Cash and Cash Equivalents, June 30	<u>\$ 158,467</u>	<u>\$ 1,900</u>	<u>\$ 160,367</u>
Reconciliation of Operating Loss to Net Cash			
Used for Operating Activities:			
Operating Loss	\$ (333,102)	\$ (471)	\$ (333,573)
Adjustment to Reconcile Operating Loss to Net Cash			
Used for Operating Activities:			
Depreciation	11,484		11,484
Food Distribution Program	13,775		13,775
Changes in Assets and Liabilities:			
Increase in Unearned Revenue	93		93
(Decrease) in Accounts Payable	(50,781)		(50,781)
Decrease in Other Accounts Receivable	32,915		32,915
Decrease in Inventory	6,127		6,127
Net Cash Used for Operating Activities	<u>\$ (319,489)</u>	<u>\$ (471)</u>	<u>\$ (319,960)</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 \$15,263 and utilized U.S.D.A. Commodities valued at \$13,775.

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, 2021

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 ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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 District in its entirety. 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.



TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

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.

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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation (Cont'd)

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.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary 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, 2021 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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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).

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 except for student activities and scholarships. 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 and special revenue funds 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:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" and Other Financing Sources from the Budgetary Comparison Schedule	\$ 33,039,810	\$ 3,187,860
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not.		
Current Year Encumbrances		(31,747)
Cancellation of Prior Year Encumbrances		(29,832)
Prior Year Encumbrances		54,357
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	698,574	114,817
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(718,064)	(140,923)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 33,020,320	\$ 3,154,532

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 32,272,998	\$ 3,232,219
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(31,747)
Cancellation of Prior Year Encumbrances		(29,832)
Prior Year Encumbrances		54,357
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 32,272,998	\$ 3,224,997

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.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

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.

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, 2021.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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

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 acquisition value.

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. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings 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, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital 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 governmental 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, 2021.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

N. Compensated Absences (Cont'd)

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 addition, the Board of Education has cooperated with the Education Association in the establishment of a Sick Leave Bank. Any Association member may participate in the Bank on a voluntary basis by donating a small number of personal days to the Sick Leave Bank.

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.

P. Fund Balance Appropriated

General Fund: Of the \$2,859,427 General Fund fund balance at June 30, 2021, \$717,270 is assigned for encumbrances; \$1,109,094 is restricted in the capital reserve account; \$136,820 is restricted in the maintenance reserve account; \$571,514 is restricted in the tuition reserve account for fiscal year ending June 30, 2022; \$208,814 is restricted in the tuition reserve account for fiscal year ending June 30, 2023; \$115,915 of assigned fund balance, which has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022 which is \$134,085 less than on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2022; and \$-0- in unassigned fund balance, which is \$583,979 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, 2022.

Special Revenue Fund: Of the \$227,267 Special Revenue Fund fund balance at June 30, 2021, \$269,717 is restricted for student activities; \$98,473 is restricted for scholarships; offset by a deficit of \$140,923 in unassigned fund balance. This deficit is due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2022 on a GAAP basis.

Capital Projects Fund: The \$1,636,251 fund balance in the Capital Projects Fund at June 30, 2021 is committed.

Debt Service Fund: Of the \$1 restricted fund balance in the Debt Service Fund at June 30, 2021, \$1 is restricted for the subsequent year's budget.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has no excess surplus at June 30, 2021.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

P. Fund Balance Appropriated (Cont'd)

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 and Fund Balance

The District has a deficit in unrestricted net position of \$6,884,892 in governmental activities, which is primarily due to accrued interest payable, an unamortized bond premium, compensated absences payable, deferred inflows related to pensions and net pension liability; net of fund balance assigned for subsequent year's expenditures, assigned for encumbrances, committed fund balance, and deferred outflows related to pensions. The District has a deficit in fund balance of \$140,923 in the Special Revenue Fund as of June 30, 2021 as a result of the last two state aid payments that are not recognized on a GAAP basis. These deficits do not indicate that the District is in financial difficulties. These deficits are a permitted practice under generally accepted accounting principles.

R. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2021 for the deferred amount on refunding of debt related to the District's 2016 refunding bonds and pensions. The District had deferred inflows of resources at June 30, 2021 for pensions.

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.



TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

R. Net Position (Cont'd)

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, maintenance reserve, tuition reserve, student activities, scholarships 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 committed resources in the capital projects fund at June 30, 2021.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for the 2021/2022 budget and encumbrances in the General Fund at June 30, 2021.

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

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions (Cont'd)

first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

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

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

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.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

GASB 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 pages.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which New Jersey 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.

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;

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

Investments: (Cont'd)

- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (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 section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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

Investments: (Cont'd)

- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2021, cash and cash equivalents and investments of the District consisted of the following:

	<u>Restricted Cash and Cash Equivalents</u>	<u>Cash and Cash Equivalents</u>	<u>Cash with Fiscal Agents</u>	<u>Restricted Investments</u>	<u>Total</u>
Checking Accounts	\$ 2,381,432	\$ 1,398,044	\$ 1,636,251		\$ 5,415,727
Certificates of Deposit				\$ 13,000	13,000
	<u>\$ 2,381,432</u>	<u>\$ 1,398,044</u>	<u>\$ 1,636,251</u>	<u>\$ 13,000</u>	<u>\$ 5,428,727</u>

During the period ended June 30, 2021, 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, 2021, was \$5,428,727 and the bank balance was \$5,754,445.

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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2020	\$ 1,163,879
Add: Transfer from Unassigned Fund Balance as per Board Resolution - June 2021	600,000
Interest Earnings	852
Unexpended Balance Returned from Capital Outlay	383,514
Less: Budgeted Withdrawal from Capital Reserve	(798,550)
Withdrawal as per Board Resolution	<u>(240,601)</u>
Ending Balance, June 30, 2021	<u>\$ 1,109,094</u>

The balance in the capital reserve account at June 30, 2021 does not exceed the LRFP balance of local support costs of uncompleted capital projects. Withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 22, 2021. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance, July 1, 2020	\$ -0-
Add: Transfer from Unassigned Fund Balance as per Board Resolution - June 2021	<u>136,820</u>
Ending Balance, June 30, 2021	<u>\$ 136,820</u>

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 330,620			\$ 330,620
Construction in Progress		\$ 540,084		540,084
Total Capital Assets Not Being Depreciated	<u>330,620</u>	<u>540,084</u>		<u>870,704</u>
Capital Assets Being Depreciated:				
Site Improvements	2,722,277	163,083		2,885,360
Buildings and Building Improvements	17,879,680			17,879,680
Machinery and Equipment	2,704,099	194,390	\$ (84,649)	2,813,840
Total Capital Assets Being Depreciated	<u>23,306,056</u>	<u>357,473</u>	<u>(84,649)</u>	<u>23,578,880</u>
Governmental Activities Capital Assets	<u>23,636,676</u>	<u>897,557</u>	<u>(84,649)</u>	<u>24,449,584</u>
Less: Accumulated Depreciation for:				
Site Improvements	(1,130,430)	(133,955)		(1,264,385)
Buildings and Building Improvements	(6,605,070)	(324,707)		(6,929,777)
Machinery and Equipment	(1,794,818)	(174,526)	83,337	(1,886,007)
	<u>(9,530,318)</u>	<u>(633,188)</u>	<u>83,337</u>	<u>(10,080,169)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,106,358</u>	<u>\$ 264,369</u>	<u>\$ (1,312)</u>	<u>\$ 14,369,415</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 221,538			\$ 221,538
Less: Accumulated Depreciation	(162,217)	\$ (11,484)		(173,701)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 59,321</u>	<u>\$ (11,484)</u>	<u>\$ -0-</u>	<u>\$ 47,837</u>
Depreciation expense was charged to governmental functions as follows:				
Regular Instruction				\$ 491,393
School Sponsored/Other Instruction				17,694
Student and Instruction Related Services				1,286
Operations and Maintenance of Plant				38,940
Student Transportation				83,875
				<u>\$ 633,188</u>

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 7. OPERATING LEASES

The District has a commitment to lease copying equipment under an operating lease which expires in January 2023. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2022	\$ 33,554
June 30, 2023	33,554
Total future minimum lease payments	<u>\$ 67,108</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2020</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2021</u>
Serial Bonds Payable	\$ 5,395,000		\$ 345,000	\$ 5,050,000
Unamortized Bond Issuance Premium	436,577		37,421	399,156
Net Pension Liability	6,085,367		531,135	5,554,232
Compensated Absences Payable	1,152,218	\$ 170,367	68,727	1,253,858
Capital Leases Payable	3,182,048		907,064	2,274,984
	<u>\$ 16,251,210</u>	<u>\$ 170,367</u>	<u>\$ 1,889,347</u>	<u>\$ 14,532,230</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 \$361,735.

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.



TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2021 as follows:

Serial Bonds

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds of 2016	07/15/32	2.00-4.00%	<u>\$ 5,050,000</u>

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 350,000	\$ 179,388	\$ 529,388
2023	360,000	170,487	530,487
2024	370,000	159,538	529,538
2025	380,000	146,387	526,387
2026	395,000	130,888	525,888
Thereafter 5 Years (2027-2031)	2,205,000	403,356	2,608,356
Thereafter 2 Years (2032-2033)	990,000	37,312	1,027,312
	<u>\$ 5,050,000</u>	<u>\$ 1,227,356</u>	<u>\$ 6,277,356</u>

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

C. Bonds Authorized But Not Issued:

As of June 30, 2021, 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 portion of compensated absences of \$1,253,858. 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, 2021, \$-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, 2021 is \$-0- and the long-term portion is \$5,554,232. See Note 9 for further information on the PERS.

TOWN OF NEWTON SCHOOL DISTRICT  
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(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

F. Capital Leases Payable:

The District is leasing a telephone system and school bus under a capital lease valued at \$200,000 of which \$78,041 has matured. The capital lease is for a term of five years. The District also has a lease purchase agreement for an energy savings improvement project valued at \$2,176,335 of which \$23,310 has matured and been repaid. The capital lease is for a term of 15 years. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2021.

Fiscal Year	Amount
2022	\$ 216,675
2023	329,873
2024	282,649
2025	175,980
2026	179,062
Thereafter 5 Years (2027-2031)	697,918
Thereafter 5 Years (2032-2036)	788,057
	2,670,214
Less amount representing interest	(395,230)
Present Value Net of Minimum Lease Payments	\$ 2,274,984

The current portion of the capital lease payable at June 30, 2021 is \$161,950 and the long-term portion is \$2,113,034. The General Fund will be used to liquidate the capital lease payable.

NOTE 9. 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).

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 annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.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. The following represents the membership tiers for PERS:

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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 with 25 or more years of service credit before age 62 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. 43:15A 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 \$372,595 for fiscal year 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2021, the District's liability was \$5,554,232 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.0341%, which was an increase of 0.0003% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense in the amount of \$34,918. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 180,186	
	2017	5.48		\$ 525,754
	2018	5.63		515,801
	2019	5.21		409,620
	2020	5.16		874,435
				180,186
Difference Between Expected and Actual Experience	2016	5.57	5,468	
	2017	5.48	15,636	
	2018	5.63		19,642
	2019	5.21	31,312	
	2020	5.16	48,717	
				101,133
Net Difference Between Projected and Actual	2017	5.00	(67,967)	
Investment Earnings on Pension Plan Investments	2018	5.00	(63,035)	
	2019	5.00	15,255	
	2020	5.00	305,595	
			189,848	

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion	2016	5.57		\$ 21,122
	2017	5.48		74,721
	2018	5.63	\$ 80,833	
	2019	5.21		85,279
	2020	5.16	52,038	
			<u>132,871</u>	<u>181,122</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	408,485	
			<u>\$ 1,012,523</u>	<u>\$ 2,526,374</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>
2021	\$ (696,955)
2022	(635,411)
2023	(363,121)
2024	(146,840)
2025	(31,758)
	<u>\$ (1,874,085)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

TOWN OF NEWTON SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) 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 method 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020 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:

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 6,976,363	\$ 5,554,232	\$ 4,324,771

Pension plan Fiduciary Net Position

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

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 annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

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

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. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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 2021, the State of New Jersey contributed \$3,542,226 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$5,001,564.



TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

The employee contribution rate was 7.50% effective July 1, 2020.

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$80,431,353. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.122%, which was a decrease of 0.002% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		80,431,353
Total	\$	80,431,353

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$5,001,564 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			7,815,939,253	14,241,964,752

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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2014	8.50		\$ 4,393,807
	2015	8.30	\$ 101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</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
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	<u>\$ (4,965,440,613)</u>

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) 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 method 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 TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, 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, 2020 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:

TOWN OF NEWTON SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate (Cont'd)

	June 30, 2020		
	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 94,476,044	\$ 80,431,353	\$ 68,769,595

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$37,468 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$50,771 for the fiscal year ended June 30, 2021.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
		TPAF/ABP	PERS
Salary Increases:			
Through 2026		1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter		1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 59,675,944
Changes for Year:	
Service Cost	1,992,651
Interest on the Total OPEB Liability	2,356,407
Difference between Actual and Expected Experience	(10,397,608)
Changes of Assumptions	787,868
Gross Benefit Payments by the State	(1,622,070)
Contributions from Members	48,083
Net Changes	(6,834,669)
Balance at June 30, 2019	\$ 52,841,275

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 62,426,427	\$ 52,841,275	\$ 45,227,356



TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 43,538,855	\$ 52,841,275	\$ 65,155,769

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021 the District recognized OPEB expense of \$748,643 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District’s proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 6,151,793
	2018	9.51		5,291,374
	2019	9.29	\$ 703,059	
			<u>703,059</u>	<u>11,443,167</u>
Differences between Expected and Actual Experience	2018	9.51		5,001,995
	2019	9.29		8,275,051
				<u>13,277,046</u>
Changes in Proportion	N/A	N/A		2,631,544
			<u>\$ 703,059</u>	<u>\$ 27,351,757</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (3,224,654)
2021	(3,224,651)
2022	(3,224,651)
2023	(3,224,651)
2024	(3,224,651)
Thereafter	<u>(7,893,896)</u>
	<u>\$ (24,017,154)</u>

NOTE 11. 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 dental benefits insurance through Delta Dental Plan of New Jersey and their medical and prescription drug 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, 2021  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance

The 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, 2021 audit is not available for the Fund as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2020 is as follows:

Total Assets	\$ 51,526,293
Net Position	\$ 20,539,909
Total Revenue	\$ 43,264,723
Total Expenses	\$ 41,642,801
Change in Net Position	\$ 1,621,922
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  
(609) 275-1155

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 12. 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, 2021  
(Continued)

NOTE 13. INTERFUND/INTRAFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Intrafund Receivable</u>	<u>Intrafund Payable</u>
General Fund		\$ 453		
Proprietary Funds:				
Food Service Fund	\$ 453			\$ 250
After Care Program			\$ 250	
	<u>\$ 453</u>	<u>\$ 453</u>	<u>\$ 250</u>	<u>\$ 250</u>

The interfund receivable in the Food Service Fund is due to a Food Service receipt collected in the General Fund. The intrafund receivable in the After Care Program is due to an After Care receipt collected in the Food Service Fund in a prior year.

NOTE 14. 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
- Ameriprise

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

NOTE 15. 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 16. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2021, the District transferred \$480,584 to the capital outlay accounts. \$239,983 was transferred to equipment which did not require County Superintendent approval. The \$240,601 transferred to facilities acquisition and construction services was a Board approved withdrawal from Capital Reserve.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 17. COMMITMENTS AND CONTINGENCIES

Grant Programs

The District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The 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, 2021, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 717,270	\$ 31,747	\$ 749,017

On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$31,747 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 18. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type Activities as of June 30, 2021 consisted of the following:

	Governmental Funds	District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	Business-Type Activities Proprietary Funds
	General Fund	Special Revenue Fund		
Due to State of New Jersey Vendors		\$ 17,960	\$ 408,485	\$ 426,445
Payroll Deductions and Withholdings	\$ 43,334			43,334
Accrued Salaries and Wages	455,217	20,081		475,298
	\$ 498,551	\$ 38,041	\$ 408,485	\$ 945,077
				\$ 27,190

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 19. TAX ABATEMENTS

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

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

The Town of Newton recognized revenue in the amount of \$1,357,648 from seven payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2020 without the abatements would have been \$2,690,280 of which \$1,515,244 would have been for the local school tax.

NOTE 20. TUITION RESERVE ACCOUNT

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year tuition. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be restricted and budgeted for tax relief.

As of June 30, 2021, the District has \$780,328 in the tuition reserve for which \$571,514 and \$208,814 will be used to pay any tuition adjustments for the fiscal years ending June 30, 2022 and 2023, respectively.

NOTE 21. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students now under the Seamless Summer Option Program. The After Care Enterprise Fund has resumed operations starting in September 2021 after not being offered since March 2020 due to COVID-19 restrictions.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
 (Continued)

NOTE 22. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Student Activities Fund (which includes Athletic Activities) and Private Purpose Scholarship Trust Fund are now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows.

	June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 1,321,919	\$ 412,549	\$ 1,734,468
 <u>Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds:</u>			
Special Revenue Fund:			
Fund Balance - June 30	(114,817)	412,549	297,732

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION



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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0359669078%	0.0359246917%	0.0348857478%	0.0336168274%	0.0343840290%	0.0337729170%	0.0340596141%
District's proportionate share of the net pension liability	\$ 6,733,989	\$ 8,064,373	\$ 10,332,158	\$ 7,825,460	\$ 6,770,044	\$ 6,085,367	\$ 5,554,232
District's covered employee payroll	\$ 2,360,211	\$ 2,399,913	\$ 2,382,232	\$ 2,400,136	\$ 2,431,543	\$ 2,443,555	\$ 2,021,434
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	285.31%	336.03%	433.72%	326.04%	278.43%	249.04%	274.77%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 296,506	\$ 308,856	\$ 313,882	\$ 314,605	\$ 359,908	\$ 329,934	\$ 372,595
Contributions in relation to the contractually required contributor	(296,506)	(308,856)	(313,882)	(314,605)	(359,908)	(329,934)	(372,595)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,399,913	\$ 2,382,232	\$ 2,400,136	\$ 2,431,543	\$ 2,443,555	\$ 2,021,434	\$ 2,368,619
Contributions as a percentage of covered employee payroll	12.35%	12.96%	13.08%	12.94%	14.73%	16.32%	15.73%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.1148342805%	0.1155748610%	0.1156150713%	0.1194262175%	0.1230806725%	0.1240042191%	0.1221455166%
State's proportionate share of the net pension liability attributable to the District	\$ 61,375,185	\$ 73,048,248	\$ 90,950,176	\$ 80,521,462	\$ 78,301,280	\$ 76,102,560	\$ 80,431,353
District's covered employee payroll	\$ 11,700,126	\$ 12,148,503	\$ 12,579,678	\$ 12,978,597	\$ 12,973,564	\$ 13,371,248	\$ 13,299,085
State's proportionate share of the net pension liability as a percentage of its covered employee payroll	524.57%	601.29%	722.99%	620.42%	603.54%	569.15%	604.79%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contributor	\$ 3,302,561	\$ 4,460,253	\$ 6,833,640	\$ 5,578,119	\$ 4,564,691	\$ 4,488,732	\$ 5,001,564
Contributions in relation to the contractually required contribution	(624,840)	(925,660)	(1,296,340)	(1,812,544)	(2,438,863)	(2,679,119)	(3,542,226)
Contribution deficiency/(excess)	<u>\$ 2,677,721</u>	<u>\$ 3,534,593</u>	<u>\$ 5,537,300</u>	<u>\$ 3,765,575</u>	<u>\$ 2,125,828</u>	<u>\$ 1,809,613</u>	<u>\$ 1,459,338</u>
District's covered employee payroll	\$ 12,148,503	\$ 12,579,678	\$ 12,978,597	\$ 12,973,564	\$ 13,371,248	\$ 13,299,085	\$ 12,715,178
Contributions as a percentage of covered employee payroll	5.14%	7.36%	9.99%	13.97%	18.24%	20.15%	27.86%

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

SCHOOL DISTRICT OF THE TOWN OF NEWTON  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL  
OPEB LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS  
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 2,758,832	\$ 2,294,109	\$ 1,992,651
Interest	2,229,781	2,580,182	2,356,407
Differences between Expected and Actual Experience		(7,351,200)	(10,397,608)
Changes in Assumptions	(9,133,798)	(6,848,113)	787,868
Member Contributions	60,164	55,150	48,083
Gross Benefit Payments	(1,633,892)	(1,595,713)	(1,622,070)
Net Change in Total OPEB Liability	(5,718,913)	(10,865,585)	(6,834,669)
Total OPEB Liability - Beginning	76,260,442	70,541,529	59,675,944
Total OPEB Liability - Ending	<u>\$ 70,541,529</u>	<u>\$ 59,675,944</u>	<u>\$ 52,841,275</u>
District's Covered Employee Payroll *	\$ 14,961,910	\$ 15,378,733	\$ 15,405,107
Total OPEB Liability as a Percentage of Covered Employee Payroll	471%	388%	343%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES



TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 13,326,077		\$ 13,326,077	13,326,077	
Tuition from Other LEA's	6,454,987		6,454,987	6,513,694	\$ 58,707
Transportation Fees from LEA's	4,200		4,200	3,600	(600)
Rents and Royalties	20,000		20,000		(20,000)
Interest Earned on Capital Reserve Funds				852	852
Unrestricted Miscellaneous Revenue				61,658	61,658
<b>Total - Local Sources</b>	<b>19,805,264</b>		<b>19,805,264</b>	<b>19,905,881</b>	<b>100,617</b>
State Sources:					
School Choice Aid	21,112	\$ 730	21,842	21,842	
Extraordinary Aid	70,000		70,000	108,864	38,864
Extraordinary Aid - Excess Prior Year				7,470	7,470
Excess Nonpublic School Transportation Costs				2,114	2,114
Special Education Aid	596,193		596,193	596,193	
Equalization Aid	6,684,507	(462,301)	6,222,206	6,222,206	
Security Aid	221,598		221,598	221,598	
Transportation Aid	229,942		229,942	229,942	
Homeless Tuition Reimbursement				22,049	22,049
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,131,199	1,131,199
On-Behalf TPAF Pension Contributions (Non-Budgeted)				3,542,226	3,542,226
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				67,396	67,396
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,277	2,277
TPAF Social Security (Reimbursed - Non-Budgeted)				907,161	907,161
<b>Total State Sources</b>	<b>7,823,352</b>	<b>(461,571)</b>	<b>7,361,781</b>	<b>13,082,537</b>	<b>5,720,756</b>
Federal Sources:					
Medicaid Assistance Program	34,301		34,301	51,392	17,091
<b>Total - Federal Sources</b>	<b>34,301</b>		<b>34,301</b>	<b>51,392</b>	<b>17,091</b>
<b>Total Revenues</b>	<b>27,662,917</b>	<b>(461,571)</b>	<b>27,201,346</b>	<b>33,039,810</b>	<b>5,838,464</b>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
<b>REGULAR PROGRAMS - INSTRUCTION:</b>					
Preschool - Salaries of Teachers	\$ 386,878	\$ 549	\$ 549	\$ 549	\$ 1,100
Kindergarten - Salaries of Teachers	1,954,355	(8,691)	378,187	377,087	9,517
Grades 1-5 - Salaries of Teachers	1,565,020	(67,528)	1,886,827	1,877,310	1,369
Grades 6-8 - Salaries of Teachers	4,099,591	50,042	1,615,062	1,613,693	
Grades 9-12 - Salaries of Teachers		(144,906)	3,954,685	3,954,685	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	15,000	(12,180)	2,820	2,820	
Purchased Professional-Educational Services	10,700	(566)	10,134	500	9,634
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	95,898	(1,000)	94,898	94,876	22
Purchased Professional - Educational Services	263,548	(131,409)	132,139	130,975	1,164
Purchased Technical Services	137,635	110	137,745	136,671	1,074
Other Purchased Services (400-500 series)	78,950	32,606	111,556	102,508	9,048
General Supplies	241,984	279,273	521,257	265,099	256,158
Textbooks	60,077	(53,164)	6,913	6,913	
Other Objects	4,989	(3,033)	1,956	1,956	
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>8,914,625</b>	<b>(59,897)</b>	<b>8,854,728</b>	<b>8,565,642</b>	<b>289,086</b>
<b>SPECIAL EDUCATION - INSTRUCTION:</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	331,389	74,732	406,121	406,121	
Other Salaries for Instruction	152,091	(82,856)	69,235	69,235	
General Supplies	1,448		1,448	29	1,419
Other Objects	1,300		1,300	1,300	
<b>Total Learning and/or Language Disabilities</b>	<b>486,228</b>	<b>(8,124)</b>	<b>478,104</b>	<b>475,385</b>	<b>2,719</b>
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	186,415	(58,668)	127,747	127,747	
Other Salaries for Instruction	65,364	(25,201)	40,163	40,163	
General Supplies	550		550	550	
<b>Total Behavioral Disabilities</b>	<b>252,329</b>	<b>(83,869)</b>	<b>168,460</b>	<b>167,910</b>	<b>550</b>

**TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
<b>SPECIAL EDUCATION - INSTRUCTION:</b>					
Multiple Disabilities:					
Salaries of Teachers	\$ 223,840	\$ (53,103)	\$ 170,737	\$ 170,737	
Other Salaries for Instruction	72,484	(2,437)	70,047	67,787	\$ 2,260
General Supplies	5,406	(650)	4,756	593	4,163
Other Objects	3,500	(2,152)	1,348	1,058	290
<b>Total Multiple Disabilities</b>	<b>305,230</b>	<b>(58,342)</b>	<b>246,888</b>	<b>240,175</b>	<b>6,713</b>
Resource Room/Resource Center:					
Salaries of Teachers	798,071	(10,408)	787,663	787,663	
Other Salaries for Instruction	145,106	9,928	155,034	155,034	
General Supplies	1,550	(750)	800	270	530
Textbooks	500	(500)			
<b>Total Resource Room/Resource Center</b>	<b>945,227</b>	<b>(1,730)</b>	<b>943,497</b>	<b>942,967</b>	<b>530</b>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	153,834	78,815	232,649	232,649	
Other Salaries for Instruction	83,358	10,944	94,302	94,302	
<b>Total Preschool Disabilities - Part-Time</b>	<b>237,192</b>	<b>89,759</b>	<b>326,951</b>	<b>326,951</b>	
Home Instruction:					
Salaries of Teachers	3,600	(3,600)			
<b>Total Home Instruction</b>	<b>3,600</b>	<b>(3,600)</b>			
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>2,229,806</b>	<b>(65,906)</b>	<b>2,163,900</b>	<b>2,153,388</b>	<b>10,512</b>
Bilingual Education - Instruction:					
Salaries of Teachers	143,075	(51,754)	91,321	91,321	
Other Salaries for Instruction	83,047	88,955	172,002	172,002	
<b>Total Bilingual Education - Instruction</b>	<b>226,122</b>	<b>37,201</b>	<b>263,323</b>	<b>263,323</b>	

**TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
School Sponsored Cocurricular Activities:					
Salaries	\$ 180,847	\$ (724)	\$ 180,123	\$ 150,173	\$ 29,950
Purchased Services (300-500 Series)	19,715	(10,393)	9,322	9,322	
Supplies and Materials	2,500	(1,891)	609	609	
Other Objects	3,050	(2,135)	915	915	
Total School-Sponsored Cocurricular Activities	206,112	(15,143)	190,969	161,019	29,950
School-Sponsored Athletics:					
Salaries	533,958	2,130	536,088	519,352	16,736
Purchased Services (300-500 Series)	50,225	(4,000)	46,225	36,011	10,214
Supplies and Materials	47,567	4,000	51,567	50,764	803
Other Objects	29,000		29,000	15,640	13,360
Transfers to Cover Deficit (Agency Funds)	37,000	(4,400)	32,600	32,600	
Total School-Sponsored Athletics	697,750	(2,270)	695,480	654,367	41,113
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Reading Specialists	280,768	(96,269)	184,499	117,883	66,616
Total Other Supplemental/ At-Risk Programs - Instruction	280,768	(96,269)	184,499	117,883	66,616
Total Instruction	12,555,183	(202,284)	12,352,899	11,915,622	437,277
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular		12,641	12,641	12,641	
Tuition to Other LEA's Within the State - Special	112,870	32,601	145,471	141,632	3,839
Tuition to County Vo. School District-Regular	58,459	(10,498)	47,961	47,464	497
Tuition to CSSD and Regular Day Schools	52,569	(744)	51,825	51,792	33
Tuition to Private Schools for the Handicapped Within State	179,297	(47,347)	131,950	131,950	
Tuition to Private Schools for the Handicapped Outside State		30,095	30,095	29,143	952
Tuition - State Facilities	22,553		22,553	22,553	
Total Undistributed Expenditures - Instruction	425,748	16,748	442,496	437,175	5,321

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	\$ 187,455	\$ (2,978)	\$ 184,477	\$ 184,477	
Supplies and Materials	200	(200)			
Total Undistributed Expenditures - Attendance and Social Work Services	<u>187,655</u>	<u>(3,178)</u>	<u>184,477</u>	<u>184,477</u>	
Undistributed Expenditures - Health Services:					
Salaries	233,599	69,185	302,784	300,998	\$ 1,786
Purchased Professional and Technical Services	19,050	345	19,395	19,295	100
Supplies and Materials	7,677	2,737	10,414	9,559	855
Total Undistributed Expenditures - Health Services	<u>260,326</u>	<u>72,267</u>	<u>332,593</u>	<u>329,852</u>	<u>2,741</u>
Undist. Expend. - Speech, OT, PT and Related Services:					
Salaries	202,153	241	202,394	196,842	5,552
Purchased Professional - Educational Services	267,783	(106,000)	161,783	106,440	55,343
Supplies and Materials	1,700		1,700	1,426	274
Total Undist. Expend. - Speech, OT, PT and Related Services	<u>471,636</u>	<u>(105,759)</u>	<u>365,877</u>	<u>304,708</u>	<u>61,169</u>
Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services:					
Salaries	681,574	(129,737)	551,837	514,616	37,221
Purchased Professional - Educational Services	68,058	(24,876)	43,182	43,182	
Supplies and Materials	645	1,144	1,789	1,630	159
Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Serv.	<u>750,277</u>	<u>(153,469)</u>	<u>596,808</u>	<u>516,246</u>	<u>80,562</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	531,488	(17,308)	514,180	514,180	
Salaries of Secretarial and Clerical Assistants	38,776		38,776	38,776	
Purchased Professional - Educational Services	2,200	107	2,307	2,307	
Other Purchased Professional and Technical Services	2,000	912	2,912	1,662	1,250
Other Purchased Services	1,500	(989)	511	511	
Supplies and Materials	3,250	2,974	6,224	5,102	1,122
Other Objects	2,200	(1,550)	650	650	
Total Undist. Expend. - Guidance	<u>581,414</u>	<u>(15,854)</u>	<u>565,560</u>	<u>563,188</u>	<u>2,372</u>

**TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	\$ 473,459	\$ 13,755	\$ 487,214	\$ 487,214	
Other Purchased Professional and Technical Services	115,458	500	115,958	115,958	
Other Purchased Services	2,500	(2,500)			
Supplies and Materials	7,820		7,820	4,623	\$ 3,197
Other Objects	5,000		5,000	4,262	738
	1,150		1,150	920	230
Total Undist. Expend. - Child Study Teams	605,387	11,755	617,142	612,977	4,165
Undist. Expend. - Improvement of Instructional Services					
Salaries of Other Professional Staff	12,500	7,983	20,483	20,483	
Total Undist. Expend. - Improvement of Instructional Services	12,500	7,983	20,483	20,483	
Undist. Expend. - Educational Media Services/School Library:					
Salaries	140,506	2,650	143,156	143,156	
Salaries of Technology Coordinators	63,977		63,977	63,977	
Unused Vacation Payment to Terminated / Retired Staff	1,656	(1,656)			
Supplies and Materials	14,500	496	14,996	14,203	793
Total Undist. Expend. - Educational Media Services/School Library	220,639	1,490	222,129	221,336	793
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Other Professional Staff	24,395	57	24,452	24,452	
Other Purchased Services	2,500	(935)	1,565	1,565	
Supplies and Materials	250		250	250	
Other Objects	500		500	500	
Total Undist. Expend. - Instructional Staff Training Services	27,645	(878)	26,767	24,452	2,315
Undist. Expend. - Support Services - General Administration:					
Salaries	246,215		246,215	245,916	299
Legal Services	32,500	42,423	74,923	74,632	291

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd.)					
Audit Fees	\$ 35,800	\$ 8,200	\$ 44,000	44,000	
Other Purchased Professional Services	5,000	(104)	4,896	4,896	
Communications/Telephone	66,918	(31,052)	35,866	21,818	\$ 14,048
BOE Other Purchased Services	8,116	(2,750)	5,366	1,500	3,866
Other Purchased Services	97,881	(4,271)	93,610	91,068	2,542
General Supplies	2,100	145	2,245	734	1,511
BOE In-House Training/Meeting Supplies	708		708	223	485
Judgments Against the School District		34,660	34,660	29,660	5,000
Miscellaneous Expenditures	4,320		4,320	3,219	1,101
BOE Membership Dues and Fees	12,000		12,000	11,361	639
Total Undist. Expend. - Support Services - General Administration	511,558	47,251	558,809	529,027	29,782
Undist. Expend. - Support Serv. - School Administration:					
Salaries of Principals/Assistant Principals	833,071		833,071	832,950	121
Salaries of Other Professional Staff	265,565	36,976	302,541	302,540	1
Salaries of Secretarial and Clerical Assistants	234,117	(500)	233,617	233,617	
Unused Vacation Payment to Terminated / Retired Staff	20,000	5,136	25,136	25,136	
Purchased Professional and Technical Services		27,192	27,192		27,192
Other Purchased Services	800	(338)	462	257	205
Supplies and Materials	4,100	8,749	12,849	7,546	5,303
Other Objects	16,684	6,075	22,759	20,075	2,684
Total Undist. Expend. - Support Serv. - School Administration	1,374,337	83,290	1,457,627	1,422,121	35,506
Undist. Expend. - Central Services:					
Salaries	364,428	22,202	386,630	386,630	
Purchased Professional Services	9,250	(4,320)	4,930	4,930	
Miscellaneous Purchased Services	9,090	(1,871)	7,219	6,056	1,163
Supplies and Materials	4,250	(17)	4,233	3,593	640
Interest on Lease Purchase Agreement:		4,429	4,429	4,429	
Miscellaneous Expenditures	13,255	(202)	13,053	12,836	217
Total Undist. Expend. - Central Services	400,273	20,221	420,494	418,474	2,020

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Administrative Information Technology					
Salaries	\$ 126,707	\$ 301	\$ 127,008	\$ 127,008	
Unused Vacation Payment to Terminated / Retired Staff	98,153	7,908	7,908	7,908	
Purchased Technical Services	2,994	14,357	112,510	99,689	\$ 12,821
Supplies and Materials	227,854	1,269	4,263	4,263	
Total Undist. Expend. - Administrative Information Technology		23,835	251,689	238,868	12,821
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	260,793	(2,249)	258,544	254,046	4,498
Unused Vacation Payment to Terminated / Retired Staff	110,782	8,395	8,395	8,395	
Cleaning, Repair and Maintenance Services	92,664	(3,503)	107,279	85,149	22,130
General Supplies	3,200	(40,974)	51,690	44,014	7,676
Other Objects	467,439	3,200	3,200	2,381	819
Total Undist. Expend. - Required Maintenance for School Facilities		(38,331)	429,108	393,985	35,123
Undist. Expend. - Custodial Services:					
Salaries	663,056	8,820	671,876	671,193	683
Salaries of Non-Instructional Aides	43,622	5,853	49,475	47,771	1,704
Unused Vacation Payment to Terminated/Retired Staff	3,000	(1,500)	1,500	1,500	
Purchased Professional and Technical Services	4,000	982	4,982	4,982	
Cleaning, Repair and Maintenance Services	37,200	(488)	36,712	35,390	1,322
Lease Purchase Payments- Energy Savings Improvement Program	32,052	75,147	75,147	75,147	
Other Purchased Property Services	103,236	(5,183)	26,869	26,255	614
Insurance	63,500	11,527	114,763	114,763	
General Supplies	150,413	(8,855)	54,645	50,738	3,907
Energy (Natural Gas)	179,750	10,323	160,736	156,858	3,878
Energy (Electricity)	10,000	(40,550)	139,200	139,200	
Other Objects	1,289,829	3,888	13,888	13,888	
Total Undist. Expend. - Custodial Services		59,964	1,349,793	1,336,185	13,608



TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	\$ 21,540	\$ (1,000)	\$ 20,540	\$ 19,540	\$ 1,000
Cleaning, Repair, and Maintenance Services	23,900	(12,732)	11,168	10,473	695
General Supplies	11,938	(8,870)	3,068	2,568	500
Total Undist. Expend. - Care and Upkeep of Grounds	<u>57,378</u>	<u>(22,602)</u>	<u>34,776</u>	<u>32,581</u>	<u>2,195</u>
Undist. Expend. - Security:					
Salaries	141,541	3,730	145,271	141,581	3,690
General Supplies	3,100	(2,812)	288	288	
Total Undist. Expend. - Security	<u>144,641</u>	<u>918</u>	<u>145,559</u>	<u>141,869</u>	<u>3,690</u>
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	88,383	(11,938)	76,445	72,931	3,514
Between Home and School - Special Education	31,110	1,735	32,845	32,844	1
Other than Between Home and School	47,441	(6,415)	41,026	25,732	15,294
Unused Vacation Payment to Terminated/ Retired Staff	5,464		5,464	5,464	
Management Fees - ESC Transportation Programs	18,000		18,000	10,153	7,847
Cleaning, Repair and Maintenance Services:	55,000	(2,400)	52,600	29,011	23,589
Contracted Services:					
Aid in Lieu of Payments for Nonpublic School Students	25,000		25,000	9,448	15,552
Other than Between Home and School - Vendors	21,750	(3,028)	18,722	16,920	1,802
Between Home and School - Joint Agreements	84,921	(47,877)	37,044	31,766	5,278
Special Education Students - Vendors	407,000	(22,690)	384,310	228,871	155,439
Miscellaneous Purchased Services - Transportatior	25,700	11,527	37,227	36,727	500
Supplies and Materials	10,000		10,000	2,136	7,864
Other Objects	24,077	(2,124)	21,953	14,699	7,254
Total Undist. Expend. - Student Transportation Services	<u>843,846</u>	<u>(83,210)</u>	<u>760,636</u>	<u>516,702</u>	<u>243,934</u>
Unallocated Benefits:					
Group Insurance	36,000	(36,000)			
Social Security Contributions	416,000	(36,055)	379,945	306,963	72,982

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Unallocated Benefits: (Cont'd)					
Other Retirement Contribution - PERS	\$ 350,000	\$ 22,595	\$ 372,595	\$ 372,595	
Other Retirement Contribution - Regular	43,400	(1,611)	41,789	37,468	\$ 4,321
Unemployment Compensation	80,000		80,000	57,399	22,601
Workmen's Compensation	205,031	(21,014)	184,017	184,017	
Health Benefits	4,979,850	(459,768)	4,520,082	4,318,213	201,869
Tuition Reimbursement	28,000		28,000	28,000	
Other Employee Benefits	150,000	33,010	183,010	173,154	9,856.00
Unused Sick Payment to Terminated/ Retired Staff	42,010	(2,010)	40,000	21,825	18,175
Total Unallocated Benefits	6,330,291	(500,853)	5,829,438	5,499,634	329,804
<b>ON-BEHALF CONTRIBUTIONS:</b>					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,131,199	(1,131,199)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				3,542,226	(3,542,226)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				67,396	(67,396)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,277	(2,277)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				907,161	(907,161)
TOTAL ON-BEHALF CONTRIBUTIONS				5,650,259	(5,650,259)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	6,330,291	(500,853)	5,829,438	11,149,893	(5,320,455)
TOTAL UNDISTRIBUTED EXPENDITURES	15,190,673	(578,412)	14,612,261	19,394,599	(4,782,338)
TOTAL GENERAL CURRENT EXPENSE	27,745,856	(780,696)	26,965,160	31,310,221	(4,345,061)
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Grades 6-8		4,000	4,000	4,000	4,000
Grades 9-12	7,000	11,395	18,395	9,438	8,957
School-Sponsored/Athletics		8,400	8,400	8,400	
Undistributed:					
Instruction	2,423		2,423	2,423	
Child Study Team		6,618	6,618		6,618

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY: (Cont'd)</b>					
Equipment: (Cont'd)					
Undistributed: (Cont'd)					
Security	\$ 109,302	\$ 207,170	\$ 207,170	\$ 6,150	\$ 201,020
School Buses - Regular		2,400	111,702	111,702	
Total Equipment	118,725	239,983	358,708	138,113	220,595
<b>Facilities Acquisition and Construction Services:</b>					
Architectural/Engineering Services	31,475	29,950	61,425	61,425	
Other Purchased Prof. and Tech Services	74,000	(74,000)			
Construction Services	841,314	2,401	843,715	345,392	498,323
Supplies and Materials	13,500	(13,500)			
Other Objects - Assessment for Debt Service on SDA Funding	37,614		37,614	37,614	
Lease Purchase Agreement - Principal		295,750	295,750	220,603	75,147
Total Facilities Acquisition and Construction Services	997,903	240,601	1,238,504	665,034	573,470
<b>TOTAL CAPITAL OUTLAY</b>	1,116,628	480,584	1,597,212	803,147	794,065
Transfer of Funds to Charter Schools	204,886	(17,350)	187,536	159,630	27,906
<b>TOTAL EXPENDITURES</b>	29,067,370	(317,462)	28,749,908	32,272,998	(3,523,090)
Excess/(Deficit) of Revenues Over/(Under) Expenditures:	(1,404,453)	(144,109)	(1,548,562)	766,812	2,315,374
<b>Other Financing Uses:</b>					
Operating Transfer Out - Preschool Education Expansion Aid	(60,000)	(96,492)	(156,492)	(153,792)	2,700
Total Other Financing Uses	(60,000)	(96,492)	(156,492)	(153,792)	2,700
Excess/(Deficit) of Revenues Over/(Under) Expenditures and Other Financing Uses	(1,464,453)	(240,601)	(1,705,054)	613,020	2,318,074
Fund Balance, July 1	2,964,471		2,964,471	2,964,471	
Fund Balance, June 30	\$ 1,500,018	\$ (240,601)	\$ 1,259,417	\$ 3,577,491	\$ 2,318,074

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve	\$ 1,109,094				
Maintenance Reserve	136,820				
Tuition Reserve - Restricted for 2022-2023	208,814				
Tuition Reserve - Restricted for 2021-2022	571,514				
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	250,000				
Year End Encumbrances	717,270				
Unassigned Fund Balance	583,979				
				3,577,491	
Reconciliation to Governmental Funds Statement (GAAP)					
Last State Aid Payments not Recognized on GAAP basis				(718,064)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,859,427	

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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		\$ 106,954	\$ 303,631	\$ 269,841	\$ (33,790)
State Sources	\$ 1,881,697	(175,564)	1,706,133	1,408,067	(298,066)
Federal Sources	990,230	1,420,431	2,410,661	1,356,160	(1,054,501)
<b>Total Revenues</b>	<u>2,871,927</u>	<u>1,351,821</u>	<u>4,420,425</u>	<u>3,034,068</u>	<u>(1,386,357)</u>
<b>Other Financing Sources:</b>					
Transfer In - Board Contribution - General Fund	60,000	93,792	153,792	153,792	
<b>Total Revenues and Other Financing Sources</b>	<u>2,931,927</u>	<u>1,445,613</u>	<u>4,574,217</u>	<u>3,187,860</u>	<u>(1,386,357)</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	554,485	301,983	856,468	368,688	487,780
Other Salaries for Instruction	150,018	156,397	306,415	199,309	107,106
Purchased Professional and Technical Services		6,000	6,000	1,234	4,766
Other Purchased Services		17,017	17,017	8,800	8,217
Tuition	318,867	87,920	406,787	406,787	
General Supplies	59,916	303,799	363,715	253,470	110,245
Other Objects		50,157	50,157	36,756	13,401
<b>Total Instruction</b>	<u>1,083,286</u>	<u>923,273</u>	<u>2,006,559</u>	<u>1,275,044</u>	<u>731,515</u>
<b>Support Services:</b>					
Salaries of Other Professional Staff	137,023	176,686	313,709	169,170	144,539
Other Salaries	200,884	(68,651)	132,233	124,423	7,810
Personal Services - Employee Benefits	231,375	23,600	254,975	197,492	57,483
Purchased Professional and Technical Services	20,592	243,315	263,907	118,370	145,537
Purchased Education Services - Contracted Pre-K	659,655	(47,420)	612,235	612,235	
Purchased Education Services - Head Start	121,500	(15,147)	106,353	106,353	
Other Purchased Professional - Educational Services	39,934	189,423	229,357	4,356	225,001
Other Purchased Professional Services	50,000	(19,322)	30,678	10,204	20,474
Cleaning, Repair and Maintenance Services	15,000	(7,619)	7,381	7,381	
Rentals	85,000	13,852	98,852	95,084	3,768
Other Purchased Services	76,279	34,809	111,088	90,750	20,338
Contract Services-Transportation (Between Home and Sch)	20,000	(18,000)	2,000		2,000
.	15,000	(6,474)	8,526		8,526
Travel	10,000	(7,500)	2,500		2,500
Miscellaneous Purchased Services		8,575	8,575	7,057	1,518
Supplies and Materials	91,399	44,083	135,482	126,763	8,719
Other Objects	25,000	23,813	48,813	46,029	2,784
Student Activities		225,806	225,806	225,806	
Scholarships Awarded		15,230	15,230	15,230	
<b>Total Support Services</b>	<u>1,798,641</u>	<u>809,059</u>	<u>2,607,700</u>	<u>1,956,703</u>	<u>650,997</u>
<b>Facilities Acquisition:</b>					
Non-Instructional Equipment	50,000	(45,683)	4,317	472	3,845
<b>Total Facilities Acquisition</b>	<u>50,000</u>	<u>(45,683)</u>	<u>4,317</u>	<u>472</u>	<u>3,845</u>
<b>Total Expenditures</b>	<u>\$ 2,931,927</u>	<u>\$ 1,686,649</u>	<u>\$ 4,618,576</u>	<u>\$ 3,232,219</u>	<u>\$ 1,386,357</u>

TOWN OF NEWTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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" and Other Financing Sources from the Budgetary Comparison Schedule	\$ 33,039,810	\$ 3,187,860
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(31,747)
Cancellation of Prior Year Encumbrances		(29,832)
Prior Year Encumbrances		54,357
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	698,574	114,817
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(718,064)	(140,923)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 33,020,320	\$ 3,154,532
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 32,272,998	\$ 3,232,219
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(31,747)
Cancellation of Prior Year Encumbrances		(29,832)
Prior Year Encumbrances		54,357
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 32,272,998	\$ 3,224,997

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, 2021 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 except for student activities and scholarships. 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 and the special revenue funds 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, 2021

	21st Century CCLC				Carl D. Perkins - Secondary	I.D.E.A.			
	FY21		FY20			FY21		FY20	
REVENUES:									
Local Sources									
State Sources									
Federal Sources									
Total Revenues	\$ 290,312	\$ 88,532	\$ 13,994	\$ 410,623	\$ 6,133	\$ 3,485	\$ 3,221		
	290,312	88,532	13,994	410,623	6,133	3,485	3,221		
Other Financing Sources:									
Transfer In - Board Contribution - General Fund									
Total Revenues and Other Financing Sources	290,312	88,532	13,994	410,623	6,133	3,485			
EXPENDITURES:									
Instruction:									
Salaries of Teachers	43,681	23,451							
Other Salaries for Instruction	44,225	3,757							
Purchased Professional and Technical Services	1,234								
Other Purchased Services	8,800								
Tuition				406,066	721				
General Supplies	6,378	59,685	3,875	1,637	3,374	2,685	1,062		
Other Objects	1,000								
Total Instruction	105,318	86,893	3,875	407,703	4,095	2,685	1,062		
Support Services:									
Salaries of Other Professional Staff	92,435		9,030						
Other Salaries	6,167								
Personal Services - Employee Benefits	32,668	1,639	499						
Purchased Professional and Technical Services	20,375								
Purchased Educational Services - Contracted Pre-K									
Purchased Educational Services - Head Start									
Other Purchased Professional - Educational Services									
Other Purchased Professional Services									
Cleaning, Repair and Maintenance Services									
Rentals									
Other Purchased Services	33,349		590						
Miscellaneous Purchased Services				2,920	2,038	800	2,159		
Supplies and Materials									
Other Objects									
Student Activities									
Scholarships Awarded									
Total Support Services	184,994	1,639	10,119	2,920	2,038	800	2,159		
Facilities Acquisition:									
Non-Instructional Equipment									
Total Facilities Acquisition									
Total Expenditures	\$ 290,312	\$ 88,532	\$ 13,994	\$ 410,623	\$ 6,133	\$ 3,485	\$ 3,221		

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	CARES						Elementary and Secondary Education Act					
	Title I		Title I SIA		Title I Reallocated		FY21		FY20		FY20	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
REVENUES:												
Local Sources												
State Sources												
Federal Sources												
Total Revenues	\$ 161,754	\$ 183,928	\$ 183,928	\$ 19,114	\$ 12,700	\$ 553	\$ 23,799	\$ 354				
	161,754	183,928	183,928	19,114	12,700	553	23,799	354				
Other Financing Sources:												
Transfer In - Board Contribution - General Fund												
Total Revenues and Other Financing Sources	161,754	183,928	183,928	19,114	12,700	553	23,799	354				
EXPENDITURES:												
Instruction:												
Salaries of Teachers			30,310	9,147								
Other Salaries for Instruction			44,364									
Purchased Professional and Technical Services												
Other Purchased Services												
Tuition												
General Supplies	8,118	92,201		8,294	12,700	553	23,799	354				
Other Objects												
Total Instruction	8,118	166,875		17,441	12,700	553	23,799	354				
Support Services:												
Salaries of Other Professional Staff												
Other Salaries												
Personal Services - Employee Benefits		5,402		830								
Purchased Professional and Technical Services		1,820										
Purchased Educational Services - Contracted Pre-K												
Purchased Educational Services - Head Start												
Other Purchased Professional - Educational Services												
Other Purchased Professional Services												
Cleaning, Repair and Maintenance Services												
Rentals												
Other Purchased Services	14,978											
Miscellaneous Purchased Services												
Supplies and Materials	48,158	9,831		843								
Other Objects												
Student Activities												
Scholarships Awarded												
Total Support Services	153,636	17,053		1,673								
Facilities Acquisition:												
Non-Instructional Equipment												
Total Facilities Acquisition												
Total Expenditures	\$ 161,754	\$ 183,928	\$ 19,114	\$ 12,700	\$ 553	\$ 23,799	\$ 354					

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Act (Cont'd)					
	Title II A		Title III		Title III Immigrant	
	FY21	FY20	FY21	FY20	FY21	FY20
REVENUES:						
Local Sources						
State Sources						
Federal Sources						
Total Revenues	\$ 92,013	\$ 1,844	\$ 13,229	\$ 1,836	\$ 6,739	\$ 554
	92,013	1,844	13,229	1,836	6,739	554
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						
Total Revenues and Other Financing Sources	92,013	1,844	13,229	1,836	6,739	554
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional and Technical Services						
Other Purchased Services						
Tuition						
General Supplies						
Other Objects						
Total Instruction			13,229	1,836	6,739	554
Support Services:						
Salaries of Other Professional Staff						
Other Salaries						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Purchased Educational Services - Contracted Pre-K						
Purchased Educational Services - Head Start						
Other Purchased Professional - Educational Services						
Other Purchased Professional Services						
Cleaning, Repair and Maintenance Services						
Rentals						
Other Purchased Services						
Miscellaneous Purchased Services						
Supplies and Materials						
Other Objects						
Student Activities						
Scholarships Awarded						
Total Support Services						
Facilities Acquisition:						
Non-Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 92,013	\$ 1,844	\$ 13,229	\$ 1,836	\$ 6,739	\$ 554

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Act (Cont'd)		Private Donations	Student Activities Fund	Scholarship Fund	Totals
	FY21	FY20				
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 4,162	\$ 655	\$ 73,164	\$ 196,413	\$ 264	\$ 269,841
Total Revenues	4,162	655	73,164	196,413	264	3,034,068
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						
Total Revenues and Other Financing Sources	4,162	655	73,164	196,413	264	3,187,860
EXPENDITURES:						
Instruction:						
Salaries of Teachers			4,000			368,688
Other Salaries for Instruction						199,309
Purchased Professional and Technical Services						1,234
Other Purchased Services						8,800
Tuition						406,787
General Supplies	4,162		1,029			253,470
Other Objects			31,881			36,756
Total Instruction	4,162		36,910			1,275,044
Support Services:						
Salaries of Other Professional Staff						169,170
Other Salaries						124,423
Personal Services - Employee Benefits						197,492
Purchased Professional and Technical Services						118,370
Purchased Educational Services - Contracted Pre-K						612,235
Purchased Educational Services - Head Start						106,353
Other Purchased Professional - Educational Services						4,356
Other Purchased Professional Services			2,259			10,204
Cleaning, Repair and Maintenance Services						7,381
Rentals						95,084
Other Purchased Services			33,995			90,750
Miscellaneous Purchased Services						7,057
Supplies and Materials		655				126,763
Other Objects						46,029
Student Activities						225,806
Scholarships Awarded						15,230
Total Support Services		655	36,254	225,806	15,230	1,956,703
Facilities Acquisition:						
Non-Instructional Equipment						472
Total Facilities Acquisition						472
Total Expenditures	\$ 4,162	\$ 655	\$ 73,164	\$ 225,806	\$ 15,230	\$ 3,232,219

SCHOOL DISTRICT OF THE TOWN OF NEWTON  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 258,099	\$ 258,099	
Other Salaries for Instruction	107,709	106,963	\$ 746
General Supplies	5,097	5,081	16
<b>Total Instruction</b>	<u>370,905</u>	<u>370,143</u>	<u>762</u>
<b>Support Services:</b>			
Salaries of Program Directors	1,145		1,145
Salaries of Other Professional Staff	67,705	67,705	
Other Salaries	118,360	118,256	104
Salaries of Community Parent Involvement Spec.	1,747		1,747
Salaries of Master Teachers	2,000		2,000
Personal Services – Employee Benefits	156,454	156,454	
Purchased Educational Services - Contracted Pre-K	612,235	612,235	
Purchased Education Services - Head Start	106,353	106,353	
Purchased Professional - Educational Services	4,356	4,356	
Other Purchased Professional Services	7,945	7,945	
Cleaning, Repair, and Maintenance Services	7,381	7,381	
Rentals	98,852	95,084	3,768
Contractual Services - Transportation (Between Home and School)	2,000		2,000
Contractual Services - Transportation (Field Trips)	2,500		2,500
Travel	2,500		2,500
Miscellaneous Purchased Services	8,570	7,057	1,513
Supplies and Materials	10,544	8,395	2,149
Other Objects	2,807	23	2,784
<b>Total Support Services</b>	<u>1,213,454</u>	<u>1,191,244</u>	<u>22,210</u>
<b>Equipment:</b>			
Noninstructional Equipment	472	472	
<b>Total Equipment</b>	<u>472</u>	<u>472</u>	
<b>Total Expenditures</b>	<u>\$ 1,584,831</u>	<u>\$ 1,561,859</u>	<u>\$ 22,972</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2020-2021 Preschool Education Aid Allocation	\$ 1,431,039
Actual Preschool Expansion Aid Carryover (June 30, 2020)	273,412
Add: Budgeted Transfer from General Fund 2020-2021	153,792
Add: Budgeted Tuition 2020-2021	-0-
<b>Total Preschool Education Aid Funds Available for 2019-2020</b>	<u>1,858,243</u>
Less: 2020-2021 Budgeted Preschool Education Expansion Aid Funds	(1,584,831)
<b>Available &amp; Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2021</b>	<u>273,412</u>
Add: June 30, 2021 Unexpended Preschool Education Expansion Aid	22,972
Add: Cancellation of Prior Year Encumbrances	1,682
Less: 2020-2021 Commissioner Approved Transfer to the General Fund	-0-
<b>2020-2021 Carryover - Preschool Education Expansion Aid</b>	<u>\$ 298,066</u>
<b>2020-2021 Carryover - Preschool Education Expansion Aid</b>	
Budgeted for Preschool Programs in 2021-2022	<u>\$ -0-</u>

CAPITAL PROJECTS FUND

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, 2021

Expenditures and Other Financing Uses:	
Construction Services	\$ 1,257,849
Cancellation of Lease Purchase Proceeds	130,028
	<hr/>
Total Expenditures and Other Financing Uses	1,387,877
	<hr/>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(1,387,877)
Fund Balance - Beginning of Year	3,024,128
	<hr/>
Fund Balance - End of Year	\$ 1,636,251
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed	\$ 1,636,251
	<hr/>
Total Fund Balance - Budgetary Basis/GAAP Basis	\$ 1,636,251
	<hr/> <hr/>

TOWN OF NEWTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
REPLACEMENT TELEPHONE SYSTEM AND SCHOOL BUS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Purchase Agreement Proceeds	\$ 200,000	\$ (2,035)	\$ 197,965	\$ 197,965
Total Revenue and Other Financing Sources	<u>200,000</u>	<u>(2,035)</u>	<u>197,965</u>	<u>197,965</u>
Expenditures:				
General Supplies				
Equipment	197,965		197,965	197,965
Total Expenditures	<u>197,965</u>		<u>197,965</u>	<u>197,965</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 2,035</u>	<u>\$ (2,035)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 200,000
Project Balance Cancelled	(2,035)
Revised Authorized Cost	<u>\$ 197,965</u>
Percentage Decrease over Original Authorized Cost	-1.02%
Percentage Completion	100.00%
Original Target Completion Date	06/20
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  
ACQUISITION OF THE EARLY CHILDHOOD MODULAR BUILDING  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Purchase Agreement Proceeds	\$ 845,758	\$ (127,993)	\$ 717,765	\$ 717,765
Total Revenue and Other Financing Sources	<u>845,758</u>	<u>(127,993)</u>	<u>717,765</u>	<u>717,765</u>
Expenditures:				
Construction Services		<u>717,765</u>	<u>717,765</u>	<u>717,765</u>
Total Expenditures		<u>717,765</u>	<u>717,765</u>	<u>717,765</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 845,758</u>	<u>\$ (845,758)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
 <u>Additional Project Information:</u>				
Project Numbers		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	\$ 845,758			
Project Balance Cancelled	<u>(127,993)</u>			
Revised Authorized Cost	<u>\$ 717,765</u>			
Percentage Decrease over Original Authorized Cost		-15.13%		
Percentage Completion		100.00%		
Original Target Completion Date		06/21		
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  
ENERGY SAVINGS IMPROVEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Lease Purchase Agreement Proceeds	\$ 2,176,335		\$ 2,176,335	\$ 2,176,335
Total Revenue and Other Financing Sources	2,176,335		2,176,335	2,176,335
Expenditures:				
Construction Services		\$ 540,084	540,084	2,176,335
Total Expenditures		540,084	540,084	2,176,335
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 2,176,335	\$ (540,084)	\$ 1,636,251	\$ -0-
 <u>Additional Project Information:</u>				
Project Numbers	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 2,716,335			
Project Balance Cancelled	-0-			
Revised Authorized Cost	\$ 2,716,335			
Percentage Decrease over Original Authorized Cost	0%			
Percentage Completion	25%			
Original Target Completion Date	06/21			
Revised Target Completion Date	02/22			

PROPRIETARY FUNDS

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2021

	<u>Major Fund</u> Food Service	<u>Non-Major Fund</u> After Care Program	<u>Total</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 158,467	\$ 1,900	\$ 160,367
Interfund Receivable - General Fund	453		453
Intrafund Receivable - Food Service Fund		250	250
Intergovernmental Accounts Receivable:			
Federal	90,833		90,833
Inventories	10,545		10,545
Total Current Assets	<u>260,298</u>	<u>2,150</u>	<u>262,448</u>
Non-Current Assets:			
Capital Assets	221,538		221,538
Less: Accumulated Depreciation	(173,701)		(173,701)
Total Non-Current Assets	<u>47,837</u>		<u>47,837</u>
Total Assets	<u>308,135</u>	<u>2,150</u>	<u>310,285</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	27,190		27,190
Payable to State Government	103		103
Payable to Federal Government	12,080		12,080
Intrafund Payable - After Care Program	250		250
Unearned Revenue - Donated Commodities	3,535		3,535
Unearned Revenue - Prepaid Sales	9,074		9,074
Total Current Liabilities	<u>52,232</u>		<u>52,232</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	47,837		47,837
Unrestricted	208,066	2,150	210,216
Total Net Position	<u>\$ 255,903</u>	<u>\$ 2,150</u>	<u>\$ 258,053</u>

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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>
Operating Revenue:			
Local Sources:			
Other Income	\$ 4,284	\$ 829	5,113
Special Events	498		498
Total Operating Revenue	<u>4,782</u>	<u>829</u>	<u>5,611</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	107,705		107,705
Salaries, Benefits & Payroll Taxes	125,727		125,727
Other Purchased Services	4,500	1,300	5,800
Supplies, Insurance and Other Costs	8,624		8,624
Management Fee	54,000		54,000
Miscellaneous Expenses	25,844		25,844
Depreciation Expense	11,484		11,484
Total Operating Expenses	<u>337,884</u>	<u>1,300</u>	<u>339,184</u>
Operating Loss	<u>(333,102)</u>	<u>(471)</u>	<u>(333,573)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	338	7	345
Federal Sources:			
Summer Food Service Program	343,281		343,281
Food Distribution Program	13,775		13,775
Total Non-Operating Revenue	<u>357,394</u>	<u>7</u>	<u>357,401</u>
Change in Net Position Before Other Item	24,292	(464)	23,828
Other Item:			
Cancellation of Prior Year Accounts Receivable		(12,163)	(12,163)
Change in Net Position After Other Item	24,292	(12,627)	11,665
Net Position - Beginning of Year	<u>231,611</u>	<u>14,777</u>	<u>246,388</u>
Net Position - End of Year	<u>\$ 255,903</u>	<u>\$ 2,150</u>	<u>\$ 258,053</u>

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service	After Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 36,302	\$ 829	\$ 37,131
Payments to Food Service Contractor	(344,421)		(344,421)
Payments for Suppliers	(11,370)	(1,300)	(12,670)
Net Cash Used for Operating Activities	<u>(319,489)</u>	<u>(471)</u>	<u>(319,960)</u>
Cash Flows from Investing Activities:			
Interest Income	338	7	345
Net Cash Provided by Investing Activities	<u>338</u>	<u>7</u>	<u>345</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	718		718
State Sources Collected in Food Service Fund	1,358		1,358
Federal Sources Collected in Food Service Fund	277,652		277,652
Net Cash Provided by Noncapital Financing Activities	<u>279,728</u>		<u>279,728</u>
Net (Decrease) in Cash and Cash Equivalents	(39,423)	(464)	(39,887)
Cash and Cash Equivalents, July 1	<u>197,890</u>	<u>2,364</u>	<u>200,254</u>
Cash and Cash Equivalents, June 30	<u>\$ 158,467</u>	<u>\$ 1,900</u>	<u>\$ 160,367</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	\$ (333,102)	\$ (471)	\$ (333,573)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	11,484		11,484
Food Distribution Program	13,775		13,775
Changes in Assets and Liabilities:			
Increase in Unearned Revenue	93		93
(Decrease) in Accounts Payable	(50,781)		(50,781)
Decrease in Other Accounts Receivable	32,915		32,915
Decrease in Inventory	6,127		6,127
Net Cash Used for Operating Activities	<u>\$ (319,489)</u>	<u>\$ (471)</u>	<u>\$ (319,960)</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 \$15,263 and utilized U.S.D.A. Commodities valued at \$13,775.

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, 2020	Matured	Balance June 30, 2021
			Date	Amount	June 30, 2021				
Refunding Bonds of 2016	04/21/16	\$ 6,535,000	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%				
						\$ 5,395,000	\$ 345,000	\$ 5,050,000	
						\$ 5,395,000	\$ 345,000	\$ 5,050,000	



SCHOOL DISTRICT OF THE TOWN OF NEWTON  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Purpose	Interest Rate	Original Issue	Balance July 1, 2020	Matured	Cancelled	Balance June 30, 2021
Replacement Telephone System and School Bus	3.4178%	\$ 200,000	\$ 159,955	\$ 37,996		\$ 121,959
Acquisition of the Early Childhood Modular Building	1.5490%	845,758	845,758	717,765	\$ 127,993	
Energy Savings Improvement Project	2.3810%	2,176,335	2,176,335	23,310		2,153,025
			<u>\$ 3,182,048</u>	<u>\$ 779,071</u>	<u>\$ 127,993</u>	<u>\$ 2,274,984</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 531,338		\$ 531,338	\$ 531,338	
Total Revenues	531,338		531,338	531,338	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	186,338		186,338	186,338	
Redemption of Principal	345,000		345,000	345,000	
Total Regular Debt Service	531,338		531,338	531,338	
Total Expenditures	531,338		531,338	531,338	
Excess/(Deficit) of Revenue Over/(Under) Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	1		1	1	
Fund Balance, June 30	1	-0-	1	1	-0-
<b>Recapitulation:</b>					
Restricted - Subsequent Year's Expenditures			\$ 1	\$ 1	
			\$ 1	\$ 1	

## 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

	<u>Exhibit</u>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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  
ACCURAL BASIS OF ACCOUNTING  
UNAUDITED

June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	(Restated) 2020	2021
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 6,503,746	\$ 7,695,818	\$ 7,705,394	\$ 7,801,250	\$ 7,942,020	\$ 8,206,656	\$ 8,565,756	\$ 8,493,880	\$ 5,636,736	\$ 7,142,779
Restricted	400,559	409,867	526,418	713,095	893,844	1,311,949	1,219,697	1,289,007	2,147,943	2,394,433
Unrestricted/(Deficit)	(199,214)	(831,802)	(8,017,784)	(8,254,945)	(8,441,838)	(8,993,547)	(9,446,659)	(9,267,178)	(6,050,211)	(6,884,892)
Total Governmental Activities Net Position	\$ 6,705,091	\$ 7,273,883	\$ 214,028	\$ 259,400	\$ 394,026	\$ 525,058	\$ 338,794	\$ 515,709	\$ 1,734,468	\$ 2,652,320
<b>Business-type Activities</b>										
Investment in Capital Assets	\$ 1,751	\$ 36,177	\$ 32,034	\$ 27,890	\$ 36,566	\$ 53,444	\$ 69,083	\$ 60,727	\$ 59,321	\$ 47,837
Unrestricted	135,331	137,916	196,848	216,640	208,795	219,302	213,301	236,187	187,067	210,216
Total Business-type Activities Net Position	\$ 137,082	\$ 174,093	\$ 228,882	\$ 244,530	\$ 245,361	\$ 272,746	\$ 282,384	\$ 296,914	\$ 246,388	\$ 258,053
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 6,505,497	\$ 7,731,995	\$ 7,737,428	\$ 7,829,140	\$ 7,978,586	\$ 8,260,100	\$ 8,634,839	\$ 8,554,607	\$ 5,696,057	\$ 7,190,616
Restricted	400,559	409,867	526,418	713,095	893,844	1,311,949	1,219,697	1,289,007	2,147,943	2,394,433
Unrestricted/(Deficit)	(63,883)	(693,886)	(7,820,936)	(8,038,305)	(8,233,043)	(8,774,245)	(9,233,358)	(9,030,991)	(5,863,144)	(6,674,676)
Total District Net Position	\$ 6,842,173	\$ 7,447,976	\$ 442,910	\$ 503,930	\$ 639,387	\$ 797,804	\$ 621,178	\$ 812,623	\$ 1,980,856	\$ 2,910,373

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 11,080,332	\$ 11,760,258	\$ 12,136,535	\$ 13,652,210	\$ 14,876,990	\$ 16,098,503	\$ 17,291,100	\$ 16,424,609	\$ 15,313,264	\$ 15,577,950
Special Education	2,181,519	2,473,321	2,576,662	3,378,679	3,630,608	4,122,973	4,406,706	4,207,672	3,716,196	3,755,957
Other Special Education	125,509	161,434	127,874	125,463	99,026	103,252	103,449	142,489	303,636	435,620
School Sponsored/Other Instruction	1,061,927	1,265,476	1,206,335	1,453,168	1,445,664	1,751,307	1,795,839	1,621,456	1,490,648	1,455,908
<b>Support Services:</b>										
Tuition	635,143	741,923	901,919	1,067,316	712,627	620,433	914,562	758,033	783,488	847,709
Student & Instruction Related Services	3,488,565	3,526,211	3,500,685	4,159,265	4,825,518	5,515,860	5,584,830	5,652,918	6,210,781	6,423,548
General Administrative Services	691,793	604,690	628,102	703,523	911,052	861,950	807,091	734,836	682,733	670,152
School Administrative Services	1,596,152	1,747,873	1,652,033	1,936,423	1,930,923	2,276,248	2,424,351	2,140,903	2,009,877	2,449,940
Central Services	518,604	531,189	507,888	574,458	624,712	717,780	715,733	697,207	657,880	690,645
Administrative Information Technology	243,395	243,773	386,062	326,491	352,301	353,879	336,929	338,421	316,747	332,027
Plant Operations and Maintenance	2,720,977	2,703,116	2,895,524	2,930,168	3,145,951	3,471,505	3,199,995	3,008,142	2,870,910	2,893,623
Pupil Transportation	519,128	581,774	631,442	741,649	631,274	648,838	874,197	922,274	926,303	861,752
Transfer of Funds to Charter School	69,905	120,345	128,554	110,635	82,665	115,845	157,974	130,055	236,271	159,630
Interest on Long-term Debt	366,933	357,744	341,672	328,495	389,324	177,435	175,215	168,525	161,727	154,832
Capital Outlay	322,415	106,641	39,408	40,189	86,882					
Unallocated Depreciation	278,987	278,987	278,987	278,987	278,987					
<b>Total Governmental Activities Expenses</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>	<b>36,835,808</b>	<b>38,787,971</b>	<b>36,947,540</b>	<b>35,680,461</b>	<b>36,709,293</b>
<b>Business-type Activities:</b>										
Food Service	690,162	666,769	687,208	555,578	544,613	571,900	572,442	565,644	551,521	337,884
After Care	39,992	57,393	52,135	48,318	65,985	58,909	78,670	110,435	96,817	1,300
<b>Total Business-type Activities Expense</b>	<b>730,154</b>	<b>724,162</b>	<b>739,343</b>	<b>603,896</b>	<b>610,598</b>	<b>630,809</b>	<b>651,112</b>	<b>676,079</b>	<b>648,338</b>	<b>339,184</b>
<b>Total District Expenses</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>	<b>37,466,617</b>	<b>39,439,083</b>	<b>37,623,619</b>	<b>36,328,799</b>	<b>37,048,477</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Instruction (Tuition)	\$ 6,268,933	\$ 7,034,786	\$ 6,848,705	\$ 7,024,707	\$ 7,876,395	\$ 7,823,426	\$ 7,450,913	\$ 8,005,817	\$ 7,588,982	\$ 6,513,694
Student & Instruction Related Services					9,000	10,800	4,800	4,200	1,200	196,413
Pupil Transportation					7,941,798	10,451,916	12,067,297	10,471,799	9,681,204	3,600
Operating Grants and Contributions	3,519,456	3,786,560	3,613,786	6,668,029						10,498,210
Capital Grants and Contributions							84,525			
<b>Total Governmental Activities Program Revenues</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>	<b>18,286,142</b>	<b>19,607,535</b>	<b>18,481,816</b>	<b>17,271,386</b>	<b>17,211,917</b>
<b>Business-type Activities:</b>										
<b>Charges for Services:</b>										
Food Service	434,579	385,617	385,039	250,004	242,162	251,916	262,880	257,849	166,055	4,782
After Care	55,971	70,505	76,520	65,039	59,900	53,021	57,144	92,485	74,709	829
Operating Grants and Contributions - Food Service	284,735	304,799	332,227	304,121	308,815	352,864	340,323	338,277	355,325	357,056
<b>Total Business-type Activities Program Revenues</b>	<b>775,285</b>	<b>760,921</b>	<b>793,786</b>	<b>619,164</b>	<b>610,877</b>	<b>657,801</b>	<b>660,347</b>	<b>688,611</b>	<b>596,089</b>	<b>362,667</b>
<b>Total District Program Revenues</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>	<b>18,943,943</b>	<b>20,267,882</b>	<b>19,170,427</b>	<b>17,867,475</b>	<b>17,574,584</b>

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

UNAUDITED  
(Continued)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue:										
Governmental Activities	\$ (16,112,895)	\$ (16,383,409)	\$ (17,477,191)	\$ (18,114,383)	\$ (18,197,311)	\$ (18,549,666)	\$ (19,180,436)	\$ (18,465,724)	\$ (18,409,075)	\$ (19,497,376)
Business-type Activities	45,131	36,759	54,443	15,268	279	26,992	9,235	12,532	(52,249)	23,483
Total District-wide Net Expense	\$ (16,067,764)	\$ (16,346,650)	\$ (17,422,748)	\$ (18,099,115)	\$ (18,197,032)	\$ (18,522,674)	\$ (19,171,201)	\$ (18,453,192)	\$ (18,461,324)	\$ (19,473,893)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 11,044,898	\$ 11,159,127	\$ 11,782,310	\$ 12,137,057	\$ 12,379,798	\$ 12,627,394	\$ 12,658,194	\$ 12,357,185	\$ 12,357,185	\$ 13,326,077
Taxes Levied for Debt Service	597,721	597,941	597,750	595,374	592,875	604,500	525,542	532,109	533,187	531,338
Unrestricted Grants and Contributions	4,990,916	5,217,548	5,220,448	5,369,447	5,252,323	5,335,338	5,552,797	5,657,427	6,247,849	6,497,338
Investment Earnings	4,112	3,130	3,625	4,056	4,919	6,485	6,849	31,490	29,394	9,267
Miscellaneous Income	75,835	63,403	66,545	53,821	102,022	106,981	250,790	64,428	47,670	53,243
Cancellation of Lease Purchase Agreement Proceeds										(2,035)
Total Governmental Activities	16,713,482	17,041,149	17,670,678	18,159,755	18,331,937	18,680,698	18,994,172	18,642,639	19,215,285	20,415,228
Business-type Activities:										
Investment Earnings	\$ 251	\$ 252	\$ 346	\$ 380	\$ 362	\$ 393	\$ 403	\$ 1,998	\$ 1,723	\$ 345
Cancellation of Prior Year Accounts Receivable					190					(12,163)
Cancellation of Prior Year Accounts Payable										
Disposals of Capital Assets	(4,560)									
Total Business-type Activities	(4,309)	252	346	380	552	393	403	1,998	1,723	(11,818)
Total District-wide	\$ 16,709,173	\$ 17,041,401	\$ 17,671,024	\$ 18,160,135	\$ 18,332,489	\$ 18,681,091	\$ 18,994,575	\$ 18,644,637	\$ 19,217,008	\$ 20,403,410
Change in Net Position										
Governmental Activities	\$ 600,587	\$ 657,740	\$ 193,487	\$ 45,372	\$ 134,626	\$ 131,032	\$ (186,264)	\$ 176,915	\$ 806,210	\$ 917,852
Business-type Activities	40,822	37,011	54,789	15,648	831	27,385	9,638	14,530	(50,526)	11,665
Total District	\$ 641,409	\$ 694,751	\$ 248,276	\$ 61,020	\$ 135,457	\$ 158,417	\$ (176,626)	\$ 191,445	\$ 755,684	\$ 929,517

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	(Restated) 2020	2021
General Fund										
Restricted	\$ 400,559	\$ 409,866	\$ 526,417	\$ 713,095	\$ 887,848	\$ 1,303,124	\$ 1,216,867	\$ 1,289,006	\$ 1,735,393	\$ 2,026,242
Assigned	674,207	150,688	229,115	41,468	370,775	446,214	291,405	309,920	530,504	833,185
Unassigned		2,125				11,412				
<b>Total General Fund</b>	<b>\$ 1,074,766</b>	<b>\$ 562,679</b>	<b>\$ 755,532</b>	<b>\$ 754,563</b>	<b>\$ 1,258,623</b>	<b>\$ 1,760,750</b>	<b>\$ 1,508,272</b>	<b>\$ 1,598,926</b>	<b>\$ 2,265,897</b>	<b>\$ 2,859,427</b>
All Other Governmental Funds										
Restricted		\$ 1	\$ 1		\$ 5,996	\$ 8,825	\$ 2,830	\$ 1	\$ 412,550	\$ 368,191
Committed					102,254	(10,381)		130,000	3,024,128	1,636,251
Unassigned/(Deficit)								(86,928)	(114,817)	(140,923)
<b>Total All Other Governmental Funds/(Deficit)</b>	<b>\$ -0-</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ -0-</b>	<b>\$ 108,250</b>	<b>\$ (1,556)</b>	<b>\$ 2,830</b>	<b>\$ 43,073</b>	<b>\$ 3,321,861</b>	<b>\$ 1,863,519</b>
<b>Total Governmental Funds</b>	<b>\$ 1,074,766</b>	<b>\$ 562,680</b>	<b>\$ 755,533</b>	<b>\$ 754,563</b>	<b>\$ 1,366,873</b>	<b>\$ 1,759,194</b>	<b>\$ 1,511,102</b>	<b>\$ 1,641,999</b>	<b>\$ 5,587,758</b>	<b>\$ 4,722,946</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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax Levy	\$ 11,642,619	\$ 11,757,068	\$ 12,380,060	\$ 12,732,431	\$ 12,972,673	\$ 13,231,894	\$ 13,183,736	\$ 12,889,294	\$ 12,890,372	\$ 13,857,415
Tuition Charges	6,268,933	7,034,786	6,848,705	7,024,707	7,876,395	7,823,426	7,450,913	8,005,817	7,588,982	6,513,694
Transportation Fees from LEAs					9,000	10,800	4,800	4,200	1,200	3,600
Rents and Royalties						10,000	10,000	10,000	12,000	
Miscellaneous	87,447	73,147	83,535	91,141	108,829	143,007	258,023	136,306	100,012	329,400
Slate Sources	7,598,225	8,389,076	8,128,064	8,529,800	8,959,454	9,442,787	10,392,502	11,625,043	13,244,616	14,446,730
Federal Sources	904,647	608,418	692,805	796,691	698,187	767,626	737,454	1,126,565	1,102,952	1,401,559
<b>Total Revenue</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>31,429,540</b>	<b>32,037,428</b>	<b>33,797,225</b>	<b>34,940,134</b>	<b>36,552,398</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	8,362,810	8,516,168	8,849,098	8,911,446	9,437,093	9,201,227	9,364,388	9,771,483	9,499,137	9,409,792
Special Education Instruction	1,585,209	1,693,312	1,804,354	2,045,155	2,137,557	2,156,621	2,197,355	2,353,782	2,150,840	2,158,391
Other Special Instruction	93,424	115,412	93,016	94,004	70,507	72,001	70,283	87,946	193,770	263,323
School-Sponsored/Other Instruction	822,260	954,841	926,868	1,045,157	999,801	1,134,543	1,129,960	1,062,675	996,459	933,269
<b>Support Services:</b>										
Tuition	635,143	741,923	901,919	1,067,316	712,627	620,433	914,562	758,033	783,488	847,709
Student & Other Instruction Related Services	2,663,444	2,627,021	2,616,628	2,789,263	3,051,668	3,169,418	3,159,099	3,655,057	4,342,401	4,742,557
General Administrative Services	610,968	499,339	530,525	569,883	696,293	632,300	580,413	544,445	553,870	529,027
School Administrative Services	1,178,243	1,228,027	1,204,758	1,211,813	1,171,759	1,285,850	1,257,229	1,209,970	1,179,624	1,422,121
Central Services	362,974	375,132	357,474	350,002	364,533	373,249	426,511	385,903	413,408	418,474
Administrative Information Technology	194,603	196,789	323,104	246,897	245,494	199,254	194,609	215,336	240,360	238,868
Plant Operations and Maintenance	2,076,935	1,983,401	2,171,967	1,998,431	1,938,746	2,030,800	1,837,003	1,898,268	1,909,935	1,904,620
Student Transportation	416,791	460,891	509,808	582,859	476,519	396,430	611,206	700,709	723,646	516,702
Unallocated Benefits	5,747,920	6,664,286	6,585,734	7,146,614	7,787,058	8,493,561	9,143,916	10,085,562	10,161,634	11,149,893
Transfer of Funds to Charter School	69,905	120,345	128,554	110,635	82,665	115,845	157,974	130,055	236,271	159,630
Capital Outlay	933,312	1,599,754	338,759	410,890	253,029	554,016	709,475	472,166	510,987	2,061,468
<b>Debt Service:</b>										
Principal	235,000	245,000	255,000	265,000	275,000	440,000	325,000	335,000	340,000	345,000
Interest and Other Charges	362,721	352,940	342,750	330,375	317,875	161,671	206,537	199,938	193,187	186,338
<b>Total Expenditures</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>31,037,219</b>	<b>32,285,520</b>	<b>33,866,328</b>	<b>34,429,017</b>	<b>37,287,182</b>
<b>Excess/(Deficit) of Revenues</b>	<b>148,209</b>	<b>(512,086)</b>	<b>192,853</b>	<b>(970)</b>	<b>606,314</b>	<b>392,321</b>	<b>(248,092)</b>	<b>(69,103)</b>	<b>511,117</b>	<b>(734,784)</b>
<b>Over/(Under) Expenditures</b>										



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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources/(Uses)										
Long Term Debt Issued					\$ 6,535,000					
Bond Premium					598,734					
Serial Bonds Defeased					(6,850,000)					
Bond Issuance Costs					(132,486)					
Deferred Interest					(145,252)					
Lease Purchase Agreement Proceeds								\$ 200,000	\$ 3,022,093	
Cancellation of Lease Purchase Agreement Proceeds								200,000	3,022,093	\$ (130,028)
Total Other Financing Sources/(Uses)					5,996					(130,028)
Net Change in Fund Balances	\$ 148,209	\$ (512,086)	\$ 192,853	\$ (970)	\$ 612,310	\$ 392,321	\$ (248,092)	\$ 130,897	\$ 3,533,210	\$ (864,812)
Debt Service as a Percentage of Noncapital Expenditures	2.35%	2.23%	2.17%	2.07%	1.99%	1.96%	1.68%	1.60%	1.57%	1.44%

Source: School District Financial Reports

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>Rents and</u> <u>Royalties</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2017	6,485	7,823,426	10,800	\$ 10,000	96,981	7,947,692
2018	6,849	7,450,913	4,800	10,000	240,790	7,713,352
2019	31,490	8,005,817	4,200	10,000	54,428	8,105,935
2020	29,394	7,588,982	1,200	12,000	35,670	7,667,246
2021	9,267	6,513,694	3,600		53,243	6,579,804

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)
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
2016	8,528,900	369,753,800	646,200	41,100	172,260,500	13,093,900	35,878,900	600,203,300	283,545,300	3,366,159	603,569,459	2.17	624,118,805
2017	10,339,800	365,652,000	646,200	41,100	168,186,100	13,093,900	39,881,700	597,840,800	281,773,200	3,149,149	600,989,949	2.19	625,091,779
2018	10,061,400	365,378,000	646,200	58,900	166,845,900	13,093,900	39,875,000	595,959,300	282,071,000	3,142,042	599,101,342	2.18	633,703,021
2019	9,992,200	367,372,700	646,200	58,900	164,677,100	13,293,900	38,569,000	594,610,000	288,852,100	3,708,825	598,318,825	2.15	674,513,454
2020	8,764,300	369,283,900	646,200	43,800	164,736,800	13,343,900	38,203,100	595,022,000	289,725,000	453	595,022,453	2.25	694,455,677

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.

\*\* Reassessment became effective in this year.

Source: Municipal Tax Assessor

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>	Debt Service <sup>b</sup>	General Obligation Total Direct	Town of Newton	Sussex County	
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
2016	2.07	0.10	2.17	1.43	0.57	4.17
2017	2.10	0.09	2.19	1.45	0.59	4.23
2018	2.09	0.09	2.18	1.47	0.61	4.26
2019	2.06	0.09	2.15	1.48	0.65	4.29
2020	2.16	0.09	2.25	1.49	0.68	4.42

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.

\*\* Reassessment became effective in this year.

Source: Municipal Tax Collector and School Business Administrator

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

Taxpayer	2020		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Martin, Kenneth D & Assoc II, LLC	\$ 10,666,300	1	1.79%
Route 519 & North Park Drive, LLC	10,400,000	2	1.75%
100 Swartswood/SELA Realty Invest.	8,150,000	3	1.37%
Sussex Nine Inc c/o Barnhill	8,100,000	4	1.36%
Newton 213 LLC c/o Ronetco	7,966,300	5	1.34%
Weis Markets, Inc.	7,100,000	6	1.19%
Merriam Gateway Apartments, Inc	5,962,700	7	1.00%
Newtonian Associates, LLC	4,850,000	8	0.82%
Holiday Inn Express, c/o Patel	4,740,000	9	0.80%
North Jersey Health Care Properties	4,164,100	10	0.70%
	<u>\$ 72,099,400</u>		<u>12.12%</u>

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Route 519 & North Park Drive, LLC	\$ 11,500,000	1	1.65%
Sussex Nine Inc c/o Barnhill	11,087,800	2	1.59%
Martin, Kenneth D & Assoc II, LLC	11,074,200	3	1.59%
Newton West LTD	9,433,400	4	1.35%
Newton 213 LLC c/o Ronetco	9,026,800	5	1.30%
Weis Markets, Inc.	7,965,000	6	1.14%
Merriam Gateway Apartments, Inc	7,349,200	7	1.06%
Holiday Inn Express, c/o Patel	5,843,000	8	0.84%
Newtonian Associates, LLC	5,299,900	9	0.76%
Gordon Newton Assoc, LLC	4,820,800	10	0.69%
	<u>\$ 83,400,100</u>		<u>11.97%</u>

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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-
2017	13,231,894	13,231,894	100.00%	-0-
2018	13,183,736	13,183,736	100.00%	-0-
2019	12,889,294	12,889,294	100.00%	-0-
2020	12,890,372	12,890,372	100.00%	-0-
2021	13,857,415	13,857,415	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							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)	Business-Type Activities Capital	Leases				
2012	\$ 8,190,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 8,190,000	2.07%	\$ 1,014.87	
2013	7,945,000	-0-	-0-	-0-	-0-	-0-	7,945,000	1.93%	981.71	
2014	7,690,000	-0-	-0-	-0-	-0-	-0-	7,690,000	1.86%	959.57	
2015	7,425,000	-0-	-0-	-0-	-0-	-0-	7,425,000	1.74%	935.14	
2016	6,835,000	-0-	-0-	-0-	-0-	-0-	6,835,000	1.55%	860.94	
2017	6,395,000	-0-	-0-	-0-	-0-	-0-	6,395,000	1.42%	811.34	
2018	6,070,000	-0-	-0-	-0-	-0-	-0-	6,070,000	1.32%	776.21	
2019	5,735,000	-0-	200,000	-0-	-0-	-0-	5,935,000	1.22%	746.45	
2020	5,395,000	-0-	3,182,048	-0-	-0-	-0-	8,577,048	1.68%	1,068.52	
2021	5,050,000	-0-	2,274,984	-0-	-0-	-0-	7,324,984	1.44%	918.26	

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

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

Source: School District Financial Reports

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		
2012	\$ 8,190,000	\$ -0-	\$ 8,190,000	1.18%	\$ 1,014.87
2013	7,945,000	-0-	7,945,000	1.15%	981.71
2014	7,690,000	-0-	7,690,000	1.12% **	959.57
2015	7,425,000	-0-	7,425,000	1.23%	935.14
2016	6,835,000	-0-	6,835,000	1.13%	860.94
2017	6,395,000	-0-	6,395,000	1.06%	811.34
2018	6,070,000	-0-	6,070,000	1.01%	776.21
2019	5,735,000	-0-	5,735,000	0.96%	721.29
2020	5,395,000	-0-	5,395,000	0.90%	672.11
2021	5,050,000	-0-	5,050,000	0.85%	633.07

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.

\*\* Reassessment became effective this year.

Source: School District Financial Reports



TOWN OF NEWTON SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2020  
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	\$ 14,023,203	100.000%	\$ 14,023,203
Sussex County General Obligation Debt	97,520,409	3.930%	<u>3,832,487</u>
Subtotal, Overlapping Debt			17,855,691
School District of the Town of Newton Direct Debt			<u>5,050,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 22,905,691</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 2021

Equalized valuation basis:	
2020	\$ 665,200,671
2019	655,578,831
2018	666,248,519
	<u>\$ 1,987,028,021</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 662,342,674</u>
Debt Limit (4% of average equalization value)	
	\$ 26,493,707
	<u>5,050,000</u>
	<u>\$ 21,443,707</u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 30,826,412	\$ 28,952,099	\$ 27,037,178	\$ 25,717,550	\$ 24,956,336	\$ 24,763,676	\$ 24,809,025	\$ 25,018,032	\$ 25,978,180	\$ 26,493,707
Total Net Debt Applicable to Limit	8,190,000	7,945,000	7,690,000	7,425,000	6,835,000	6,395,000	6,070,000	5,735,000	5,395,000	5,050,000
Legal Debt Margin	\$ 22,636,412	\$ 21,007,099	\$ 19,347,178	\$ 18,292,550	\$ 18,121,336	\$ 18,368,676	\$ 18,739,025	\$ 19,283,032	\$ 20,583,180	\$ 21,443,707
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	26.57%	27.44%	28.44%	28.87%	27.39%	25.82%	24.47%	22.92%	20.77%	19.06%

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

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

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

Year	Population <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>
2012	8,093	\$ 411,383,376	\$ 50,832	8.10%
2013	8,014	412,376,398	51,457	10.10%
2014	7,940	427,283,160	53,814	7.00%
2015	7,939	442,249,934	55,706	6.50%
2016	7,882	449,321,292	57,006	5.29%
2017	7,820	459,800,360	58,798	4.50%
2018	7,951	486,251,356	61,156	4.20%
2019	8,027	511,994,168	63,784	3.80%
2020	7,977	508,804,968	63,784 *	9.70%
2021	7,977 **	508,804,968 ***	63,784 *	N/A

\* - Latest Sussex County per capita personal income available (2019) was used for calculation purposes.

\*\* - Latest population data available (2020) was used for calculation purposes.

\*\*\* - Latest available population data (2020) and latest available Sussex County per capita personal income (2019) 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

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

Employer	2020	
	Employees	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1.49%-7.47%
Crystal Springs Resort	1,000-4,999	1.49%-7.47%
Newton Memorial Center	500-999	0.75%-1.49%
Sussex County Offices	500-999	0.75%-1.49%
Thorlabs	500-999	0.75%-1.49%
Mountain Creek Resort	500-999	0.75%-1.49%
Shop Rite	250-499	0.37%-0.75%
Sussex County Community College	250-499	0.37%-0.75%
United Methodist Community Bristol Glen	250-499	0.37%-0.75%
Andover Subacute & Rehab Center	100-249	0.15%-0.37%
	<u>4,850-15,740</u>	<u>7.25%-23.53%</u>
Total Employment	<u>66,900</u>	
Employer	2011	
	Employees	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	2.63%
Newton Memorial Hospital	1,200	1.58%
Selective Insurance	900	1.18%
County of Sussex	830	1.09%
Mountain Creek Resort	800	1.05%
Ames Rubber Corp	445	0.58%
Shop Rite (Ronetco)	301	0.40%
Andover Subacute & Rehab Center	300	0.39%
Sussex County Community College	300	0.39%
SCARC, Inc.	287	0.38%
	<u>7,363</u>	<u>9.68%</u>
Total Employment	<u>76,076</u>	

Source: County of Sussex

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction	108	111	112	112	119	119	119	122	116	116
Regular	37	40	40	56	50	51	59	59	59	59
Special education	2	3	3	3	3	3	3	3	3	3
Other instruction										
Support Services:										
Student & instruction related services	49	51	51	52	59	53	56	56	56	56
School administrative services	13	13	13	11	10	10	10	11	11	11
General administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	20	22	25	22	22	22	20	21	21	21
Pupil transportation	3	3	3	3	2	3	3	4	4	4
Business and other support services	5	5	5	5	5	5	5	5	5	5
Food Service	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total</b>	<b>239</b>	<b>250</b>	<b>254</b>	<b>266</b>	<b>272</b>	<b>268</b>	<b>277</b>	<b>283</b>	<b>277</b>	<b>277</b>

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 <sup>e</sup>	Middle School <sup>e</sup>	Senior High School				
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%
2016	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%
2017	1,552	29,881,532	19,254	2.23%	147	1:11.6	1:10.4	1:10.4	1,537	1,442	-1.16%	93.82%
2018	1,535	31,044,508	20,224	5.04%	170	1:10.8	1:12	1:10.9	1,535	1,451	-0.13%	94.53%
2019	1,535	32,859,224	21,407	5.85%	184	1:7.6	1:6.1	1:8.9	1,561	1,455	1.69%	93.21%
2020	1,544	33,384,843	21,622	1.01%	178	1:8.2	1:7.9	1:9.5	1,560	1,488	-0.06%	95.38%
2021	1,535	34,700,526	22,606	4.55%	165	1:8.9	1:8.5	1:9.8	1,535	1,440	-1.60%	93.81%

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.

e The Elementary School is PreK through 4th grades and the Middle School is 5th through 8th grades.

Source: School District of the Town of Newton records

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

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Merriam Avenue School										
Square Feet	77,151	77,151	77,151	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 **	499	541	561	490	472	475	481	486	472	477
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 **	234	207	221	301	316	334	326	334	357	351
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	797	759	749	778	761	743	728	715	715	707
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, 2021

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

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

\*\* 5th 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

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
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
2017	141,160	131,044	282,684	11,066	565,954
2018	109,235	105,302	178,172	11,788	404,497
2019	105,346	94,968	193,174	11,659	405,147
2020	119,806	127,729	189,296	16,868	453,699
2021	110,473	95,437	175,316	12,759	393,985

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

Source: School District of the Town of Newton records



TOWN OF NEWTON SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2021  
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Alliance Insurance Fund (SAIF):			
School Package Policy:			
Building & Personal Property	\$ 500,000,000	Occurrence	\$ 2,500
Auto Physical Damage			1,000
General Liability including Auto, Employee Benefits:	10,000,000		
Per Occurrence			
General Aggregate	Agreed upon based on membership.		
Employee Benefits Liability	5,000,000		
Bodily Injury to Fellow Employees	25,000		
Fire Damage	2,500,000		
Medical Expenses (excluding students taking part in athletics)	10,000		
Automobile Coverage	10,000,000		
Personal Injury per person	100,000		
Communicable Disease	500,000		
Sexual Abuse/Molestation	10,000,000		
Security Guard Liability	none		
Environmental Impairment Liability	1,000,000	/\$10,000,000 Fund Agg.	10,000
First Party Cleanup	\$100,000	Fungi & Legionella	100,000
Crime Coverage	50,000	Inside/Outside	1,000
Employee Theft	500,000		1,000
Boiler and Machinery	100,000,000		2,500
Excess Liability (AL/GL/SLPL)	5,000,000		
School Board Legal Liability (SLPL)	5,000,000		10,000
Cyber Liability	2,000,000	Occurrence/Fund Aggregate	10,000
Workers' Compensation:	Statutory		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
Bond for School Business Administrator	250,000	Selective Insurance	
Bond for Treasurer of School Monies	235,000	Selective Insurance	
Student Accident/ Bollinger	All Students and Athletes		

Source: School District of the Town of Newton records

SINGLE AUDIT SECTION

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 20, 2021.

**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) as a basis for designing 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  
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### 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 financial statements. 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.

October 20, 2021  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*  
\_\_\_\_\_  
Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

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, 2021. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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, 2021.

The Honorable President and Members  
of the Board of Education  
Town of Newton School District  
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## 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.

October 20, 2021  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

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

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2020			Cash Received	Budgetary Expendi- tures	Adjustments	Cancellation of Prior Year Encum- brances	Balance at June 30, 2021		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
U.S. Department of Agriculture:														
Passed-through State Department of Agriculture:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	\$ 15,263			\$ 15,263	\$ (11,728)				\$ 3,535		
Food Distribution Program	10.555	N/A	7/1/19-6/30/20	12,904				(2,047)						
COVID-19:														
Seamless Summer Option	10.555	N/A	3/18/20-6/30/20	22,378										\$ 10,716
Summer Food Service Program	10.559	N/A	7/1/20-6/30/21	343,281			252,448	(343,281)						
Summer Food Service Program	10.559	N/A	7/1/19-6/30/20	38,613			25,657							
Total Child Nutrition Cluster							293,368	(357,056)				(90,833)	3,535	10,716
Child and Adult Care Food Program							1,364							1,364
Total U.S. Department of Agriculture				24,650			293,368	(357,056)				(90,833)	3,535	12,080
U.S. Department of Education:														
Special Revenue Fund:														
Passed-through State Department of Education:														
Elementary and Secondary Education Act:														
Title I														
Title I	84-010	ESEA359021	7/1/20-9/30/21	222,679			159,318	(183,928)						
Title I - SIA	84-010	ESEA359020	7/1/19-9/30/20	227,891			26,782	(19,114)		\$ 350		(24,610)		
Title I - SIA	84-010	ESEA359021	7/1/20-9/30/21	12,700			12,700	(12,700)						
Title I - Reallocated	84-010	ESEA359020	7/1/19-9/30/20	10,090			553	(553)						
Title I - Reallocated	84-010	ESEA359021	7/1/20-9/30/21	23,799			23,799	(23,799)						
Title I - Reallocated	84-010	ESEA359020	7/1/19-9/30/20	16,163			2,049	(354)						
Title I - Reallocated	84-010	ESEA359019	10/1/18-9/30/19	25,856					\$ 948					
Total Title I							225,201	(240,448)		948		(24,610)		
Title IIA	84-367	ESEA359021	7/1/20-9/30/21	29,464			3,437	(16,626)				(13,189)		
Title IIA	84-367	ESEA359020	7/1/19-9/30/20	27,656			12,186	(1,844)			97			
Total Title II							15,623	(18,470)			97	(13,189)		
Title III	84-365	ESEA359021	7/1/20-9/30/21	21,591			11,453	(13,229)				(1,776)		
Title III	84-365	ESEA359020	7/1/19-9/30/20	10,490			3,943	(1,836)				(1,776)		
Total Title III							15,396	(15,065)				(1,776)		
Title III - Immigrant	84-365	ESEA359021	7/1/20-9/30/21	7,048			6,739	(6,739)						
Title III - Immigrant	84-365	ESEA359020	7/1/19-9/30/20	3,295				(554)						
Total Title III - Immigrant								554						
Title IV	84-424	ESEA359021	7/1/20-9/30/21	17,343			6,739	(7,293)						
Title IV	84-424	ESEA359020	7/1/19-9/30/20	15,639			4,162	(4,162)						
Total Title IV							7,046	(6,551)						
Total Title IV							11,208	(4,817)						

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expendi- tures	Adjustments	Cancellation of Prior Year Encum- brances	Balance at June 30, 2021		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Unearned Revenue					Budgetary Accounts Receivable	Unearned Revenue	
<b>U.S. Department of Education: (Continued)</b>													
Passed-through State Department of Education: (Continued)													
<b>Special Revenue Fund: (Continued)</b>													
Elementary and Secondary Education Act: (Continued)													
21st Century Community Learning Centers (CCLC)	84-287	21E00079	9/1/20-8/31/21	\$ 425,000			\$ 230,136	\$ (290,312)			\$ (60,176)		
21st Century Community Learning Centers (CCLC)	84-287	20E00079	9/1/19-8/31/20	425,000			143,957	(88,532)		8	(60,176)		
Total 21st CCLC							374,093	(378,844)		8			
Education Stabilization Fund:													
COVID 19 - CARES Emergency Relief	84-425D	CARES359022	3/13/20-9/30/22	185,658			161,755	(161,754)	\$ (1)	16,950			
							161,755	(161,754)	(1)	16,950			
<b>Special Education Cluster (IDEA):</b>													
I.D.E.A. Part B, Basic	84-027	IDEA359021	7/1/20-9/30/21	410,623			384,241	(410,623)			(26,382)		
I.D.E.A. Part B, Basic	84-027	IDEA359020	7/1/19-9/30/20	375,137			10,614	(6,133)		1,749			
I.D.E.A. Preschool	84-173	IDEA359021	7/1/20-9/30/21	13,205			1,531	(3,485)			(1,954)		
I.D.E.A. Preschool	84-173	IDEA359020	7/1/19-9/30/20	10,343			3,885	(3,221)		1,534			
Total Special Education Cluster (IDEA)							400,271	(423,462)		3,283	(28,336)		
Carl D. Perkins - Secondary	84-048	PERK359021	7/1/20-6/30/21	13,994			13,504	(13,994)			(490)		
Total Carl D. Perkins - Secondary							13,504	(13,994)			(490)		
Subtotal - Special Revenue Fund							1,223,790	(1,264,147)	947	20,688	(128,577)		
Total U.S. Department of Education							1,223,790	(1,264,147)	947	20,688	(128,577)		
<b>U.S. Department of Treasury:</b>													
Special Revenue Fund:													
Passed-through State Department of Education:													
COVID 19 - Coronavirus Relief Fund	21-019	N/A	3/1/20-12/30/20	92,013			92,013	(92,013)					
Total U.S. Department of Treasury							92,013	(92,013)					
<b>U.S. Department of Health and Human Services:</b>													
Medicaid Cluster:													
Medicaid Assistance Program	93-778	N/A	7/1/20-6/30/21	51,392			51,392	(51,392)					
Total U.S. Department of Health and Human Services/Total Medicaid Cluster							51,392	(51,392)					
Total Federal Awards							\$ 1,660,563	\$ (1,764,608)	\$ 947	\$ 20,688	\$ (219,410)	\$ 3,535	\$ -0-
N/A - Not Applicable							\$ 2,601	\$ 12,080	\$ 947	\$ 20,688	\$ (219,410)	\$ 3,535	\$ -0-

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS



TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020			Cancellation of Prior Year Encumbrances	Balance at June 30, 2021			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor		GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>												
<b>General Fund State Aid:</b>												
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	\$ 6,222,206									
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	229,942									
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	596,193									
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	221,598									
School Choice Aid	21-495-034-5120-068	7/1/20-6/30/21	21,842									
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20-6/30/21	108,864									
Excess Nonpublic Transportation Costs	21-495-034-5120-014	7/1/20-6/30/21	2,114									
Homeless Tuition Reimbursement	21-495-034-5120-005	7/1/20-6/30/21	22,049									
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	907,161									
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	1,131,199									
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	3,542,226									
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	67,396									
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	2,277									
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	6,006,859	\$ (593,059)								
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	229,942	(22,702)								
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	596,193	(58,862)								
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	221,598	(21,879)								
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	20,988	(2,072)								
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19-6/30/20	82,057	(74,587)								
Excess Nonpublic Transportation Costs	20-495-034-5120-014	7/1/19-6/30/20	4,399	(4,399)								
Homeless Tuition Reimbursement	20-495-034-5120-005	7/1/19-6/30/20	197,896	(197,896)								
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	897,330	(46,762)								
Subtotal - General Fund				(1,022,218)								
Special Revenue Fund Aid:												
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	1,431,039									
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	1,162,938	(114,817)	\$ 273,412	\$ 1,682						
Subtotal - Special Revenue Fund				(114,817)	273,412	1,682						
<b>State Department of Education:</b>												
<b>Food Service Fund:</b>												
COVID 19 - Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	216									
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	5,072	(1,358)								
Subtotal - Food Service Fund				(1,358)								
Total State Department of Education				(1,138,393)	273,412	1,682						
Total State Awards				\$ (1,138,393)	\$ 273,412	\$ 1,682						
<b>Less: State Awards Not Subject to Single Audit Major Program Determination</b>												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	(1,131,199)									
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	(3,542,226)									
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	(67,396)									
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	(2,277)									
Subtotal - On-Behalf TPAF Pension System Contributions												
Total State Awards Subject to Single Audit Major Program Determination				\$ (9,747,506)								

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021. 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 not 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 and special revenue funds are 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 (\$19,490) for the general fund and (\$30,377) for the special revenue fund which excludes local grants. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Revenue from federal and state awards is reported in the Board’s basic financial statements on a GAAP basis as presented on the following page:

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 51,392	\$ 13,063,047	\$ 13,114,439
Special Revenue Fund	1,350,167	1,383,683	2,733,850
Food Service Fund	<u>357,056</u>	<u>                    </u>	<u>357,056</u>
Total Awards	<u>\$ 1,758,615</u>	<u>\$ 14,446,730</u>	<u>\$ 16,205,345</u>

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, 2021.

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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:

	<u>C.F.D.A./</u> <u>State Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
<u>Federal:</u>				
Special Education Cluster (IDEA):				
I.D.E.A. Part B, Basic	84.027	7/1/20-9/30/21	\$ 410,623	\$ 410,623
I.D.E.A. Part B, Basic	84.027	7/1/19-9/30/20	375,137	6,133
I.D.E.A. Preschool	84.173	7/1/20-9/30/21	13,205	3,485
I.D.E.A. Preschool	84.173	7/1/19-9/30/20	10,343	3,221
<u>State:</u>				
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	6,222,206	6,222,206
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	596,193	596,193
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	221,598	221,598
School Choice Aid	21-495-034-5120-068	7/1/20-6/30/21	21,842	21,842

- 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 both federal and state programs.

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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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, 2021

Status of Prior Year Findings:

The District had no prior year audit findings.