

**TOWN OF NEWTON
SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
Financial Report**

of the

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

Newton, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

**Town of Newton School District
Board Office**

TOWN OF NEWTON SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
 FINANCIAL SECTION.....	 8
Independent Auditors' Report	9
Required Supplementary Information	13
Management's Discussion and Analysis	14
Basic Financial Statements (Sections A and B).....	22
A. District-Wide Financial Statements	23
A-1 Statement of Net Position	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
B-4 Statement of Net Position – Proprietary Funds.....	32
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	33
B-6 Statement of Cash Flows – Proprietary Funds.....	34
Notes to the Basic Financial Statements.....	35
Required Supplementary Information	74
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions.....	75
L-1 Schedule of District's Proportionate Share of the Net Pension Liability- Public Employees Retirement System.....	75
L-2 Schedule of District Contributions – Public Employees Retirement System	76
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District - Teachers' Pension and Annuity Fund.....	77
L-4 Schedule of State Contributions - Teachers' Pension and Annuity Fund.....	78
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios.....	79
Notes to Required Supplementary Information	80

TOWN OF NEWTON SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules82
C-1 Budgetary Comparison Schedule – General Fund83
C-2 Budgetary Comparison Schedule - Special Revenue Fund.....97
C-3 Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI.....98

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable).....99

E. Special Revenue Fund 100
E-1 Combining Schedule of Program Revenue and Expenditures - Special Revenue
Fund – Budgetary Basis..... 101
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis 106

F. Capital Projects Fund.....107
F-1 Summary Schedule of Revenue, Expenditures and Changes in Fund Balance –
Budgetary Basis..... 108
F-1A Schedule of Project Revenue, Expenditures and Project Balance and Project Status –
Budgetary Basis – Energy Savings Improvement Project
From Inception and for the Fiscal Year Ended June 30, 2022 109

G. Proprietary Funds (Enterprise Fund) 110
G-1 Combining Statement of Net Position 111
G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Position..... 112
G-3 Combining Statement of Cash Flows 113

H. Fiduciary Activities (Not Applicable)

I. Long-Term Debt 114
I-1 Schedule of Serial Bonds 115
I-2 Schedule of Obligations Under Financed Purchases 116
I-3 Debt Service Fund Budgetary Comparison Schedule..... 117

TOWN OF NEWTON SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

STATISTICAL SECTION

J.	Statistical Section (Unaudited)	118
J-1	Net Position by Component	119
J-2	Changes in Net Position	120
J-3	Fund Balances - Governmental Funds	122
J-4	Changes in Fund Balances - Governmental Funds	123
J-5	General Fund Other Local Revenue by Source	125
J-6	Assessed Value and Actual Value of Taxable Property	126
J-7	Direct and Overlapping Property Tax Rates	127
J-8	Principal Property Taxpayers, Current Year and Nine Years Ago	128
J-9	Property Tax Levies and Collections	129
J-10	Ratios of Outstanding Debt by Type	130
J-11	Ratios of Net General Bonded Debt Outstanding	131
J-12	Ratios of Overlapping Governmental Activities Debt	132
J-13	Legal Debt Margin Information	133
J-14	Demographic and Economic Statistics	134
J-15	Principal Employers, Current Year and Nine Years Ago	135
J-16	Full-time Equivalent District Employees by Function/Program	136
J-17	Operating Statistics	137
J-18	School Building Information	138
J-19	Schedule of Required Maintenance	139
J-20	Insurance Schedule	140
K.	SINGLE AUDIT SECTION	141
K-1	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 <i>Government Auditing Standards</i>	142
K-2	Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance and NJOMB 15-08	144
K-3	Schedule of Expenditures of Federal Awards	147
K-4	Schedule of Expenditures of State Awards	149
K-5	Notes to the Schedules of Expenditures of Federal and State Awards	151
K-6	Schedule of Findings and Questioned Costs	153
K-7	Summary Schedule of Prior Audit Findings	155

INTRODUCTORY SECTION

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

Robert Mooney
Interim Superintendent

James R. Sekelsky
Business Administrator

November 7, 2022

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

Dear Board Members:

The annual comprehensive financial report of the Town of Newton School District (the "District") for the fiscal year ended June 30, 2022, 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 annual comprehensive 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 2021-2022 fiscal year with an average daily enrollment of 1,531 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 aid 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 (CRRSA/ESSER II, and ARP/ESSER III) positively affected school year 21-22 and continue into the school years of 22-23 and 23-24.

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 fourth 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 welcomed the Sussex County YMCA to run Beforecare and Aftercare programs at Merriam Avenue Elementary school (K-2). These programs run in conjunction with C2C so that more students could participate and benefit families.

In the 21-22 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 over the past three years – from approximately \$7.5 million in 19-20 to just \$6.1 million for 22-23. 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 a 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, \$2,052,073 for 21-22, \$1,400,601 for fiscal year 22-23.

(E) Preschool—The District continued to receive Preschool Education Expansion Aid (PEEA) in 21-22. 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 was opened in fiscal year 21-22. 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, 2022.

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.

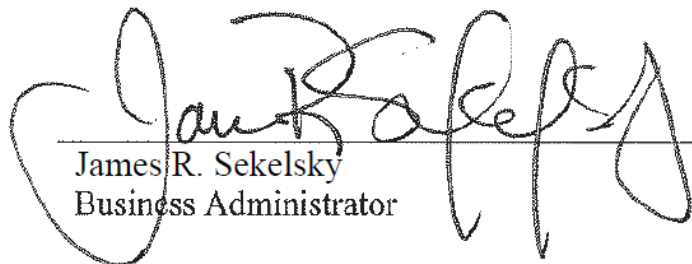
9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes,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

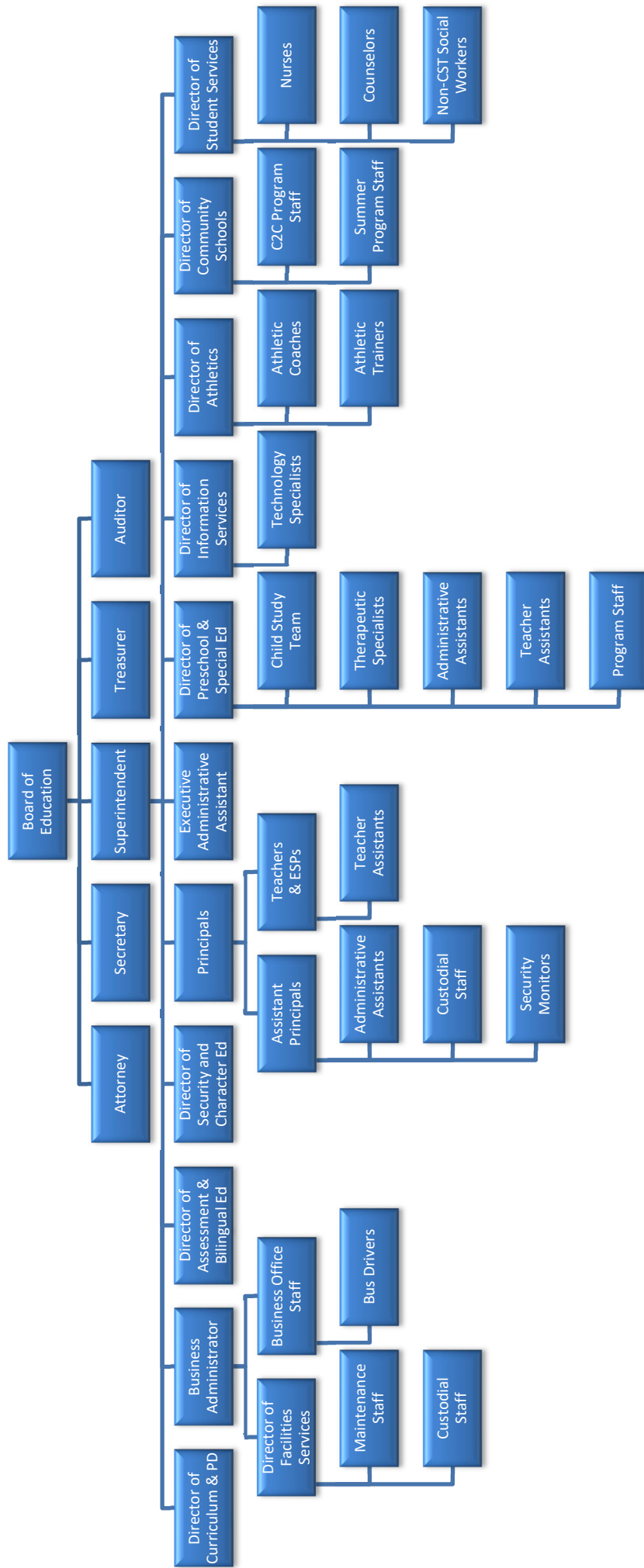


Robert Mooney
Interim Superintendent



James R. Sekelsky
Business Administrator

Newton Public Schools Organization Chart 2021-22



**TOWN OF NEWTON SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stella Dunn, President	2023
Raymond Morris, Vice President	2022
Ed Caffrey	2022
Joan Faye	2024
Meghan Gill	2022
Samuel Morales Jr.	2022
Lisa Qarmout	2023
Mary E. Zayac	2022
Danielle Gyles-Zito	2024
William Porter (Andover Regional Representative)	2022
Ann Marie Cooke (Green Township Representative)	2022

<u>Other Officers</u>	<u>Title</u>
Dr. G. Kennedy Greene	Superintendent of Schools (to 6/28/22)
Robert Mooney	Interim Superintendent of Schools (from 6/28/22)
James R. Sekelsky	School Business Administrator/Board Secretary
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

And

1140 Route 22 East, Suite 203
Bridgewater, NJ 08807

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 Audit of the Financial Statements

Qualified Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, 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.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to Qualified Opinion

The District's note disclosure on postemployment benefits other than pensions (OPEB) (Note 9) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "Division"), as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 post-retirement 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios (Exhibit L-5) do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable President and Members
of the Board of Education
Town of Newton School District
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022 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 District's internal control over financial reporting and compliance.

November 7, 2022
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, 2022

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, 2022. 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

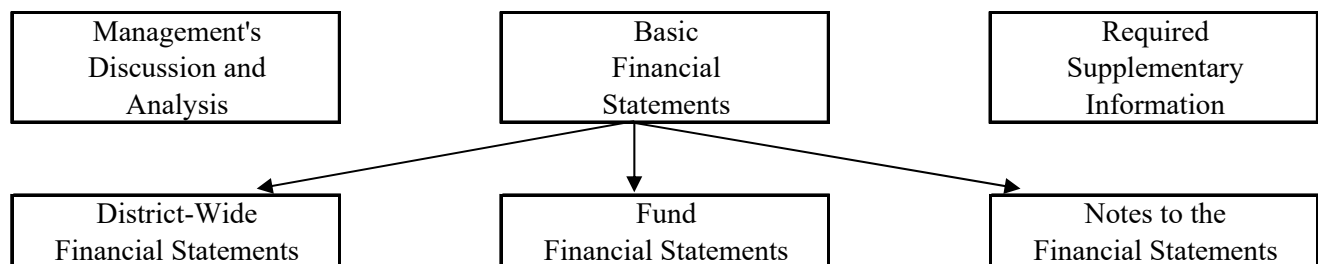


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
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, lease 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 \$1,474,535. Net position from governmental activities increased by \$1,108,781 and net position from business-type activities increased by \$365,754. Net investment in capital assets increased by \$1,442,937, restricted net position increased by \$590,305, and unrestricted net position decreased by \$558,707.

Figure A-3

	Condensed Statement of Net Position						Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Current and							
Other Assets	\$ 4,431,013	\$ 5,607,258	\$ 674,795	\$ 262,198	\$ 5,105,808	\$ 5,869,456	
Capital Assets, Net	15,320,964	14,369,415	36,353	47,837	15,357,317	14,417,252	
Total Assets	<u>19,751,977</u>	<u>19,976,673</u>	<u>711,148</u>	<u>310,035</u>	<u>20,463,125</u>	<u>20,286,708</u>	0.87%
Deferred Outflows of Resources	<u>658,676</u>	<u>1,110,871</u>			<u>658,676</u>	<u>1,110,871</u>	-40.71%
Other Liabilities	1,468,615	1,376,620	87,341	51,982	1,555,956	1,428,602	
Long-Term Liabilities							
Outstanding	<u>12,371,972</u>	<u>14,532,230</u>			<u>12,371,972</u>	<u>14,532,230</u>	
Total Liabilities	<u>13,840,587</u>	<u>15,908,850</u>	<u>87,341</u>	<u>51,982</u>	<u>13,927,928</u>	<u>15,960,832</u>	-12.74%
Deferred Inflows of Resources	<u>2,808,965</u>	<u>2,526,374</u>			<u>2,808,965</u>	<u>2,526,374</u>	11.19%
Net Position:							
Net Investment in							
Capital Assets	8,597,200	7,142,779	36,353	47,837	8,633,553	7,190,616	
Restricted	2,984,738	2,394,433			2,984,738	2,394,433	
Unrestricted/(Deficit)	<u>(7,820,837)</u>	<u>(6,884,892)</u>	<u>587,454</u>	<u>210,216</u>	<u>(7,233,383)</u>	<u>(6,674,676)</u>	
Total Net Position	<u>\$ 3,761,101</u>	<u>\$ 2,652,320</u>	<u>\$ 623,807</u>	<u>\$ 258,053</u>	<u>\$ 4,384,908</u>	<u>\$ 2,910,373</u>	50.66%

Changes in Net Position. The District's combined net position was \$4,384,908 on June 30, 2022, an increase of \$1,474,535 or 50.66% 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 \$1,588,185, maturity of \$161,950 in financed purchase payables and maturity of \$350,000 in serial bonds payable; offset by current year depreciation expense of \$648,120 and a net decrease in deferred amount on refunding of \$9,078. Restricted net position increased mainly due to an increase in the maintenance reserve of \$242,722 and an increase in the capital reserve of \$903,142; net of a decrease in the tuition reserve of \$571,514. Unrestricted net position decreased mainly due to a net decrease in Capital Projects committed fund balance and a decrease in encumbrances; as well as 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	Business- Type Activities	Governmental Activities	Business- Type Activities	Total School District	Total School District	Percentage Change
	2021/22	2021/22	2020/21	2020/21	2021/22	2020/21	2021/22
Revenue:							
Program Revenue:							
Charges for Services	\$ 6,115,016	\$ 150,589	\$ 6,713,707	\$ 5,611	\$ 6,265,605	\$ 6,719,318	
Operating Grants and Contributions	10,960,826	1,053,182	10,498,210	357,056	12,014,008	10,855,266	
General Revenue:							
Property Taxes	13,855,464		13,857,415		13,855,464	13,857,415	
Unrestricted Local, State and Federal Aid	8,363,480		6,497,338		8,363,480	6,497,338	
Other	202,497	830	62,510	345	203,327	62,855	
Total Revenue	39,497,283	1,204,601	37,629,180	363,012	40,701,884	37,992,192	7.13%
Expenses:							
Instruction	22,772,969		21,225,435		22,772,969	21,225,435	
Pupil and Instruction Services	7,571,754		7,271,257		7,571,754	7,271,257	
Administrative and Business	3,880,555		4,142,764		3,880,555	4,142,764	
Maintenance and Operations	2,733,742		2,893,623		2,733,742	2,893,623	
Transportation	1,050,321		861,752		1,050,321	861,752	
Other	379,161	838,847	314,462	339,184	1,218,008	653,646	
Total Expenses	38,388,502	838,847	36,709,293	339,184	39,227,349	37,048,477	5.88%
Other Items			(2,035)	(12,163)		(14,198)	100.00%
Increase/(Decrease) in Net Position	\$ 1,108,781	\$ 365,754	\$ 917,852	\$ 11,665	\$ 1,474,535	\$ 929,517	58.63%

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

	Net Cost of Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2021/22</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2020/21</u>
Instruction	\$ 22,772,969	\$ 13,013,007	\$ 21,225,435	\$ 11,573,444
Pupil and Instruction Services	7,571,754	2,951,950	7,271,257	2,742,618
Administrative and Business	3,880,555	2,545,739	4,142,764	2,536,405
Maintenance and Operations	2,733,742	1,836,229	2,893,623	1,916,000
Transportation	1,050,321	586,574	861,752	414,447
Other	379,161	379,161	314,462	314,462
	<u>\$ 38,388,502</u>	<u>\$ 21,312,660</u>	<u>\$ 36,709,293</u>	<u>\$ 19,497,376</u>

Business-Type Activities

Net position from the District’s business-type activity increased by \$365,754 (Refer to Figure A-4). The increase in net position was primarily due to the following:

- The Food Service Program had an increase of \$698,290 in revenue and an increase of \$378,535 in expenses. The District operated on the Seamless Summer Option which served free meals to all students.
- The After Care Program had an increase of \$143,299 in revenue and an increase of \$121,128 in expenses as the program was operational again during fiscal year 2022.

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 2021/22
	Government Activities		Business-Type Activities		Total School District		
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Sites and Site Improvements	\$ 1,934,642	\$ 1,951,595			\$ 1,934,642	\$ 1,951,595	
Construction in Progress	1,828,630	540,084			1,828,630	540,084	
Buildings and Building Improvements	10,625,196	10,949,903			10,625,196	10,949,903	
Machinery and Equipment	932,496	927,833	\$ 36,353	\$ 47,837	968,849	975,670	
Total	\$ 15,320,964	\$ 14,369,415	\$ 36,353	\$ 47,837	\$ 15,357,317	\$ 14,417,252	6.52%

Long-term Liabilities

The District's long term liabilities decreased by \$2,160,258 or 14.87% from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-7

	Outstanding Long-Term Liabilities		
	Total School District		Percentage Change 2021/22
	2021/22	2020/21	
General Obligation Bonds (Financed with Property Taxes)	\$ 4,700,000	\$ 5,050,000	
Unamortized Bond Issuance Premium	361,736	399,156	
Net Pension Liability	3,803,684	5,554,232	
Compensated Absences Payable	1,393,518	1,253,858	
Financed Purchases Payable	2,113,034	2,274,984	
	\$ 12,371,972	\$ 14,532,230	-14.87%

- The District continued to pay down its bonded debt, retiring \$350,000 of outstanding bonds.
- Unamortized bond issuance premium decreased by \$37,420.
- Net pension liability decreased by \$1,750,548.
- Compensated absences payable increased by a net amount of \$139,660.
- The District paid down \$161,950 in financed purchases agreement 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 (\$1,400,600 for FY22-23); however, reduction in tuition received from our sending districts has decreased by \$408,235 for FY22-23. 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 fourth year of operation. 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 buildings 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, 2022

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 438,981	\$ 530,964	\$ 969,945
Cash with Fiscal Agents	347,705		347,705
Receivables from State Government	388,115	1,039	389,154
Receivables from Federal Government	290,588	83,406	373,994
Receivables from Other Governments	12,318		12,318
Other Receivables	800	1,276	2,076
Internal Balances	(32,232)	32,232	
Inventories		25,878	25,878
Restricted Cash and Cash Equivalents	2,971,738		2,971,738
Restricted Investments	13,000		13,000
Capital Assets, Net:			
Sites (Land) and Construction in Progress	2,159,250		2,159,250
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	13,161,714	36,353	13,198,067
Total Assets	<u>19,751,977</u>	<u>711,148</u>	<u>20,463,125</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	89,270		89,270
Deferred Outflows Related to Pensions	169,426		169,426
District Contribution Subsequent to the Measurement Date - Pensions	399,980		399,980
Total Deferred Outflows of Resources	<u>658,676</u>		<u>658,676</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	763,358	68,783	832,141
Accrued Interest Payable	80,615		80,615
Payable to State Government		103	103
Payable to Federal Government		1,364	1,364
Unearned Revenue	624,642	17,091	641,733
Noncurrent Liabilities:			
Due Within One Year	677,526		677,526
Due Beyond One Year	11,694,446		11,694,446
Total Liabilities	<u>13,840,587</u>	<u>87,341</u>	<u>13,927,928</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,808,965		2,808,965
Total Deferred Inflows of Resources	<u>2,808,965</u>		<u>2,808,965</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	8,597,200	36,353	8,633,553
Restricted for:			
Capital Projects	2,012,236		2,012,236
Maintenance Reserve	379,542		379,542
Tuition Reserve	208,814		208,814
Student Activities	300,650		300,650
Scholarships	83,496		83,496
Unrestricted/(Deficit)	(7,820,837)	587,454	(7,233,383)
Total Net Position	<u>\$ 3,761,101</u>	<u>\$ 623,807</u>	<u>\$ 4,384,908</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, 2022

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
Governmental Activities:						
Instruction:						
Regular	\$ 16,804,652	\$ 2,573,715	\$ 4,336,184	\$ (9,894,753)		\$ (9,894,753)
Special Education	3,970,449	608,094	1,590,293	(1,772,062)		(1,772,062)
Other Special Instruction	505,514	77,422	117,649	(310,443)		(310,443)
School Sponsored/Other Instruction	1,492,354	228,561	228,044	(1,035,749)		(1,035,749)
Support Services:						
Tuition	941,628		452,928	(488,700)		(488,700)
Student and Instruction Related Services	6,630,126	1,453,349	2,713,527	(2,463,250)		(2,463,250)
General Administrative Services	658,110	100,793	89,967	(467,350)		(467,350)
School Administrative Services	2,352,746	360,335	480,328	(1,512,083)		(1,512,083)
Central Services	591,596	90,606	126,536	(374,454)		(374,454)
Administrative Information Technology	278,103	42,593	43,658	(191,852)		(191,852)
Plant Operations and Maintenance	2,733,742	418,686	478,827	(1,836,229)		(1,836,229)
Pupil Transportation	1,050,321	160,862	302,885	(586,574)		(586,574)
Transfer of Funds to Charter School	231,323			(231,323)		(231,323)
Interest on Long-Term Debt	147,838			(147,838)		(147,838)
Total Governmental Activities	38,388,502	6,115,016	10,960,826	(21,312,660)		(21,312,660)
Business-Type Activities:						
Food Service	716,419	6,583	1,053,182		\$ 343,346	343,346
After Care Program	122,428	144,006			21,578	21,578
Total Business-Type Activities	838,847	150,589	1,053,182		364,924	364,924
Total Primary Government	\$ 39,227,349	\$ 6,265,605	\$ 12,014,008	(21,312,660)	364,924	(20,947,736)

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	529,387		529,387
Federal, State and Local Aid not Restricted	8,363,480		8,363,480
Interest Earnings	14,880	\$ 830	15,710
Miscellaneous Income	187,617		187,617
Total General Revenues	22,421,441	830	22,422,271
Change in Net Position	1,108,781	365,754	1,474,535
Net Position - Beginning	2,652,320	258,053	2,910,373
Net Position - Ending	\$ 3,761,101	\$ 623,807	\$ 4,384,908

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, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 157,950	\$ 281,031			\$ 438,981
Cash with Fiscal Agents			\$ 347,705		347,705
Receivables From State Government	388,115				388,115
Receivables From Federal Government		290,588			290,588
Receivables From Other Governments	12,318				12,318
Other Accounts Receivables		800			800
Restricted Cash and Cash Equivalents	2,600,592	371,146			2,971,738
Restricted Investments		13,000			13,000
Total Assets	\$ 3,158,975	\$ 956,565	\$ 347,705	\$ -0-	\$ 4,463,245
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 32,232				\$ 32,232
Accounts Payable	269,629	\$ 93,749			363,378
Unearned Revenue		624,642			624,642
Total Liabilities	301,861	718,391			1,020,252
Fund Balances:					
Restricted:					
Capital Reserve Account	2,012,236				2,012,236
Maintenance Reserve Account	379,542				379,542
Tuition Reserve Account	208,814				208,814
Student Activities		300,650			300,650
Scholarships		83,496			83,496
Committed:					
Capital Projects			\$ 347,705		347,705
Assigned:					
Other Purposes	256,522				256,522
Unassigned/(Deficit):					
Special Revenue Fund		(145,972)			(145,972)
Total Fund Balances	2,857,114	238,174	347,705		3,442,993
Total Liabilities and Fund Balances	\$ 3,158,975	\$ 956,565	\$ 347,705	\$ -0-	\$ 4,463,245

TOWN OF NEWTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Total
Governmental
Funds

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

Total Fund Balances from previous page	\$ 3,442,993
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	15,320,964
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(361,736)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	89,270
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(80,615)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(3,803,684)
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	169,426
Deferred Inflows	(2,808,965)
Long-Term Liabilities, Including Bonds Payable and Financed Purchases Payable, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(8,206,552)</u>
Net Position of Governmental Activities	<u><u>\$ 3,761,101</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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,326,077			\$ 529,387	\$ 13,855,464
Tuition from Other LEAs	5,677,104				5,677,104
Rents and Royalties	30,000				30,000
Interest Earned on Capital Reserve Funds	3,142				3,142
Restricted Miscellaneous Revenue		\$ 438,190			438,190
Unrestricted Miscellaneous Revenue	169,355	73,469			242,824
Total - Local Sources	19,205,678	511,659		529,387	20,246,724
State Sources	16,469,004	1,501,201			17,970,205
Federal Sources	64,444	2,153,799			2,218,243
Total Revenues	35,739,126	4,166,659		529,387	40,435,172
EXPENDITURES:					
Current:					
Regular Instruction	9,367,147	1,631,652			10,998,799
Special Education Instruction	2,368,101	12,996			2,381,097
Other Special Instruction	298,712				298,712
School-Sponsored/Other Instruction	1,047,470				1,047,470
Support Services and Undistributed Costs:					
Tuition	488,700	452,928			941,628
Student and Other Instruction Related Services	2,967,905	2,219,441			5,187,346
General Administrative Services	563,841				563,841
School Administrative Services	1,457,933				1,457,933
Central Services	415,680				415,680
Administrative Information Technology	237,235				237,235
Plant Operations and Maintenance	2,128,643				2,128,643
Student Transportation	825,671				825,671
Unallocated Benefits	12,775,576				12,775,576
Debt Service:					
Principal				350,000	350,000
Interest and Other Charges				179,388	179,388
Capital Outlay	405,646	591	\$ 1,288,546		1,694,783
Transfer of Funds to Charter School	231,323				231,323
Total Expenditures	35,579,583	4,317,608	1,288,546	529,388	41,715,125
Excess/(Deficit) of Revenue Over/(Under) Expenditures	159,543	(150,949)	(1,288,546)	(1)	(1,279,953)
Other Financing Sources/(Uses):					
Transfers	(161,856)	161,856			
Total Other Financing Sources/(Uses)	(161,856)	161,856			
Net Change in Fund Balances	(2,313)	10,907	(1,288,546)	(1)	(1,279,953)
Fund Balance - July 1	2,859,427	227,267	1,636,251	1	4,722,946
Fund Balance - June 30	\$ 2,857,114	\$ 238,174	\$ 347,705	\$ -0-	\$ 3,442,993

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, 2022

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (1,279,953)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2)
are Different Because:

Capital outlays related to capital assets 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 in the period.

Depreciation Expense	\$ (636,636)	
Capital Asset Additions	<u>1,588,185</u>	951,549

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 (+). 3,208

Repayment of financed purchases 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. 161,950

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. 350,000

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. 37,420

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	1,750,548	
Change in Deferred Outflows	(434,612)	
Change in Deferred Inflows	(282,591)	

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 (+). (139,660)

Change in Net Position of Governmental Activities \$ 1,108,781

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, 2022

	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	\$ 508,633	\$ 22,331	\$ 530,964
Interfund Receivable - General Fund	32,232		32,232
Intrafund Receivable - Food Service Fund		250	250
Intergovernmental Accounts Receivable:			
State	1,039		1,039
Federal	83,406		83,406
Other Accounts Receivable		1,276	1,276
Inventories	25,878		25,878
Total Current Assets	<u>651,188</u>	<u>23,857</u>	<u>675,045</u>
Non-Current Assets:			
Capital Assets	213,420		213,420
Less: Accumulated Depreciation	<u>(177,067)</u>		<u>(177,067)</u>
Total Non-Current Assets	<u>36,353</u>		<u>36,353</u>
Total Assets	<u>687,541</u>	<u>23,857</u>	<u>711,398</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	68,783		68,783
Payable to State Government	103		103
Payable to Federal Government	1,364		1,364
Intrafund Payable - After Care Program	250		250
Unearned Revenue - Donated Commodities	4,032		4,032
Unearned Revenue - Prepaid Sales	13,059		13,059
Total Current Liabilities	<u>87,591</u>		<u>87,591</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	36,353		36,353
Unrestricted	563,597	23,857	587,454
Total Net Position	<u>\$ 599,950</u>	<u>\$ 23,857</u>	<u>\$ 623,807</u>

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

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total Enterprise
	Food Service	After Care Program	
Operating Revenue:			
Local Sources:			
Other Income	\$ 5,467	\$ 144,006	\$ 149,473
Special Events	1,116		1,116
Total Operating Revenue	6,583	144,006	150,589
Operating Expenses:			
Cost of Sales - Reimbursable Programs	328,942		328,942
Salaries, Benefits & Payroll Taxes	230,876		230,876
Other Purchased Services	4,500	122,428	126,928
Supplies, Insurance and Other Costs	31,999		31,999
Management Fee	54,540		54,540
Miscellaneous Expenses	54,078		54,078
Depreciation Expense	11,484		11,484
Total Operating Expenses	716,419	122,428	838,847
Operating Income/(Loss)	(709,836)	21,578	(688,258)
Non-Operating Revenue:			
Local Sources:			
Interest Income	701	129	830
State Sources:			
COVID-19 Seamless Summer Option	14,227		14,227
Federal Sources:			
COVID-19 Seamless Summer Option	958,260		958,260
Summer Food Service Program	29,286		29,286
COVID-19 Pandemic P-EBT Administrative Costs	1,242		1,242
COVID-19 Emergency Operational Costs Reimbursement Program	31,604		31,604
Food Distribution Program	18,563		18,563
Total Non-Operating Revenue	1,053,883	129	1,054,012
Change in Net Position	344,047	21,707	365,754
Net Position - Beginning of Year	255,903	2,150	258,053
Net Position - End of Year	\$ 599,950	\$ 23,857	\$ 623,807

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, 2022

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total Enterprise
	Food Service	After Care Program	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 10,568	\$ 142,730	\$ 153,298
Payments to Food Service Contractor	(636,755)		(636,755)
Payments for Suppliers	(22,860)	(122,428)	(145,288)
Net Cash Provided by/(Used for) Operating Activities	(649,047)	20,302	(628,745)
Cash Flows from Investing Activities:			
Interest Income	701	129	830
Net Cash Provided by Investing Activities	701	129	830
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	453		453
State Sources Collected in Food Service Fund	13,188		13,188
Federal Sources Collected in Food Service Fund	984,871		984,871
Net Cash Provided by Noncapital Financing Activities	998,512		998,512
Net Increase in Cash and Cash Equivalents	350,166	20,431	370,597
Cash and Cash Equivalents, July 1	158,467	1,900	160,367
Cash and Cash Equivalents, June 30	\$ 508,633	\$ 22,331	\$ 530,964
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (709,836)	\$ 21,578	\$ (688,258)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	11,484		11,484
Food Distribution Program	18,563		18,563
Changes in Assets and Liabilities:			
Increase in Unearned Revenue	4,482		4,482
Increase in Accounts Payable	41,593		41,593
(Increase) in Other Accounts Receivable		(1,276)	(1,276)
(Increase) in Inventory	(15,333)		(15,333)
Net Cash Provided by/(Used for) Operating Activities	\$ (649,047)	\$ 20,302	\$ (628,745)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$19,060 and utilized U.S.D.A. Commodities valued at \$18,563.

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, 2022

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, 2022

(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 or lease 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, 2022

(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 or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases 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, 2022 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, 2022

(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	\$ 35,958,311	\$ 4,480,772
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		(175,880)
Cancellation of Prior Year Encumbrances		(3,075)
Prior Year Encumbrances		31,747
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	718,064	140,923
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(937,249)	(145,972)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 35,739,126	\$ 4,328,515

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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	\$ 35,579,583	\$ 4,464,816
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		(175,880)
Cancellation of Prior Year Encumbrances		(3,075)
Prior Year Encumbrances		31,747
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 35,579,583	\$ 4,317,608

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, 2022

(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, 2022.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. 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.

N. 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, 2022.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

O. 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.

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.

P. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. Unearned Revenue

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

R. Fund Balance Appropriated

General Fund: Of the \$2,857,114 General Fund fund balance at June 30, 2022, \$256,522 is assigned for encumbrances, which is \$54,180 less than the encumbrances, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2023; \$2,012,236 is restricted in the capital reserve account; \$379,542 is restricted in the maintenance reserve account; \$208,814 is restricted in the tuition reserve account for fiscal year ending June 30, 2023; \$-0- of assigned fund balance which is \$250,000 less than on a GAAP basis, and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2023; and \$-0- in unassigned fund balance, which is \$633,069 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, 2023.

Special Revenue Fund: Of the \$238,174 Special Revenue Fund fund balance at June 30, 2022, \$300,650 is restricted for student activities; \$83,496 is restricted for scholarships; offset by a deficit of \$145,972 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, 2023 on a GAAP basis.

Capital Projects Fund: The \$347,705 fund balance in the Capital Projects Fund at June 30, 2022 is committed.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

R. Fund Balance Appropriated (Cont'd)

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, 2022.

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.

S. Deficit Net Position and Fund Balance

The District has a deficit in unrestricted net position of \$7,820,837 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 \$145,972 in the Special Revenue Fund as of June 30, 2022 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.

T. 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, 2022 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, 2022 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, lease assets, net of accumulated amortization, 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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

T. Net Position (Cont'd)

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

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

U. 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 and scholarships.

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, 2022.

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 2022/2023 budget (on the budgetary basis) and encumbrances in the General Fund at June 30, 2022.

V. 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

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

V. Revenue - Exchange and Nonexchange Transactions (Cont'd)

recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

W. 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.

X. 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.

Y. 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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

GASB 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;

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations 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;

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Investments: (Cont'd)

- (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;
- (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, 2022, cash and cash equivalents and investments of the District consisted of the following:

	Restricted Cash and Cash Equivalents	Cash and Cash Equivalents	Cash with Fiscal Agents	Restricted Investments	Total
Checking Accounts	\$ 2,971,738	\$ 969,945	\$ 347,705		\$ 4,289,388
Certificates of Deposit				\$ 13,000	13,000
	\$ 2,971,738	\$ 969,945	\$ 347,705	\$ 13,000	\$ 4,302,388

During the period ended June 30, 2022, 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, 2022, was \$4,302,388 and the bank balance was \$6,051,969.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$100 on November 7, 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, 2022
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2021	\$ 1,109,094
Add: Transfer from Unassigned Fund Balance as per Board Resolution - June 2022	900,000
Interest Earnings	3,142
	\$ 2,012,236
Ending Balance, June 30, 2022	\$ 2,012,236

The balance in the capital reserve account at June 30, 2022 does not exceed the LRFP balance of local support costs of uncompleted capital projects. Withdrawals from the capital reserve are 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, 2021	\$ 136,820
Add: Transfer from Unassigned Fund Balance as per Board Resolution - June 2022	242,722
	\$ 379,542
Ending Balance, June 30, 2022	\$ 379,542

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 330,620			\$ 330,620
Construction in Progress	540,084	\$ 1,288,546		1,828,630
Total Capital Assets Not Being Depreciated	870,704	1,288,546		2,159,250
Capital Assets Being Depreciated:				
Site Improvements	2,885,360	117,714		3,003,074
Buildings and Building Improvements	17,879,680			17,879,680
Machinery and Equipment	2,813,840	181,925	\$ (43,864)	2,951,901
Total Capital Assets Being Depreciated	23,578,880	299,639	(43,864)	23,834,655
Governmental Activities Capital Assets	24,449,584	1,588,185	(43,864)	25,993,905
Less: Accumulated Depreciation for:				
Site Improvements	(1,264,385)	(134,667)		(1,399,052)
Buildings and Building Improvements	(6,929,777)	(324,707)		(7,254,484)
Machinery and Equipment	(1,886,007)	(177,262)	43,864	(2,019,405)
	(10,080,169)	(636,636)	43,864	(10,672,941)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 14,369,415	\$ 951,549	\$ -0-	\$ 15,320,964
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 221,538		\$ (8,118)	\$ 213,420
Less: Accumulated Depreciation	(173,701)	\$ (11,484)	8,118	(177,067)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 47,837	\$ (11,484)	\$ -0-	\$ 36,353
Depreciation expense was charged to governmental functions as follows:				
Regular Instruction				\$ 498,243
School Sponsored/Other Instruction				9,604
Student and Instruction Related Services				1,280
Operations and Maintenance of Plant				44,884
Student Transportation				82,625
				\$ 636,636

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022	Due Within One Year
Serial Bonds Payable	\$ 5,050,000		\$ 350,000	\$ 4,700,000	\$ 360,000
Unamortized Bond Issuance Premium	399,156		37,420	361,736	37,421
Net Pension Liability	5,554,232		1,750,548	3,803,684	
Compensated Absences Payable	1,253,858	\$ 267,836	128,176	1,393,518	
Financed Purchases Payable	2,274,984		161,950	2,113,034	280,105
	<u>\$ 14,532,230</u>	<u>\$ 267,836</u>	<u>\$ 2,428,094</u>	<u>\$ 12,371,972</u>	<u>\$ 677,526</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 \$324,315.

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, 2022
(Continued)

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

B. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2022 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	3.00-4.00%	<u>\$ 4,700,000</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>
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
2027	410,000	114,788	524,788
Thereafter 5 Years (2028-2032)	2,285,000	316,506	2,601,506
Thereafter 2 Years (2033)	500,000	9,375	509,375
	<u>\$ 4,700,000</u>	<u>\$ 1,047,969</u>	<u>\$ 5,747,969</u>

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

C. Bonds Authorized But Not Issued:

As of June 30, 2022, 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 \$1,393,518. 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, 2022, \$-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, 2022 is \$-0- and the long-term portion is \$3,803,684. See Note 8 for further information on the PERS.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

F. Financed Purchases Payable:

The District has a financed purchases agreement for a telephone system and school bus valued at \$200,000 of which \$117,336 has matured. The financed purchases agreement is for a term of five years. The District also has a financed purchase agreement for an energy savings improvement project valued at \$2,176,335 of which \$145,965 has matured and been repaid. The financed purchases agreement is for a term of 15 years. The following is a schedule of the future minimum financed purchases payments, and the present value of the net minimum financed purchases payments at June 30, 2022.

Fiscal Year	Amount
2023	\$ 329,873
2024	282,649
2025	175,980
2026	179,062
2027	132,988
Thereafter 5 Years (2028-2032)	714,784
Thereafter 5 Years (2033-2036)	638,204
	2,453,540
Less amount representing interest	(340,506)
Present Value Net of Minimum Financed Purchases Payments	\$ 2,113,034

The current portion of the financed purchases payable at June 30, 2022 is \$280,105 and the long-term portion is \$1,832,929. The General Fund will be used to liquidate the financed purchases payable.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax qualified contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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.

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, 2022
(Continued)

NOTE 8. 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 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 \$376,023 for fiscal year 2022.

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, 2022

(Continued)

NOTE 8. 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, 2022, the District's liability was \$3,803,684 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.0321%, which was a decrease of 0.002% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit in the amount of \$657,321. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	5.48		\$ 160,745
	2018	5.63		301,362
	2019	5.21		265,854
	2020	5.16		626,175
	2021	5.13	\$ 19,810	
				<u>19,810</u>
Difference Between Expected and Actual Experience	2017	5.48	4,781	
	2018	5.63		11,476
	2019	5.21	20,322	
	2020	5.16	34,886	
	2021	5.13		15,754
				<u>59,989</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		29,712
	2019	5.00		(9,587)
	2020	5.00		(216,065)
	2021	5.00		1,197,930
			<u> </u>	<u>1,001,990</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. 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	2017	5.48		\$ 24,239
	2018	5.63	\$ 50,098	
	2019	5.21		58,710
	2020	5.16	39,529	
	2021	5.13		342,660
			89,627	425,609
District Contribution Subsequent to the Measurement Date	2021	1.00	399,980	
			\$ 569,406	\$ 2,808,965

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 the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (897,504)
2023	(640,816)
2024	(436,927)
2025	(328,439)
2026	129
	\$ (2,303,557)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 8. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 8. 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, 2021. 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 100% 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 in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2021 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, 2021		
	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	\$ 5,182,713	\$ 3,803,684	\$ 2,637,274

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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. 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 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

During the fiscal year ended 2022, the State of New Jersey contributed 4,842,304 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,378,480.

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$58,582,831. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.1219%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2020.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	58,582,831
Total	<u>\$ 58,582,831</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$1,378,480 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 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	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 8. 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		\$ 1,464,605
	2015	8.30	\$ 57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
				<u>2,854,036,178</u>
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</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
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	<u>\$ (20,990,267,071)</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. 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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 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, 2021) 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, 2021 are summarized in the following table:

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 8. 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments 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, 2021 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. 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, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 69,313,274	\$ 58,582,831	\$ 49,569,933

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 \$49,505 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$53,074 for the fiscal year ended June 30, 2022.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. 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, 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 annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	<u>216,804</u>
Total	<u><u>366,108</u></u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. 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, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

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 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter		1.55 - 4.45% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2019 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), and “General” (PERS), classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven 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, 2022

(Continued)

NOTE 9. 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, 2020 was 2.21%. 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, 2019	\$ 52,841,275
Changes for Year:	
Service Cost	2,018,957
Interest on the Total OPEB Liability	1,894,886
Difference between Actual and Expected Experience	15,083,222
Changes of Assumptions	15,730,216
Gross Benefit Payments by the State	(1,499,188)
Contributions from Members	45,440
Net Changes	33,273,533
Balance at June 30, 2020	\$ 86,114,808

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, 2020, 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, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 103,815,846	\$ 86,114,808	\$ 72,274,301

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. 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, 2020, 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 69,514,777	\$ 86,114,808	\$ 105,881,755

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$3,673,255 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, 2020 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, 2022

(Continued)

NOTE 9. 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		\$ 5,226,170
	2018	9.51		4,600,017
	2019	9.29	\$ 620,033	
	2020	9.24	14,027,812	
			<u>14,647,845</u>	<u>9,826,187</u>
Differences between Expected and Actual Experience	2018	9.51		4,348,448
	2019	9.29		7,297,826
	2020	9.24	\$ 13,074,471	
			<u>13,074,471</u>	<u>11,646,274</u>
Changes in Proportion	N/A	N/A	197,667	2,297,673
			<u>\$ 27,919,983</u>	<u>\$ 23,770,134</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
2021	\$ (55,166)
2022	(55,167)
2023	(55,167)
2024	(55,167)
2025	(55,167)
Thereafter	<u>(5,974,021)</u>
	<u>\$ (6,249,855)</u>

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their 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, 2022
(Continued)

NOTE 10. 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 Annual Comprehensive 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, 2022 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, 2021 is as follows:

Total Assets	\$ 52,863,732
Net Position	\$ 20,991,515
Total Revenue	\$ 43,288,013
Total Expenses	\$ 42,836,407
Change in Net Position	\$ 451,606
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 11. ECONOMIC DEPENDENCY

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

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 12. INTERFUND/INTRAFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund</u>		<u>Intrafund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
General Fund		\$ 32,232		
Proprietary Funds:				
Food Service Fund	\$ 32,232			\$ 250
After Care Program			\$ 250	
	<u>\$ 32,232</u>	<u>\$ 32,232</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 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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 14. TAX CALENDAR

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

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2022, the District transferred \$3,485 from the capital outlay accounts which did not require County Superintendent approval.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 16. 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, 2022, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 310,702	\$ 175,880	\$ 486,582

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$256,522 is assigned for year-end encumbrances in the General Fund, which is \$54,180 less than the actual year-end encumbrances on a budgetary basis due to the final two state aid payments which are not recognized on a GAAP basis. On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$175,880 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 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type Activities as of June 30, 2022 consisted of the following:

	Governmental Funds		District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	Business-Type Activities
	General Fund	Special Revenue Fund			Proprietary Funds
Due to State of New Jersey	\$ 13,380	\$ 93,749	\$ 399,980	\$ 507,109	
Vendors	40,181			40,181	\$ 68,783
Payroll Deductions and Withholdings	216,068			216,068	
	\$ 269,629	\$ 93,749	\$ 399,980	\$ 763,358	\$ 68,783

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 18. 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 \$1,198,131 from eleven payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2021 without the abatements would have been \$8,143,619 of which \$4,225,907 would have been for the local school tax.

NOTE 19. 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, 2022, the District has \$208,814 in the tuition reserve which will be used to pay any tuition adjustments for the fiscal years ending June 30, 2023.

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0359669078%	0.0359246917%	0.0348857478%	0.0336168274%	0.0343840290%	0.0337729170%	0.0340596141%	0.0321080856%
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	\$ 3,803,684
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	\$ 2,368,619
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%	160.59%
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%	70.33%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 296,506	\$ 308,856	\$ 313,882	\$ 314,605	\$ 359,908	\$ 329,934	\$ 372,595	\$ 376,023
Contributions in relation to the contractually required contribution	(296,506)	(308,856)	(313,882)	(314,605)	(359,908)	(329,934)	(372,595)	(376,023)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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	\$ 2,299,695
Contributions as a percentage of covered employee payroll	12.35%	12.96%	13.08%	12.94%	14.73%	16.32%	15.73%	16.35%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
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%	0.1218566845%
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	\$ 58,582,831
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	\$ 12,715,178
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%	460.73%
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%	35.52%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 3,302,561	\$ 4,460,253	\$ 6,833,640	\$ 5,578,119	\$ 4,564,691	\$ 4,488,732	\$ 5,001,564	\$ 1,378,480
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)	(4,842,304)
Contribution deficiency/(excess)	\$ 2,677,721	\$ 3,534,593	\$ 5,537,300	\$ 3,765,575	\$ 2,125,828	\$ 1,809,613	\$ 1,459,338	\$ (3,463,824)
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	\$ 13,087,475
Contributions as a percentage of covered employee payroll	5.14%	7.36%	9.99%	13.97%	18.24%	20.15%	27.86%	37.00%

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 FOUR FISCAL YEARS

	Fiscal Year Ending June 30,			
	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 2,758,832	\$ 2,294,109	\$ 1,992,651	\$ 2,018,957
Interest	2,229,781	2,580,182	2,356,407	1,894,886
Differences between Expected and Actual Experience		(7,351,200)	(10,397,608)	15,083,222
Changes in Assumptions	(9,133,798)	(6,848,113)	787,868	15,730,216
Member Contributions	60,164	55,150	48,083	45,440
Gross Benefit Payments	(1,633,892)	(1,595,713)	(1,622,070)	(1,499,188)
Net Change in Total OPEB Liability	(5,718,913)	(10,865,585)	(6,834,669)	33,273,533
Total OPEB Liability - Beginning	76,260,442	70,541,529	59,675,944	52,841,275
Total OPEB Liability - Ending	<u>\$ 70,541,529</u>	<u>\$ 59,675,944</u>	<u>\$ 52,841,275</u>	<u>\$ 86,114,808</u>
District's Covered Employee Payroll *	\$ 14,961,910	\$ 15,378,733	\$ 15,405,107	\$ 15,814,803
Total OPEB Liability as a Percentage of Covered Employee Payroll	471%	388%	343%	545%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019 and 2020 are based on the payroll on the June 30, 2016, 2017, 2018 and 2019 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, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

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, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 13,326,077		\$ 13,326,077	\$ 13,326,077	
Tuition From Other LEAs Within the State	5,531,655		5,531,655	5,677,104	145,449
Transportation Fees From Other LEAs	4,200		4,200		(4,200)
Rents and Royalties	20,000		20,000	30,000	10,000
Unrestricted Miscellaneous Revenues				169,355	169,355
Interest Earned on Capital Reserve Funds				3,142	3,142
Total Revenues from Local Sources	18,881,932		18,881,932	19,205,678	323,746
Revenues from State Sources:					
School Choice Aid	19,132		19,132	19,132	
Categorical Transportation Aid	229,942		229,942	229,942	
Extraordinary Aid	70,000		70,000	124,210	54,210
Categorical Special Education Aid	596,193		596,193	596,193	
Equalization Aid	8,276,989		8,276,989	8,276,989	
Categorical Security Aid	221,598		221,598	221,598	
Excess Nonpublic School Transportation Costs				5,110	5,110
Homeless Tuition Reimbursement				69,376	69,376
K-12 School COVID-19 Screening Testing Program				4,403	4,403
Securing Our Children's Future Bond Act (Alyssa's Law)				87,252	87,252
TPAF Post Retirement Contributions (Non-Budgeted)				1,147,320	1,147,320
TPAF Pension Contributions (Non-Budgeted)				4,842,304	4,842,304
TPAF Non-Contributory Insurance (Non-Budgeted)				68,318	68,318
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,038	2,038
Reimbursed TPAF Social Security Contributions				994,004	994,004
Total Revenues from State Sources	9,413,854		9,413,854	16,688,189	7,274,335

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 39,436		\$ 39,436	\$ 63,433	\$ 23,997
FEMA Reimbursements				1,011	1,011
Total Revenues from Federal Sources	<u>39,436</u>		<u>39,436</u>	<u>64,444</u>	<u>25,008</u>
TOTAL REVENUE	28,335,222		28,335,222	35,958,311	7,623,089
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 240		240	240	
Kindergarten - Salaries of Teachers	382,109	(66,697)	315,412	289,538	25,874
Grades 1-5 - Salaries of Teachers	1,936,148	(159,745)	1,776,403	1,776,403	
Grades 6-8 - Salaries of Teachers	1,727,597	146,754	1,874,351	1,846,218	28,133
Grades 9-12 - Salaries of Teachers	3,986,156	58,805	4,044,961	4,034,961	10,000
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000	16,677	31,677	31,677	
Purchased Professional-Educational Services	10,700	(657)	10,043	9,653	390
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	96,774	(8,700)	88,074	88,051	23
Purchased Professional-Educational Services	346,018	(66,360)	279,658	260,364	19,294
Purchased Technical Services	260,153	(41,616)	218,537	200,109	18,428
Other Purchased Services (400-500 series)	85,984	4,183	90,167	75,610	14,557
General Supplies	716,790	95,742	812,532	693,942	118,590
Textbooks	45,559	12,935	58,494	58,491	3
Other Objects	750	1,140	1,890	1,890	
Total Regular Programs - Instruction	<u>9,609,738</u>	<u>(7,299)</u>	<u>9,602,439</u>	<u>9,367,147</u>	<u>235,292</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 406,790	\$ 30,690	\$ 437,480	\$ 430,345	\$ 7,135
Other Salaries for Instruction	85,445	(13,191)	72,254	67,821	4,433
Learning and/or Language Disabilities: (Cont'd)					
General Supplies	500		500		500
Other Objects	3,811		3,811	450	3,361
Total Learning and/or Language Disabilities	496,546	17,499	514,045	498,616	15,429
Behavioral Disabilities:					
Salaries of Teachers	125,693	4,128	129,821	126,042	3,779
Other Salaries for Instruction	37,379	17,163	54,542	50,140	4,402
General Supplies	400		400		400
Total Behavioral Disabilities	163,472	21,291	184,763	176,182	8,581
Multiple Disabilities:					
Salaries of Teachers	166,832	24,576	191,408	189,581	1,827
Other Salaries for Instruction	65,375	113,890	179,265	171,375	7,890
General Supplies	1,798	1,188	2,986	1,287	1,699
Other Objects	3,200		3,200	2,931	269
Total Multiple Disabilities	237,205	139,654	376,859	365,174	11,685
Resource Room/Resource Center:					
Salaries of Teachers	802,367	12,425	814,792	805,197	9,595
Other Salaries for Instruction	167,207	14,442	181,649	173,137	8,512
General Supplies	1,288	251	1,539	1,241	298
Textbooks	500	(500)			
Total Resource Room/Resource Center	971,362	26,618	997,980	979,575	18,405

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 231,112	\$ 16,581	\$ 247,693	\$ 245,514	\$ 2,179
Other Salaries for Instruction	106,715	(3,675)	103,040	103,040	
Total Preschool Disabilities - Part-Time	<u>337,827</u>	<u>12,906</u>	<u>350,733</u>	<u>348,554</u>	<u>2,179</u>
Home Instruction:					
Salaries of Teachers	3,600		3,600		3,600
Total Home Instruction	<u>3,600</u>		<u>3,600</u>		<u>3,600</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>2,210,012</u>	<u>217,968</u>	<u>2,427,980</u>	<u>2,368,101</u>	<u>59,879</u>
Bilingual Education - Instruction:					
Salaries of Teachers	266,083	(43,589)	222,494	213,117	9,377
Other Salaries for Instruction	143,550	(54,401)	89,149	85,386	3,763
Purchased Professional-Educational Services	980	(980)			
General Supplies	11,800	(11,591)	209	209	
Total Bilingual Education - Instruction	<u>422,413</u>	<u>(110,561)</u>	<u>311,852</u>	<u>298,712</u>	<u>13,140</u>
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	184,000	30,958	214,958	197,958	17,000
Purchased Services (300-500 series)	14,500	4,034	18,534	18,534	
Supplies and Materials	15,950	5,523	21,473	17,374	4,099
Other Objects	3,450		3,450	3,450	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>217,900</u>	<u>40,515</u>	<u>258,415</u>	<u>237,316</u>	<u>21,099</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction:					
Salaries	\$ 552,911	\$ 2,426	\$ 555,337	\$ 524,655	\$ 30,682
Purchased Services (300-500 series)	49,500	(2,496)	47,004	47,004	
Supplies and Materials	66,704	3,781	70,485	70,485	
Other Objects	29,641	(996)	28,645	28,455	190
Transfers to Cover Deficit (Agency Funds)	37,000	(17,000)	20,000	20,000	
Total School-Sponsored Athletics - Instruction	<u>735,756</u>	<u>(14,285)</u>	<u>721,471</u>	<u>690,599</u>	<u>30,872</u>
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Reading Specialists	136,627	(17,072)	119,555	119,555	
Total Other Suppl/at-risk Prog - Instruction	<u>136,627</u>	<u>(17,072)</u>	<u>119,555</u>	<u>119,555</u>	
TOTAL INSTRUCTION	<u>13,332,446</u>	<u>109,266</u>	<u>13,441,712</u>	<u>13,081,430</u>	<u>360,282</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	206,179	(5,550)	200,629	195,725	4,904
Tuition to County Voc. School Dist.-Regular	53,636		53,636	39,179	14,457
Tuition to CSSD & Reg. Day Schools	53,358		53,358	31,766	21,592
Tuition to Priv. Sch. for the Handicap. W/I State	149,757	2,788	152,545	104,890	47,655
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St	114,378	2,762	117,140	117,140	
Total Undistributed Expenditures - Instruction	<u>577,308</u>		<u>577,308</u>	<u>488,700</u>	<u>88,608</u>
Undistributed Expend. - Attend. & Social Work:					
Salaries	206,369	3,606	209,975	207,142	2,833
Supplies and Materials	500	(500)			
Total Undist. Expend. - Attendance and Social Work	<u>206,869</u>	<u>3,106</u>	<u>209,975</u>	<u>207,142</u>	<u>2,833</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services:					
Salaries	\$ 312,538	\$ (14,137)	\$ 298,401	\$ 279,509	\$ 18,892
Purchased Professional and Technical Services	18,800	4,306	23,106	21,314	1,792
Supplies and Materials	10,169	(936)	9,233	3,912	5,321
Total Undist. Expenditures - Health Services	341,507	(10,767)	330,740	304,735	26,005
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	192,766	8,457	201,223	196,570	4,653
Purchased Professional - Educational Services	287,961	(26,878)	261,083	220,445	40,638
Supplies and Materials	1,150		1,150	1,054	96
Total Undist. Expend. - Speech, OT, PT, Related Svcs	481,877	(18,421)	463,456	418,069	45,387
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	567,466	(9,932)	557,534	549,370	8,164
Purchased Professional - Educational Services	70,133	10,230	80,363	35,495	44,868
Supplies and Materials		200	200	49	151
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	637,599	498	638,097	584,914	53,183
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	540,995	(4,010)	536,985	523,129	13,856
Salaries of Secretarial and Clerical Assistants	39,939	1,324	41,263	41,263	
Purchased Professional - Educational Services	3,000	(959)	2,041	2,041	
Other Purchased Prof. and Tech. Services	5,250	(1,850)	3,400	3,400	
Supplies and Materials	4,750	(372)	4,378	3,179	1,199
Other Objects	700	(250)	450	450	
Total Undist Expend. - Guidance	594,634	(6,117)	588,517	573,462	15,055

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	\$ 485,027	\$ (3,214)	\$ 481,813	\$ 477,161	\$ 4,652
Salaries of Secretarial and Clerical Assistants	114,439	252	114,691	114,690	1
Other Purchased Prof. and Tech. Services	2,500		2,500		2,500
Other Purchased Services (400-500 series)	8,045		8,045	5,234	2,811
Supplies and Materials	5,000	5,728	10,728	4,418	6,310
Other Objects	1,150		1,150	845	305
Total Undist Expend. - Child Study Team	<u>616,161</u>	<u>2,766</u>	<u>618,927</u>	<u>602,348</u>	<u>16,579</u>
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	22,272	1,448	23,720	22,006	1,714
Total Undist. Expend.-Improv. of Inst. Serv.	<u>22,272</u>	<u>1,448</u>	<u>23,720</u>	<u>22,006</u>	<u>1,714</u>
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	143,317	7,915	151,232	150,524	708
Salaries of Technology Coordinators	65,257		65,257	65,256	1
Supplies and Materials	20,366	(6,996)	13,370	13,079	291
Total Undist Expend-Edu. Media Serv./Sch. Library	<u>228,940</u>	<u>919</u>	<u>229,859</u>	<u>228,859</u>	<u>1,000</u>
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	25,089		25,089	25,088	1
Other Purchased Services (400-500 series)	2,000	(1,105)	895	618	277
Total Undist.Expend.-Instructional Staff Training Services: (Cont'd)					
Supplies and Materials	250	414	664	664	
Other Objects	500		500		500
Total Undist.Expend.-Instructional Staff Training Services	<u>27,839</u>	<u>(691)</u>	<u>27,148</u>	<u>26,370</u>	<u>778</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 246,296	\$ 916	\$ 247,212	\$ 247,210	\$ 2
Unused Vacation Payment to Terminated/Retired Staff		25,792	25,792	19,572	6,220
Legal Services	35,291	21,924	57,215	53,385	3,830
Audit Fees	44,000	(7,339)	36,661	35,800	861.00
Architectural/Engineering Services		6,306	6,306	6,306	
Other Purchased Professional Services	5,000	14,245	19,245	19,245	
Communications / Telephone	73,306	(5,191)	68,115	60,519	7,596
BOE Other Purchased Services	5,250	(2,000)	3,250	900	2,350
Other Purch. Serv. (400-500 series other than 530 & 585)	110,759	(15,867)	94,892	92,239	2,653
General Supplies	2,100	5,609	7,709	7,709	
BOE In-house training/ Meeting Supplies	700		700	350	350
Judgments Against The School District		5,117	5,117	5,117	
Miscellaneous Expenditures	4,500	(117)	4,383	4,128	255
BOE Membership Dues and Fees	12,000		12,000	11,361	639
Total Undist. Expend.-Support Serv.-Gen. Admin.	539,202	49,395	588,597	563,841	24,756
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	852,693	(6,690)	846,003	846,002	1
Salaries of Other Professional Staff	275,549	(8,556)	266,993	266,992	1
Salaries of Secretarial and Clerical Assistants	276,491	(4,200)	272,291	271,785	506
Unused Vacation Payment to Terminated/Retired Staff	25,000	14,556	39,556	39,556	
Other Purchased Services (400-500 series)	800	(176)	624	323	301
Supplies and Materials	10,061	813	10,874	10,756	118
Other Objects	27,589	(3,498)	24,091	22,519	1,572
Total Undist. Expend.-Support Serv.-School Adm.	1,468,183	(7,751)	1,460,432	1,457,933	2,499

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 374,432	\$ 1,126	\$ 375,558	\$ 375,221	\$ 337
Purchased Professional Services	9,250	11,658	20,908	20,908	
Miscellaneous Purchased Services (400-500 series other than 594)	9,490	5,015	14,505	6,530	7,975
Sales/Lease-back Payments	640	(640)			
Supplies and Materials	4,250	2,107	6,357	4,874	1,483
Other Objects	9,951	(1,460)	8,491	8,147	344
Total Undist. Expend. - Central Services	<u>408,013</u>	<u>17,806</u>	<u>425,819</u>	<u>415,680</u>	<u>10,139</u>
Undist. Expend. - Admin. Info. Technology:					
Salaries	128,881	(3,199)	125,682	125,676	6
Unused Vacation Payment to Terminated/Retired Staff		3,785	3,785	3,785	
Purchased Technical Services	119,513	(2,644)	116,869	92,998	23,871
Supplies and Materials	22,354	10,204	32,558	14,286	18,272
Other Objects		490	490	490	
Total Undist. Expend. - Admin. Info. Technology	<u>270,748</u>	<u>8,636</u>	<u>279,384</u>	<u>237,235</u>	<u>42,149</u>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	265,892	(18,756)	247,136	244,870	2,266
Unused Vacation Payment to Terminated/Retired Staff		1,910	1,910	1,910	
Cleaning, Repair, and Maintenance Services	126,278	53,394	179,672	166,835	12,837
Lead Testing of Drinking Water	525	(525)			
General Supplies	95,914	(26,879)	69,035	60,800	8,235
Other Objects	3,200	1,061	4,261	4,261	
Total Undist. Expend.- Required Maint. for School Facilities	<u>491,809</u>	<u>10,205</u>	<u>502,014</u>	<u>478,676</u>	<u>23,338</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 670,314	\$ (13,120)	\$ 657,194	\$ 643,900	\$ 13,294
Salaries of Non-Instructional Aides	49,976	18,999	68,975	66,930	2,045
Unused Vacation Payment to Terminated/Retired Staff	3,000		3,000	2,048	952
Purchased Professional and Technical Services	5,000	4,409	9,409	9,334	75
Cleaning, Repair, and Maintenance Services	37,200	1,171	38,371	37,871	500
Lease Purchase Pymts - Energy Savings Impr Prog	183,020	(9,808)	173,212	173,212	
Undist. Expend.-Custodial Services: (Cont'd)					
Other Purchased Property Services	32,950	310	33,260	23,965	9,295
Insurance	126,240	(8,429)	117,811	117,811	
General Supplies	69,553	16,964	86,517	83,937	2,580
Energy (Natural Gas)	156,506	4,736	161,242	161,242	
Energy (Electricity)	198,000	(75,423)	122,577	121,546	1,031
Other Objects	10,000	(1,957)	8,043	8,043	
Total Undist. Expend.-Custodial Services	<u>1,541,759</u>	<u>(62,148)</u>	<u>1,479,611</u>	<u>1,449,839</u>	<u>29,772</u>
Care and Upkeep of Grounds:					
Salaries	21,931	32,178	54,109	52,525	1,584
Cleaning, Repair, and Maintenance Services	24,560	(3,800)	20,760	12,911	7,849
General Supplies	13,938	2,727	16,665	10,673	5,992
Total Care And Upkeep Of Grounds	<u>60,429</u>	<u>31,105</u>	<u>91,534</u>	<u>76,109</u>	<u>15,425</u>
Security:					
Salaries	146,563	(24,421)	122,142	118,619	3,523
General Supplies	3,100		3,100	3,100	
Other Objects		10,800	10,800	5,400	5,400
Total Security	<u>149,663</u>	<u>(13,621)</u>	<u>136,042</u>	<u>124,019</u>	<u>12,023</u>
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	<u>2,243,660</u>	<u>(34,459)</u>	<u>2,209,201</u>	<u>2,128,643</u>	<u>80,558</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch)-Reg.	\$ 126,752	\$ 2,470	\$ 129,222	\$ 129,222	
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	31,600	(4,486)	27,114	27,114	
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	48,170	(2,109)	46,061	46,061	
Management Fee - ESC&CTSA Transportation Program	18,000	29,120	47,120	47,120	
Cleaning, Repair, and Maint. Services	60,150	(776)	59,374	59,374	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	26,139	(3,139)	23,000	23,000	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	20,750	(2,515)	18,235	17,596	\$ 639
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	75,500	(32,572)	42,928	39,546	3,382
Contract. Serv.(Spl. Ed. Students)-Vendors	305,114	38,360	343,474	343,474	
Undist. Expend.-Student Transportation Serv.: (Cont'd)					
Misc. Purchased Serv. - Transportation	40,400	(617)	39,783	39,783	
General Supplies	10,000	24,884	34,884	34,884	
Other Objects	24,100	(5,603)	18,497	18,497	
Total Undist. Expend.-Student Trans. Serv.	786,675	43,017	829,692	825,671	4,021
UNALLOCATED BENEFITS					
Social Security Contributions	432,640	9,728	442,368	380,473	61,895
Other Retirement Contributions - PERS	408,485	(25,060)	383,425	376,023	7,402
Other Retirement Contributions - Regular	44,600	4,905	49,505	49,505	
Unemployment Compensation	80,000		80,000	62,038	17,962
Workers Compensation	202,508	(1,508)	201,000	199,086	1,914
Health Benefits	4,843,295	(158,640)	4,684,655	4,377,962	306,693
Tuition Reimbursement	28,000		28,000	28,000	
Other Employee Benefits	211,163	(25,528)	185,635	184,628	1,007
Unused Sick Payment to Terminated/Retired Staff	48,000	15,877	63,877	63,877	
TOTAL UNALLOCATED BENEFITS	6,298,691	(180,226)	6,118,465	5,721,592	396,873

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$ 1,147,320	\$ 1,147,320	\$ (1,147,320)
TPAF Pension Contributions (Non-Budgeted)			4,842,304	4,842,304	(4,842,304)
TPAF Non-Contributory Insurance (Non-Budgeted)			68,318	68,318	(68,318)
TPAF Long-Term Disability Insurance (Non-Budgeted)			2,038	2,038	(2,038)
Reimbursed TPAF Social Security Contributions			994,004	994,004	(994,004)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			<u>7,053,984</u>	<u>7,053,984</u>	<u>(7,053,984)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 6,298,691	\$ (180,226)	\$ 6,118,465	12,775,576	(6,657,111)
TOTAL UNDISTRIBUTED EXPENDITURES	<u>15,750,178</u>	<u>(130,841)</u>	<u>15,619,337</u>	<u>21,861,184</u>	<u>(6,241,847)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>29,082,624</u>	<u>(21,575)</u>	<u>29,061,049</u>	<u>34,942,614</u>	<u>(5,881,565)</u>
CAPITAL OUTLAY					
Equipment					
Grades 6-8	3,850		3,850	3,850	
Grades 9-12	8,956		8,956	8,956	
School-Sponsored and Other Instructional Programs		15,231	15,231	4,949	10,282
Undistributed:					
Undistributed Expenditures - Instruction		3,154	3,154	3,154	
Undist. Expend. Support Serv. Child Study Teams	6,615		6,615	6,615	
Undist. Expend. - Required Maint for School Fac.		154,401	154,401	154,401	
Undist. Expend. - Security	176,271	(176,271)			
Total Equipment	<u>195,692</u>	<u>(3,485)</u>	<u>192,207</u>	<u>181,925</u>	<u>10,282</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Serv.:					
Construction Services	\$ 189,957		\$ 189,957	\$ 186,107	\$ 3,850
Assessment for Debt Service on SDA Funding	37,614		37,614	37,614	
Total Facilities Acquisition and Const. Serv.	<u>227,571</u>		<u>227,571</u>	<u>223,721</u>	<u>3,850</u>
TOTAL CAPITAL OUTLAY	423,263	\$ (3,485)	419,778	405,646	14,132
Transfer of Funds to Charter Schools	206,263	25,060	231,323	231,323	
TOTAL EXPENDITURES	<u>29,712,150</u>		<u>29,712,150</u>	<u>35,579,583</u>	<u>(5,867,433)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(1,376,928)</u>		<u>(1,376,928)</u>	<u>378,728</u>	<u>1,755,656</u>
Other Financing Sources/(Uses):					
Operating Transfer Out - Preschool Education Expansion Aid	(161,856)		(161,856)	(161,856)	
	<u>(161,856)</u>		<u>(161,856)</u>	<u>(161,856)</u>	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(1,538,784)</u>		<u>(1,538,784)</u>	<u>216,872</u>	<u>1,755,656</u>
Fund Balance, July 1	\$ 3,577,491		\$ 3,577,491	\$ 3,577,491	
Fund Balance, June 30	<u>\$ 2,038,707</u>	<u>\$ -0-</u>	<u>\$ 2,038,707</u>	<u>\$ 3,794,363</u>	<u>\$ 1,755,656</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 2,012,236	
Maintenance Reserve				379,542	
Tuition Reserve - Restricted for 2022-2023				208,814	
Assigned Fund Balance:					
Year End Encumbrances				310,702	
Designated for Subsequent Year's Expenditures				250,000	
Unassigned Fund Balance				633,069	
				<u>3,794,363</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(937,249)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,857,114</u>	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 865,100	\$ 865,100	\$ 634,675	\$ (230,425)
State Sources	\$ 1,728,676	33,632	1,762,308	1,507,067	(255,241)
Federal Sources	1,037,060	3,732,207	4,769,267	2,177,174	(2,592,093)
Total Revenues	<u>2,765,736</u>	<u>4,630,939</u>	<u>7,396,675</u>	<u>4,318,916</u>	<u>(3,077,759)</u>
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	161,856		161,856	161,856	
Total Revenues and Other Financing Sources	<u>2,927,592</u>	<u>4,630,939</u>	<u>7,558,531</u>	<u>4,480,772</u>	<u>(3,077,759)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	593,926	766,075	1,360,001	759,234	600,767
Other Salaries for Instruction	153,281	113,212	266,493	185,888	80,605
Purchased Professional and Technical Services		287,383	287,383	10,860	276,523
Other Purchased Services		26,746	26,746	15,474	11,272
Tuition	349,030	111,198	460,228	460,228	
General Supplies	58,674	1,028,901	1,087,575	588,582	498,993
Other Objects		251,397	251,397	77,771	173,626
Total Instruction	<u>1,154,911</u>	<u>2,584,912</u>	<u>3,739,823</u>	<u>2,098,037</u>	<u>1,641,786</u>
Support Services:					
Salaries of Supervisors of Instruction		66,765	66,765	59,967	6,798
Salaries of Program Directors	28,420		28,420	28,420	
Salaries of Other Professional Staff	76,618	41,093	117,711	86,612	31,099
Salaries of Secretarial and Clerical Assistants	13,552	(3,469)	10,083	9,032	1,051
Other Salaries	180,676	386,893	567,569	112,207	455,362
Salaries of Community Parent Involvement Specialists	12,305		12,305	11,746	559
Salaries of Master Teachers	71,284		71,284	68,000	3,284
Personal Services - Employee Benefits	259,789	258,148	517,937	318,498	199,439
Purchased Professional and Technical Services	20,799	236,339	257,138	110,420	146,718
Purchased Education Services - Contracted Pre-K	627,229		627,229	627,229	
Purchased Education Services - Head Start	108,938		108,938	108,938	
Other Purchased Professional - Educational Services	8,000		8,000	1,895	6,105
Other Purchased Professional Services	10,000	51,640	61,640	16,296	45,344
Cleaning, Repair and Maintenance Services	25,000	(11,129)	13,871	12,820	1,051
Rentals	115,000		115,000	101,645	13,355
Other Purchased Services	172,288	169,801	342,089	47,212	294,877
Miscellaneous Purchased Services	11,827	3,794	15,621	15,621	
Supplies and Materials	25,956	130,949	156,905	79,152	77,753
Other Objects	5,000	998	5,998	2,820	3,178
Student Activities		406,979	406,979	406,979	
Scholarships Awarded		15,255	15,255	15,255	
Total Support Services	<u>1,772,681</u>	<u>1,754,056</u>	<u>3,526,737</u>	<u>2,240,764</u>	<u>1,285,973</u>
Facilities Acquisition:					
Non-Instructional Equipment		276,015	276,015	126,015	150,000
Total Facilities Acquisition		<u>276,015</u>	<u>276,015</u>	<u>126,015</u>	<u>150,000</u>
Total Expenditures	<u>\$ 2,927,592</u>	<u>\$ 4,614,983</u>	<u>\$ 7,542,575</u>	<u>\$ 4,464,816</u>	<u>\$ 3,077,759</u>
Excess of Revenue Over Expenditures	<u>\$ -0-</u>	<u>\$ 15,956</u>	<u>\$ 15,956</u>	<u>\$ 15,956</u>	<u>\$ -0-</u>

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSJ
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 35,958,311	\$ 4,480,772
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		(175,880)
Cancellation of Prior Year Encumbrances		(3,075)
Prior Year Encumbrances		31,747
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	718,064	140,923
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(937,249)	(145,972)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 35,739,126	\$ 4,328,515
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 35,579,583	\$ 4,464,816
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		(175,880)
Cancellation of Prior Year Encumbrances		(3,075)
Prior Year Encumbrances		31,747
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 35,579,583	\$ 4,317,608

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, 2022 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, 2022

	Basic		I.D.E.A.			Emergency Connectivity Fund
	FY22 - ARP	FY22	FY22 - ARP	Preschool FY22	FY21	
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 73,015	\$ 395,384	\$ 1,493	\$ 12,339	\$ 1,062	\$ 415,918
Total Revenues	73,015	395,384	1,493	12,339	1,062	415,918
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						
Total Revenues and Other Financing Sources	73,015	395,384	1,493	12,339	1,062	415,918
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional and Technical Services				4,860		
Other Purchased Services						
Tuition	70,386	389,842				
General Supplies		2,858		4,771		387,918
Other Objects				302	222	
Total Instruction	70,386	392,700		9,933	222	387,918
Support Services:						
Salaries of Supervisors of Instruction						
Salaries of Program Directors						
Salaries of Other Professional Staff						
Salaries of Secretarial and Clerical Assistants						
Other Salaries						
Salaries of Community Parent Involvement Specialists						
Salaries of Master Teachers						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Purchased Education Services - Contracted Pre-K						
Purchased Education Services - Head Start						
Other Purchased Professional - Educational Services						
Other Purchased Professional Services						
Cleaning, Repair and Maintenance Services						
Rentals						
Other Purchased Services	329	800				
Miscellaneous Purchased Services						
Supplies and Materials	2,300	1,884	1,493	2,406	840	28,000
Other Objects						
Student Activities						
Scholarships Awarded						
Total Support Services	2,629	2,684	1,493	2,406	840	28,000
Facilities Acquisition:						
Non-Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 73,015	\$ 395,384	\$ 1,493	\$ 12,339	\$ 1,062	\$ 415,918

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act				
	Title I		Title I SIA		Title IIA
	FY22	FY21	FY22	FY22	FY21
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 158,977	\$ 24,114	\$ 8,100	\$ 20,256	\$ 1,125
Total Revenues	158,977	24,114	8,100	20,256	1,125
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenues and Other Financing Sources	158,977	24,114	8,100	20,256	1,125
EXPENDITURES:					
Instruction:					
Salaries of Teachers	59,102	15,207			
Other Salaries for Instruction					
Purchased Professional and Technical Services					
Other Purchased Services					
Tuition					
General Supplies	93,754	5,321			
Other Objects					
Total Instruction	152,856	20,528			
Support Services:					
Salaries of Supervisors of Instruction					
Salaries of Program Directors					
Salaries of Other Professional Staff					
Salaries of Secretarial and Clerical Assistants					
Other Salaries					
Salaries of Community Parent Involvement Specialists					
Salaries of Master Teachers					
Personal Services - Employee Benefits	4,521	1,163			
Purchased Professional and Technical Services	1,600	500	8,100	3,060	
Purchased Education Services - Contracted Pre-K					
Purchased Education Services - Head Start					
Other Purchased Professional - Educational Services					
Other Purchased Professional Services					
Cleaning, Repair and Maintenance Services					
Rentals					
Other Purchased Services				14,129	395
Miscellaneous Purchased Services					
Supplies and Materials		1,923		3,067	730
Other Objects					
Student Activities					
Scholarships Awarded					
Total Support Services	6,121	3,586	8,100	20,256	1,125
Facilities Acquisition:					
Non-Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	\$ 158,977	\$ 24,114	\$ 8,100	\$ 20,256	\$ 1,125

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act (Cont'd)					Carl D. Perkins - Secondary
	Title III		Title III Immigrant	Title IV		
	FY22	FY21	FY22	FY22	FY21	
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 11,269	\$ 857	\$ 3,833	\$ 17,322	\$ 4,674	\$ 14,747
Total Revenues	<u>11,269</u>	<u>857</u>	<u>3,833</u>	<u>17,322</u>	<u>4,674</u>	<u>14,747</u>
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						
Total Revenues and Other Financing Sources	<u>11,269</u>	<u>857</u>	<u>3,833</u>	<u>17,322</u>	<u>4,674</u>	<u>14,747</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						9,355
Other Salaries for Instruction						
Purchased Professional and Technical Services						
Other Purchased Services						
Tuition						
General Supplies	11,269	857	3,833	9,716		
Other Objects						4,372
Total Instruction	<u>11,269</u>	<u>857</u>	<u>3,833</u>	<u>9,716</u>		<u>13,727</u>
Support Services:						
Salaries of Supervisors of Instruction						
Salaries of Program Directors						
Salaries of Other Professional Staff						
Salaries of Secretarial and Clerical Assistants						
Other Salaries						
Salaries of Community Parent Involvement Specialists						
Salaries of Master Teachers						
Personal Services - Employee Benefits						500
Purchased Professional and Technical Services				7,606	4,674	
Purchased Education Services - Contracted Pre-K						
Purchased Education Services - Head Start						
Other Purchased Professional - Educational Services						
Other Purchased Professional Services						
Cleaning, Repair and Maintenance Services						
Rentals						
Other Purchased Services						520
Miscellaneous Purchased Services						
Supplies and Materials						
Other Objects						
Student Activities						
Scholarships Awarded						
Total Support Services				<u>7,606</u>	<u>4,674</u>	<u>1,020</u>
Facilities Acquisition:						
Non-Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	<u>\$ 11,269</u>	<u>\$ 857</u>	<u>\$ 3,833</u>	<u>\$ 17,322</u>	<u>\$ 4,674</u>	<u>\$ 14,747</u>

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>21st Century CCLC</u>		<u>Preschool</u>	<u>Private</u>	<u>Student</u>	<u>Scholarship</u>
	<u>FY22</u>	<u>FY21</u>	<u>Education Aid</u>	<u>Donations</u>	<u>Activities</u>	<u>Fund</u>
REVENUES:						
Local Sources				\$ 196,485	\$ 437,912	\$ 278
State Sources			\$ 1,507,067			
Federal Sources	\$ 315,264	\$ 135,003				
Total Revenues	<u>315,264</u>	<u>135,003</u>	<u>1,507,067</u>	<u>196,485</u>	<u>437,912</u>	<u>278</u>
Other Financing Sources:						
Transfer In - Board Contribution - General Fund			161,856			
Total Revenues and Other Financing Sources	<u>315,264</u>	<u>135,003</u>	<u>1,668,923</u>	<u>196,485</u>	<u>437,912</u>	<u>278</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	73,782	62,451	243,990			
Other Salaries for Instruction	59,432	15,398	93,404			
Purchased Professional and Technical Services		6,000				
Other Purchased Services	8,344	7,130				
Tuition						
General Supplies	1,047	315	6,183			
Other Objects	2,535			70,340		
Total Instruction	<u>145,140</u>	<u>91,294</u>	<u>343,577</u>	<u>70,340</u>		
Support Services:						
Salaries of Supervisors of Instruction	43,202	16,765				
Salaries of Program Directors			28,420			
Salaries of Other Professional Staff	3,600	1,490	72,969			
Salaries of Secretarial and Clerical Assistants			9,032			
Other Salaries	44,938	7,571	48,969			
Salaries of Community Parent Involvement Specialists			11,746			
Salaries of Master Teachers			68,000			
Personal Services - Employee Benefits	46,306	5,020	184,516			
Purchased Professional and Technical Services	16,338	1,421				
Purchased Education Services - Contracted Pre-K			627,229			
Purchased Education Services - Head Start			108,938			
Other Purchased Professional - Educational Services			1,895			
Other Purchased Professional Services			16,166	130		
Cleaning, Repair and Maintenance Services			12,820			
Rentals			101,645			
Other Purchased Services	15,575	11,442				
Miscellaneous Purchased Services			15,621			
Supplies and Materials	165		14,560			
Other Objects			2,820			
Student Activities					406,979	
Scholarships Awarded						15,255
Total Support Services	<u>170,124</u>	<u>43,709</u>	<u>1,325,346</u>	<u>130</u>	<u>406,979</u>	<u>15,255</u>
Facilities Acquisition:						
Non-Instructional Equipment				126,015		
Total Facilities Acquisition				<u>126,015</u>		
Total Expenditures	<u>\$ 315,264</u>	<u>\$ 135,003</u>	<u>\$ 1,668,923</u>	<u>\$ 196,485</u>	<u>\$ 406,979</u>	<u>\$ 15,255</u>

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	CARES	CRRSA			ARP	Totals
	Emergency Relief Grant	ESSER II	Learning Acceleration	Mental Health	ESSER III	
REVENUES:						
Local Sources						\$ 634,675
State Sources						1,507,067
Federal Sources	\$ 23,904	\$ 490,986	\$ 10,850	\$ 3,422	\$ 33,260	2,177,174
Total Revenues	23,904	490,986	10,850	3,422	33,260	4,318,916
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						161,856
Total Revenues and Other Financing Sources	23,904	490,986	10,850	3,422	33,260	4,480,772
EXPENDITURES:						
Instruction:						
Salaries of Teachers		264,450			30,897	759,234
Other Salaries for Instruction		17,654				185,888
Purchased Professional and Technical Services						10,860
Other Purchased Services						15,474
Tuition						460,228
General Supplies	19,882	40,858				588,582
Other Objects						77,771
Total Instruction	19,882	322,962			30,897	2,098,037
Support Services:						
Salaries of Supervisors of Instruction						59,967
Salaries of Program Directors						28,420
Salaries of Other Professional Staff		8,553				86,612
Salaries of Secretarial and Clerical Assistants						9,032
Other Salaries		10,729				112,207
Salaries of Community Parent Involvement Specialists						11,746
Salaries of Master Teachers						68,000
Personal Services - Employee Benefits		74,109			2,363	318,498
Purchased Professional and Technical Services		52,849	10,850	3,422		110,420
Purchased Education Services - Contracted Pre-K						627,229
Purchased Education Services - Head Start						108,938
Other Purchased Professional - Educational Services						1,895
Other Purchased Professional Services						16,296
Cleaning, Repair and Maintenance Services						12,820
Rentals						101,645
Other Purchased Services	4,022					47,212
Miscellaneous Purchased Services						15,621
Supplies and Materials		21,784				79,152
Other Objects						2,820
Student Activities						406,979
Scholarships Awarded						15,255
Total Support Services	4,022	168,024	10,850	3,422	2,363	2,240,764
Facilities Acquisition:						
Non-Instructional Equipment						126,015
Total Facilities Acquisition						126,015
Total Expenditures	\$ 23,904	\$ 490,986	\$ 10,850	\$ 3,422	\$ 33,260	\$ 4,464,816

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, 2022

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 271,362	\$ 243,990	\$ 27,372
Other Salaries for Instruction	95,555	93,404	2,151
General Supplies	13,568	6,183	7,385
Total Instruction	<u>380,485</u>	<u>343,577</u>	<u>36,908</u>
Support Services:			
Salaries of Program Directors	28,420	28,420	
Salaries of Other Professional Staff	76,618	72,969	3,649
Salaries of Secretaries and Clerical Assistants	10,083	9,032	1,051
Other Salaries	48,969	48,969	
Salaries of Community Parent Involvement Spec.	12,305	11,746	559
Salaries of Master Teachers	71,284	68,000	3,284
Personal Services – Employee Benefits	217,789	184,516	33,273
Purchased Educational Services - Contracted Pre-K	627,229	627,229	
Purchased Education Services - Head Start	108,938	108,938	
Purchased Professional - Educational Services	8,000	1,895	6,105
Other Purchased Professional Services	16,166	16,166	
Cleaning, Repair, and Maintenance Services	13,194	12,820	374
Rentals	115,000	101,645	13,355
Contractual Services - Transportation (Between Home and School)	115,000		115,000
Contractual Services - Transportation (Field Trips)	6,000		6,000
Travel	1,000		1,000
Miscellaneous Purchased Services	15,621	15,621	
Supplies and Materials	15,000	14,560	440
Other Objects	5,000	2,820	2,180
Total Support Services	<u>1,511,616</u>	<u>1,325,346</u>	<u>186,270</u>
Equipment:			
Noninstructional Equipment	113		113
Total Equipment	<u>113</u>		<u>113</u>
Total Expenditures	<u>\$ 1,892,214</u>	<u>\$ 1,668,923</u>	<u>\$ 223,291</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2020-2021 Preschool Education Aid Allocation	\$ 1,455,264
Actual Preschool Expansion Aid Carryover (June 30, 2021)	298,066
Add: Budgeted Transfer from General Fund 2021-2022	161,856
Add: Budgeted Tuition 2021-2022	-0-
Total Preschool Education Aid Funds Available for 2020-2021	1,915,186
Less: 2021-2022 Budgeted Preschool Education Expansion Aid Funds	(1,892,214)
Available & Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2022	22,972
Add: June 30, 2022 Unexpended Preschool Education Expansion Aid	223,291
Add: Cancellation of Prior Year Encumbrances	8,979
Less: 2021-2022 Commissioner Approved Transfer to the General Fund	-0-
2021-2022 Carryover - Preschool Education Expansion Aid	<u>\$ 255,242</u>
2021-2022 Carryover - Preschool Education Expansion Aid	
Budgeted for Preschool Programs in 2022-2023	<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, 2022

Expenditures and Other Financing Uses:	
Construction Services	\$ 1,288,546
	<hr/>
Total Expenditures and Other Financing Uses	1,288,546
	<hr/>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(1,288,546)
Fund Balance - Beginning of Year	1,636,251
	<hr/>
Fund Balance - End of Year	\$ 347,705
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed	\$ 347,705
	<hr/>
Total Fund Balance - Budgetary Basis/GAAP Basis	\$ 347,705
	<hr/> <hr/>

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, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Purchase Agreement Proceeds	\$ 2,176,335		\$ 2,176,335	\$ 2,176,335
Total Revenue and Other Financing Sources	<u>2,176,335</u>		<u>2,176,335</u>	<u>2,176,335</u>
Expenditures:				
Construction Services	<u>540,084</u>	\$ 1,288,546	<u>1,828,630</u>	<u>2,176,335</u>
Total Expenditures	<u>540,084</u>	<u>1,288,546</u>	<u>1,828,630</u>	<u>2,176,335</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 1,636,251</u>	<u>\$ (1,288,546)</u>	<u>\$ 347,705</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	\$ 2,716,335
Project Balance Cancelled	-0-
Revised Authorized Cost	<u>\$ 2,716,335</u>
Percentage Decrease over Original Authorized Cost	0%
Percentage Completion	84%
Original Target Completion Date	06/21
Revised Target Completion Date	06/23

PROPRIETARY FUNDS

TOWN OF NEWTON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service	After Care Program	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 508,633	\$ 22,331	\$ 530,964
Interfund Receivable - General Fund	32,232		32,232
Intrafund Receivable - Food Service Fund		250	250
Intergovernmental Accounts Receivable:			
State	1,039		1,039
Federal	83,406		83,406
Other Accounts Receivable		1,276	1,276
Inventories	25,878		25,878
Total Current Assets	<u>651,188</u>	<u>23,857</u>	<u>675,045</u>
Non-Current Assets:			
Capital Assets	213,420		213,420
Less: Accumulated Depreciation	<u>(177,067)</u>		<u>(177,067)</u>
Total Non-Current Assets	<u>36,353</u>		<u>36,353</u>
Total Assets	<u>687,541</u>	<u>23,857</u>	<u>711,398</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	68,783		68,783
Payable to State Government	103		103
Payable to Federal Government	1,364		1,364
Intrafund Payable - After Care Program	250		250
Unearned Revenue - Donated Commodities	4,032		4,032
Unearned Revenue - Prepaid Sales	13,059		13,059
Total Current Liabilities	<u>87,591</u>		<u>87,591</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	36,353		36,353
Unrestricted	<u>563,597</u>	<u>23,857</u>	<u>587,454</u>
Total Net Position	<u>\$ 599,950</u>	<u>\$ 23,857</u>	<u>\$ 623,807</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, 2022

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food	After Care	
	Service	Program	Total
Operating Revenue:			
Local Sources:			
Other Income	\$ 5,467	\$ 144,006	\$ 149,473
Special Events	1,116		1,116
Total Operating Revenue	<u>6,583</u>	<u>144,006</u>	<u>150,589</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	328,942		328,942
Salaries, Benefits & Payroll Taxes	230,876		230,876
Other Purchased Services	4,500	122,428	126,928
Supplies, Insurance and Other Costs	31,999		31,999
Management Fee	54,540		54,540
Miscellaneous Expenses	54,078		54,078
Depreciation Expense	11,484		11,484
Total Operating Expenses	<u>716,419</u>	<u>122,428</u>	<u>838,847</u>
Operating Income/(Loss)	<u>(709,836)</u>	<u>21,578</u>	<u>(688,258)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	701	129	830
State Sources:			
COVID-19 Seamless Summer Option	14,227		14,227
Federal Sources:			
COVID-19 Seamless Summer Option	958,260		958,260
Summer Food Service Program	29,286		29,286
COVID-19 Pandemic P-EBT Administrative Costs	1,242		1,242
COVID-19 Emergency Operational Costs Reimbursement Program	31,604		31,604
Food Distribution Program	18,563		18,563
Total Non-Operating Revenue	<u>1,053,883</u>	<u>129</u>	<u>1,054,012</u>
Change in Net Position	344,047	21,707	365,754
Net Position - Beginning of Year	<u>255,903</u>	<u>2,150</u>	<u>258,053</u>
Net Position - End of Year	<u>\$ 599,950</u>	<u>\$ 23,857</u>	<u>\$ 623,807</u>

TOWN OF NEWTON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food</u>	<u>After Care</u>	
	<u>Service</u>	<u>Program</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 10,568	\$ 142,730	\$ 153,298
Payments to Food Service Contractor	(636,755)		(636,755)
Payments for Suppliers	(22,860)	(122,428)	(145,288)
Net Cash Provided by/(Used for) Operating Activities	<u>(649,047)</u>	<u>20,302</u>	<u>(628,745)</u>
Cash Flows from Investing Activities:			
Interest Income	701	129	830
Net Cash Provided by Investing Activities	<u>701</u>	<u>129</u>	<u>830</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	453		453
State Sources Collected in Food Service Fund	13,188		13,188
Federal Sources Collected in Food Service Fund	984,871		984,871
Net Cash Provided by Noncapital Financing Activities	<u>998,512</u>		<u>998,512</u>
Net Increase in Cash and Cash Equivalents	350,166	20,431	370,597
Cash and Cash Equivalents, July 1	158,467	1,900	160,367
Cash and Cash Equivalents, June 30	<u>\$ 508,633</u>	<u>\$ 22,331</u>	<u>\$ 530,964</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (709,836)	\$ 21,578	\$ (688,258)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	11,484		11,484
Food Distribution Program	18,563		18,563
Changes in Assets and Liabilities:			
Increase in Unearned Revenue	4,482		4,482
Increase in Accounts Payable	41,593		41,593
(Increase) in Other Accounts Receivable		(1,276)	(1,276)
(Increase) in Inventory	(15,333)		(15,333)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (649,047)</u>	<u>\$ 20,302</u>	<u>\$ (628,745)</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 \$19,060 and utilized U.S.D.A. Commodities valued at \$18,563.

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, 2021	Matured	Balance June 30, 2022
			Date	Amount				
Refunding Bonds of 2016	04/21/16	\$ 6,535,000	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%			
						\$ 5,050,000	\$ 350,000	\$ 4,700,000
						\$ 5,050,000	\$ 350,000	\$ 4,700,000

SCHOOL DISTRICT OF THE TOWN OF NEWTON
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Interest Rate	Original Issue	Balance July 1, 2021	Matured	Balance June 30, 2022
Replacement Telephone System and School Bus	3.4178%	\$ 200,000	\$ 121,959	\$ 39,295	\$ 82,664
Energy Savings Improvement Project	2.3810%	2,176,335	2,153,025	122,655	2,030,370
			<u>\$ 2,274,984</u>	<u>\$ 161,950</u>	<u>\$ 2,113,034</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 529,387		\$ 529,387	\$ 529,387	
Total Revenues	529,387		529,387	529,387	
EXPENDITURES:					
Regular Debt Service:					
Interest	179,388		179,388	179,388	
Redemption of Principal	350,000		350,000	350,000	
Total Regular Debt Service	529,388		529,388	529,388	
Total Expenditures	529,388		529,388	529,388	
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(1)		(1)	(1)	
Fund Balance, July 1	1		1	1	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

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

June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 8,597,200
Restricted	409,867	526,418	713,095	893,844	1,311,949	1,219,697	1,289,007	2,147,943	2,394,433	2,984,738
Unrestricted/(Deficit)	(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)	(7,820,837)
Total Governmental Activities Net Position	\$ 7,273,883	\$ 214,028	\$ 259,400	\$ 394,026	\$ 525,058	\$ 338,794	\$ 515,709	\$ 1,734,468	\$ 2,652,320	\$ 3,761,101
Business-type Activities										
Investment in Capital Assets	\$ 36,177	\$ 32,034	\$ 27,890	\$ 36,566	\$ 53,444	\$ 69,083	\$ 60,727	\$ 59,321	\$ 47,837	\$ 36,353
Unrestricted	137,916	196,848	216,640	208,795	219,302	213,301	236,187	187,067	210,216	587,454
Total Business-type Activities Net Position	\$ 174,093	\$ 228,882	\$ 244,530	\$ 245,361	\$ 272,746	\$ 282,384	\$ 296,914	\$ 246,388	\$ 258,053	\$ 623,807
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 8,633,553
Restricted	409,867	526,418	713,095	893,844	1,311,949	1,219,697	1,289,007	2,147,943	2,394,433	2,984,738
Unrestricted/(Deficit)	(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)	(7,233,383)
Total District Net Position	\$ 7,447,976	\$ 442,910	\$ 503,930	\$ 639,387	\$ 797,804	\$ 621,178	\$ 812,623	\$ 1,980,856	\$ 2,910,373	\$ 4,384,908

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 16,804,652
Special Education	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	3,970,449
Other Special Education	161,434	127,874	125,463	99,026	103,252	103,449	142,489	303,636	435,620	505,514
School Sponsored/Other Instruction	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	1,492,354
Support Services:										
Tuition	741,923	901,919	1,067,316	712,627	620,433	914,562	758,033	783,488	847,709	941,628
Student & Instruction Related Services	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	6,630,126
General Administrative Services	604,690	628,102	703,523	911,052	861,950	807,091	734,836	682,733	670,152	658,110
School Administrative Services	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	2,352,746
Central Services	531,189	507,888	574,458	624,712	717,780	715,733	697,207	657,880	690,645	591,596
Administrative Information Technology	243,773	386,062	326,491	352,301	353,879	336,929	338,421	316,747	332,027	278,103
Plant Operations and Maintenance	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	2,733,742
Pupil Transportation	581,774	631,442	741,649	631,274	648,838	874,197	922,274	926,303	861,752	1,050,321
Transfer of Funds to Charter School	120,345	128,554	110,635	82,665	115,845	157,974	130,055	236,271	159,630	231,323
Interest on Long-term Debt	357,744	341,672	328,495	389,324	177,435	175,215	168,525	161,727	154,832	147,838
Capital Outlay	106,641	39,408	86,882	278,987						
Unallocated Depreciation	278,987	278,987	278,987	278,987						
Total Governmental Activities Expenses	\$ 27,204,755	\$ 27,939,682	\$ 31,807,119	\$ 34,024,504	\$ 36,835,808	\$ 38,787,971	\$ 36,947,540	\$ 35,680,461	\$ 36,709,293	\$ 38,388,502
Business-type Activities:										
Food Service	666,769	687,208	555,578	544,613	571,900	572,442	565,644	551,521	337,884	716,419
After Care	57,593	52,135	48,318	65,985	58,909	78,670	110,435	96,817	1,300	122,428
Total Business-type Activities Expense	724,162	739,343	603,896	610,598	630,809	651,112	676,079	648,338	339,184	838,847
Total District Expenses	\$ 27,928,917	\$ 28,679,025	\$ 32,411,015	\$ 34,635,102	\$ 37,466,617	\$ 39,439,083	\$ 37,623,619	\$ 36,328,799	\$ 37,048,477	\$ 39,227,349
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 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	\$ 5,677,104
Student & Instruction Related Services				9,000	10,800	4,800	4,200	1,200	3,600	437,912
Pupil Transportation				7,941,798	10,451,916	12,067,297	10,471,799	9,681,204	10,498,210	10,960,826
Operating Grants and Contributions	3,786,560	3,613,786	6,668,029			84,525				
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	\$ 10,821,346	\$ 10,462,491	\$ 13,692,736	\$ 15,827,193	\$ 18,286,142	\$ 19,607,535	\$ 18,481,816	\$ 17,271,386	\$ 17,211,917	\$ 17,075,842
Business-type Activities:										
Charges for Services:										
Food Service	385,617	385,039	250,004	242,162	251,916	262,880	257,849	166,055	4,782	6,583
After Care	70,505	76,520	65,039	59,900	53,021	57,144	92,485	74,709	829	144,006
Operating Grants and Contributions - Food Service	304,799	332,227	304,121	308,815	352,864	340,323	338,277	355,325	357,056	1,053,182
Total Business-type Activities Program Revenues	760,921	793,786	619,164	610,877	657,801	660,347	688,611	596,089	362,667	1,203,771
Total District Program Revenues	\$ 11,582,267	\$ 11,256,277	\$ 14,311,900	\$ 16,438,070	\$ 18,943,943	\$ 20,267,882	\$ 19,170,427	\$ 17,867,475	\$ 17,574,584	\$ 18,279,613

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

UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (21,312,660)
Business-type Activities	36,759	54,443	15,268	279	26,992	9,235	12,532	(52,249)	23,483	364,924
Total District-wide Net Expense	\$ (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)	\$ (20,947,736)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 13,326,077
Taxes Levied for Debt Service	597,941	597,750	595,374	592,875	604,500	525,542	532,109	533,187	531,338	529,387
Unrestricted Grants and Contributions	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	8,363,480
Investment Earnings	3,130	3,625	4,056	4,919	6,485	6,849	31,490	29,394	9,267	14,880
Miscellaneous Income	63,403	66,545	53,821	102,022	106,981	250,790	64,428	47,670	53,243	187,617
Cancellation of Lease Purchase Agreement Proceeds										(2,035)
Total Governmental Activities	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	22,421,441
Business-type Activities:										
Investment Earnings	\$ 252	\$ 346	\$ 380	\$ 362	\$ 393	\$ 403	\$ 1,998	\$ 1,723	\$ 345	\$ 830
Cancellation of Prior Year Accounts Receivable				190					(12,163)	
Cancellation of Prior Year Accounts Payable				552	393	403	1,998	1,723	(11,818)	830
Total Business-type Activities	252	346	380	552	393	403	1,998	1,723	(11,818)	830
Total District-wide	\$ 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	\$ 22,422,271
Change in Net Position										
Governmental Activities	\$ 657,740	\$ 193,487	\$ 45,372	\$ 134,626	\$ 131,032	\$ (186,264)	\$ 176,915	\$ 806,210	\$ 917,852	\$ 1,108,781
Business-type Activities	37,011	54,789	15,648	831	27,385	9,638	14,530	(50,526)	11,665	365,754
Total District	\$ 694,751	\$ 248,276	\$ 61,020	\$ 135,457	\$ 158,417	\$ (176,626)	\$ 191,445	\$ 755,684	\$ 929,517	\$ 1,474,535

Source: School District Financial Reports

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

June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 409,866	\$ 526,417	\$ 713,095	\$ 887,848	\$ 1,303,124	\$ 1,216,867	\$ 1,289,006	\$ 1,735,393	\$ 2,026,242	\$ 2,600,592
Assigned	150,688	229,115	41,468	370,775	446,214	291,405	309,920	530,504	833,185	256,522
Unassigned	2,125				11,412					
Total General Fund	\$ 562,679	\$ 755,532	\$ 754,563	\$ 1,258,623	\$ 1,760,750	\$ 1,508,272	\$ 1,598,926	\$ 2,265,897	\$ 2,859,427	\$ 2,857,114
All Other Governmental Funds										
Restricted	\$ 1	\$ 1		\$ 5,996	\$ 8,825	\$ 2,830	\$ 1	\$ 412,550	\$ 368,191	\$ 384,146
Committed				102,254	(10,381)		130,000	3,024,128	1,636,251	347,705
Unassigned/(Deficit)							(86,928)	(114,817)	(140,923)	(145,972)
Total All Other Governmental Funds/(Deficit)	\$ 1	\$ 1	\$ -0-	\$ 108,250	\$ (1,556)	\$ 2,830	\$ 43,073	\$ 3,321,861	\$ 1,863,519	\$ 585,879
Total Governmental Funds	\$ 562,680	\$ 755,533	\$ 754,563	\$ 1,366,873	\$ 1,759,194	\$ 1,511,102	\$ 1,641,999	\$ 5,587,758	\$ 4,722,946	\$ 3,442,993

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax Levy	\$ 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	\$ 13,855,464
Tuition Charges	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	5,677,104
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		30,000
Miscellaneous	73,147	83,535	91,141	108,829	143,007	258,023	136,306	100,012	329,400	684,156
State Sources	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	17,970,205
Federal Sources	608,418	692,805	796,691	698,187	767,626	737,454	1,126,565	1,102,952	1,401,559	2,218,243
Total Revenue	27,862,495	28,133,169	29,174,770	30,624,538	31,429,540	32,037,428	33,797,225	34,940,134	36,552,398	40,433,172
Expenditures										
Instruction										
Regular Instruction	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	10,998,799
Special Education Instruction	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	2,381,097
Other Special Instruction	115,412	93,016	94,004	70,507	72,001	70,283	87,946	193,770	263,323	298,712
School-Sponsored/Other Instruction	954,841	926,868	1,045,157	999,801	1,134,543	1,129,960	1,062,675	996,459	933,269	1,047,470
Support Services:										
Tuition	741,923	901,919	1,067,316	712,627	620,433	914,562	758,033	783,488	847,709	941,628
Student & Other Instruction Related Services	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	5,187,346
General Administrative Services	499,339	530,525	569,883	696,293	632,300	580,413	544,445	553,870	529,027	563,841
School Administrative Services	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	1,457,933
Central Services	375,132	357,474	350,002	364,533	373,249	426,511	385,903	413,408	418,474	415,680
Administrative Information Technology	196,789	323,104	246,897	245,494	199,254	194,609	215,336	240,360	238,868	237,235
Plant Operations and Maintenance	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	2,128,643
Student Transportation	460,891	509,808	582,859	476,519	396,430	611,206	700,709	723,646	516,702	825,671
Unallocated Benefits	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	12,775,576
Transfer of Funds to Charter School	120,345	128,554	110,635	82,665	115,845	157,974	130,055	236,271	159,630	231,323
Capital Outlay	1,599,754	338,759	410,890	253,029	554,016	709,475	472,166	510,987	2,061,468	1,694,783
Debt Service:										
Principal	245,000	255,000	265,000	275,000	440,000	325,000	335,000	340,000	345,000	350,000
Interest and Other Charges	352,940	342,750	330,375	317,875	161,671	206,537	199,938	193,187	186,338	179,388
Total Expenditures	28,374,581	27,940,316	29,175,740	30,018,224	31,037,219	32,285,520	33,866,328	34,429,017	37,287,182	41,715,125
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(512,086)	192,853	(970)	606,314	392,321	(248,092)	(69,103)	511,117	(734,784)	(1,279,953)

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	392,321	(248,092)	130,897	3,533,210	(864,812)	(1,279,953)
Net Change in Fund Balances	\$ (512,086)	\$ 192,853	\$ (970)	\$ 612,310	\$ 392,321	\$ (248,092)	\$ 130,897	\$ 3,533,210	\$ (864,812)	\$ (1,279,953)
Debt Service as a Percentage of Noncapital Expenditures	2.23%	2.17%	2.07%	1.99%	1.96%	1.68%	1.60%	1.57%	1.44%	1.28%

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Transportation Fees	Rents and Royalties	Miscellaneous	Total
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
2022	14,880	5,677,104		30,000	157,617	5,879,601

Source: School District of the Town of Newton records

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2021	8,283,300	368,844,300	671,900	42,600	164,734,300	13,491,100	38,181,500	594,249,000	290,231,600	488	594,249,488	2.33	670,486,339

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.

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

Year Ended December 31,	School District of the Town of Newton Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Town of Newton	Sussex County	
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
2021	2.24	0.09	2.33	1.50	0.66	4.49

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	2021		
	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>12.13%</u>

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

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2022	13,855,464	13,855,464	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 ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations Under Financed Purchases Agreements	Bond Anticipation Notes (BANs)	Business-Type Activities Financed Purchases Agreements					
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	1.73%	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	1.31%	776.21	
2019	5,735,000	-0-	200,000	-0-	-0-	-0-	5,935,000	1.21%	746.45	
2020	5,395,000	-0-	3,182,048	-0-	-0-	-0-	8,577,048	1.66%	1,068.52	
2021	5,050,000	-0-	2,274,984	-0-	-0-	-0-	7,324,984	1.35%	918.26	
2022	4,700,000	-0-	2,113,034	-0-	-0-	-0-	6,813,034	1.18%	799.28	

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 ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2022	4,700,000	-0-	4,700,000	0.79%	551.38

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.

TOWN OF NEWTON SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Town of Newton	\$ 12,742,991	100.000%	\$ 12,742,991
Sussex County General Obligation Debt	91,877,126	3.748%	<u>3,443,188</u>
Subtotal, Overlapping Debt			16,186,179
School District of the Town of Newton Direct Debt			<u>4,700,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 20,886,179</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 2022										
Equalized valuation basis:										
	2021	2020	2019							
	\$ 699,363,305	665,200,671	655,578,831							
	<u>\$2,020,142,807</u>									
	\$ 673,380,936									
Average Equalized Valuation of Taxable Property										
Debt Limit (4% of average equalization value)										
	\$ 26,935,237									
	<u>4,700,000</u>									
	<u>\$ 22,235,237</u>									
Fiscal Year										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 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	\$ 26,935,237
Total Net Debt Applicable to Limit	<u>7,945,000</u>	<u>7,690,000</u>	<u>7,425,000</u>	<u>6,835,000</u>	<u>6,395,000</u>	<u>6,070,000</u>	<u>5,735,000</u>	<u>5,395,000</u>	<u>5,050,000</u>	<u>4,700,000</u>
Legal Debt Margin	<u>\$ 21,007,099</u>	<u>\$ 19,347,178</u>	<u>\$ 18,292,550</u>	<u>\$ 18,121,336</u>	<u>\$ 18,368,676</u>	<u>\$ 18,739,025</u>	<u>\$ 19,283,032</u>	<u>\$ 20,583,180</u>	<u>\$ 21,443,707</u>	<u>\$ 22,235,237</u>
Total Net Debt Applicable to the Limit	27.44%	28.44%	28.87%	27.39%	25.82%	24.47%	22.92%	20.77%	19.06%	17.45%
As a Percentage of Debt Limit										

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

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

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

Year	Population ^a	Town of Newton Income Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2013	8,014	\$ 414,516,136	\$ 51,724	10.10%
2014	7,940	429,681,040	54,116	7.00%
2015	7,939	442,376,958	55,722	6.50%
2016	7,882	451,851,414	57,327	5.29%
2017	7,820	462,506,080	59,144	4.50%
2018	7,951	489,232,981	61,531	4.20%
2019	8,027	516,007,668	64,284	3.80%
2020	7,977	540,952,278	67,814	9.70%
2021	8,524	578,046,536 ***	67,814 *	6.30%
2022	8,524 **	578,046,536 ***	67,814 *	N/A

* - Latest Sussex County per capita personal income available (2020) was used for calculation purposes.

** - Latest population data available (2021) was used for calculation purposes.

*** - Latest available population data (2021) and latest available Sussex County per capita personal income (2020) was used for calculation purposes.

N/A - Information not available

Sources:

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

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

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

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	2021	
	Employees	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1.40%-6.98%
Crystal Springs Resort	1,000-4,999	1.40%-6.98%
Newton Memorial Center	500-999	0.70%-1.39%
Sussex County Offices	500-999	0.70%-1.39%
Thorlabs	500-999	0.70%-1.39%
Mountain Creek Resort	500-999	0.70%-1.39%
Shop Rite	250-499	0.35%-0.70%
Sussex County Community College	250-499	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%
	<u>4,850-15,740</u>	<u>6.77%-21.97%</u>
Total Employment	<u>71,642</u>	
	2012	
Employer	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>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>	<u>2022</u>
Instruction										
Regular	111	112	112	119	119	119	122	116	116	116
Special education	40	40	56	50	51	59	59	59	59	59
Other instruction	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & instruction related services	51	51	52	59	53	56	56	56	56	56
School administrative services	13	13	11	10	10	10	11	11	11	11
General administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	22	25	22	22	22	20	21	21	21	21
Pupil transportation	3	3	3	2	3	3	4	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-
Total	250	254	266	272	268	277	283	277	277	277

Source - School Districts of the Town of Newton Personnel Records

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

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary ^c	Middle School ^c	Senior High School				
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	34,694,376	22,602	4.53%	165	1:8.9	1:8.5	1:9.8	1,535	1,440	-1.60%	93.81%
2022	1,531	39,490,954	25,794	14.12%	165	1:8.9	1:8.5	1:9.8	1,531	1,363	-0.26%	89.03%

Note: Enrollment based on annual October district count.

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

<u>District Building</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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 **	541	561	490	472	475	481	486	472	477	488
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 **	207	221	301	316	334	326	334	357	351	330
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	759	749	778	761	743	728	715	715	707	713
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, 2022

- 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.

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
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
2021	142,104	125,683	197,997	12,892	478,676

* 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, 2022
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.	50,000
Critical Incident Management	25,000	
First Party Cleanup	\$100,000 Fungi & Legionella	100,000
Money and Securities	50,000	1,000
Crime Coverage	50,000 Inside/Outside	
Employee Theft	500,000	
Boiler and Machinery	100,000,000	2,500
Excess Liability (AL/GL/SLPL)	5,000,000	5,000
School Board Legal Liability (SLPL)	5,000,000	10,000
Cyber Liability	2,000,000 Occurrence/Fund Aggregate	10,000
First Party: \$750,000 each event/aggregate		
Third Party: \$2,000,000 each event/aggregate		
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 "Office"), 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 (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Report on 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.

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

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

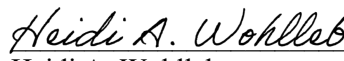
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

November 7, 2022
Mount Arlington, New Jersey


NISIVOCCIA LLP


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



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Report on Compliance For Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Town of Newton School District's (the District's) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 of that testing based on the requirements of the Uniform Guidance or New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose

November 7, 2022
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, 2022

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2021			Budgetary Expenses	Adjustments	Repayment of Prior Years' Balances	Cancellation of Prior Year Accounts Payable and Encumbrances	Balance at June 30, 2022		
					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	7/1/21-6/30/22	\$ 19,060			\$ (15,028)					\$ 4,032		
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	15,263			(3,535)							
COVID-19:														
Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	958,260			(958,260)					\$ (74,087)		
Seamless Summer Option	10.555	N/A	3/18/20-6/30/20	22,378										
Summer Food Service Program	10.559	N/A	7/1/21-6/30/22	29,286		\$ 10,716	(29,286)		\$ 10,716			(9,319)		
Summer Food Service Program	10.559	N/A	7/1/20-6/30/21	343,281			90,833							
Emergency Operational Costs														
Reimbursement Program														
Total Child Nutrition Cluster	10.555	N/A	7/1/21-6/30/22	31,604			(31,604)					4,032		
COVID-19 Pandemic P-EBT														
Administrative Costs	10.649	N/A	7/1/21-6/30/22	1,242			(1,242)							
Child and Adult Care Food Program	10.558	N/A	7/1/19-6/30/20	24,650								\$ 1,364		
Total U.S. Department of Agriculture						12,080	(1,038,955)		10,716			4,032	1,364	
U.S. Department of Education:														
Special Revenue Fund:														
Passed-through State Department of Education:														
Elementary and Secondary Education Act:														
Title I	84.010	ESEA359022	7/1/21-9/30/22	197,342			(158,977)					(11,064)		
Title I	84.010	ESEA359021	7/1/20-9/30/21	222,679			(24,610)			\$ 3,218		(1,350)		
Title I - SIA	84.010	ESEA359022	7/1/21-9/30/22	10,000			(8,100)					(1,350)		
Total Title I							(42,720)			3,218		(2,414)		
Title II	84.367	ESEA359022	7/1/21-9/30/22	41,431			(20,256)					(13,485)		
Title II	84.367	ESEA359021	7/1/20-9/30/21	29,464			(13,189)			87		(13,485)		
Total Title II							(33,345)			87		(26,970)		
Title III	84.365	ESEA359022	7/1/21-9/30/22	23,883			(11,269)					(13,485)		
Title III	84.365	ESEA359021	7/1/20-9/30/21	21,591			(1,776)					(13,485)		
Total Title III							(12,045)					(26,965)		
Title III - Immigrant	84.365	ESEA359022	7/1/21-9/30/22	6,188			(1,776)					(13,485)		
Title III - Immigrant	84.365	ESEA359021	7/1/20-9/30/21	21,591			(1,776)					(13,485)		
Total Title III - Immigrant							(3,552)					(26,970)		
Title IV	84.424	ESEA359022	7/1/21-9/30/22	24,574			(17,322)					(4,189)		
Title IV	84.424	ESEA359021	7/1/20-9/30/21	17,343			(4,674)					(4,189)		
Total Title IV							(22,000)					(8,378)		
21st Century Community Learning Centers (CCLC)	84.287	22E00079	9/1/21-8/31/22	475,000			(315,264)					(66,178)		
21st Century Community Learning Centers (CCLC)	84.287	21E00079	9/1/20-8/31/21	425,000			(135,003)			315		(66,178)		
Total 21st CCLC							(450,267)			315		(132,356)		
Education Stabilization Fund:														
COVID 19 - CARES Emergency Relief	84.425D	CARES359022	3/13/20-9/30/22	185,658			(23,904)		\$ 1			(151,009)		
COVID 19 - CRRA:												(10,850)		
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	721,450			(490,986)					(151,009)		
Learning Acceleration (ESSR)	84.425D	S425D210027	3/13/20-9/30/23	46,299			(3,422)					(10,850)		
Mental Health (ESSR)	84.425D	S425D210027	3/13/20-9/30/23	45,000								(10,850)		
COVID 19 - ARP:												(33,260)		
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	1,621,413			(562,422)					(33,260)		
Total							(1,038,955)		10,716			4,032	1,364	

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2021			Cash Received	Budgetary Expendi- tures	Adjustments	Repayment of Prior Years' Balances	Cancellation of Prior Year Accounts Payable and Encumbrances	Balance at June 30, 2022			
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor						Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Amounts Provided to Subrecipients
U.S. Department of Education: (Continued)																
Passed-through State Department of Education: (Continued)																
Special Revenue Fund: (Continued)																
Special Education Cluster (IDEA):																
COVID-19 - ARP - LD.E.A. Part B, Basic	84.027X	IDEA359022	7/1/21-9/30/22	\$ 410,623			\$ 59,067	\$ (73,015)				\$ (13,948)				
LD.E.A. Part B, Basic	84.027	IDEA359022	7/1/21-9/30/22	395,741			370,221	(395,384)				(25,163)				
LD.E.A. Part B, Basic	84.027	IDEA359021	7/1/20-9/30/21	410,623			26,382	(1,493)				(817)				
COVID-19 - ARP - LD.E.A. Preschool	84.173X	IDEA359022	7/1/21-9/30/22	6,480			676	(12,339)				(4,271)				
LD.E.A. Preschool	84.173	IDEA359022	7/1/21-9/30/22	16,109			8,068	(1,062)				235				
LD.E.A. Preschool	84.173	IDEA359021	7/1/20-9/30/21	13,205			2,781	(1,062)				235				
Total Special Education Cluster (IDEA)							467,195	(483,293)				235				
Carl D. Perkins - Secondary	84.048	PERK359022	7/1/21-6/30/22	14,747			14,747	(14,747)								
Carl D. Perkins - Secondary	84.048	PERK359021	7/1/20-6/30/21	13,994			490	(14,747)								
Total Carl D. Perkins - Secondary							15,237	(14,747)								
Subtotal - Special Revenue Fund							1,549,904	(1,761,256)				3,855				
Total U.S. Department of Education							1,549,904	(1,761,256)				3,855				
Federal Communications Commission:																
Special Revenue Fund:																
Emergency Connectivity Fund (ECF)	32.009	ECF202104607	7/1/21-6/30/22	615,918			415,918	(415,918)								
Total U.S. Department of Federal Communications Commission							415,918	(415,918)								
U.S. Department of Health and Human Services:																
Medicaid Cluster:																
Medicaid Assistance Program	93.778	N/A	7/1/21-6/30/22	63,433			63,433	(63,433)								
Total U.S. Department of Health and Human Services/Total Medicaid Cluster							63,433	(63,433)								
U.S. Department of Homeland Security:																
Passed-through State Department of Homeland Security:																
Disaster Grants - Public Assistance - FEMA:																
Severe Winter Storm and Snowstorm	97.036	N/A	01/31/21-2/21	1,011			1,011	(1,011) *								
Total U.S. Department of Homeland Security							1,011	(1,011)								
Total Federal Awards							\$ 3,535	\$ 12,080	\$ 3,077,145	\$ -0-	\$ 10,716	\$ 3,855	\$ (419,480)	\$ 4,032	\$ 1,364	\$ -0-
Cancellation of Prior Year:																
Encumbrances \$ 2,354																
Accounts Payable \$ 1,501																
* - Expended in prior year \$ 3,855																

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, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Cancellation of Prior			Balance at June 30, 2022			MEMO	
				Budgetary	Budgetary	Cash	Budgetary	Year Accounts	GAAP	Budgetary	Due to	Budgetary		
				Accounts Receivable	Unearned Revenue	Received	Expenditures	Payable and Encumbrances	Accounts Receivable	Unearned Revenue	Grantor	Receivable		Expenditures
State Department of Education:														
General Fund State Aid:														
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 8,276,989		\$ 7,446,754	\$ (8,276,989)							\$ (830,235)	\$ 8,276,989
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	229,942		206,877	(229,942)								229,942
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	596,193		536,391	(596,193)								596,193
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	221,598		199,370	(221,598)								221,598
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	19,132		17,213	(19,132)								19,132
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	124,210			(124,210)			\$ (124,210)					124,210
Excess Nonpublic Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	5,110			(5,110)			(5,110)					5,110
Homeless Tuition Reimbursement	22-495-034-5120-005	7/1/21-6/30/22	69,376			(69,376)			(69,376)					69,376
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	994,004		891,837	(994,004)			(102,167)					994,004
K-12 School COVID-19 Screening Testing Program					8,579									8,579
Securing Our Children's Future Bond Act	N/A	7/1/21-6/30/22	87,252			(87,252)			(87,252)					87,252
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	1,147,320		1,147,320	(1,147,320)								1,147,320
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	4,842,304		4,842,304	(4,842,304)								4,842,304
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	68,318			(68,318)								68,318
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	2,038		2,038	(2,038)								2,038
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	6,222,206	\$ (612,737)	612,737									6,222,206
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	229,942	(22,644)	22,644									229,942
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	596,193	(58,710)	58,710									596,193
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	221,598	(21,822)	21,822									221,598
School Choice Aid	21-495-034-5120-068	7/1/20-6/30/21	21,842	(2,151)	2,151									21,842
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20-6/30/21	108,864	(108,864)	108,864									108,864
Excess Nonpublic Transportation Costs	21-495-034-5120-014	7/1/20-6/30/21	2,114	(2,114)	2,114									2,114
Homeless Tuition Reimbursement	21-495-034-5120-005	7/1/20-6/30/21	22,049	(22,049)	22,049									22,049
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	907,161	(45,383)	45,383									907,161
Subtotal - General Fund				(896,474)	16,263,475	(16,692,365)			(388,115)				(1,325,364)	25,024,334
Special Revenue Fund Aid:														
Preschool Education Aid	22-495-034-5120-086	7/1/21-6/30/22	1,455,264		1,309,292	(1,231,973)								1,231,973
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	1,431,039	(140,923)	140,923									1,399,088
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/22	1,162,938			(275,094)								1,162,938
Subtotal - Special Revenue Fund				(140,923)	298,066	(1,507,067)								3,793,999
Total State Department of Education				(1,037,397)	17,713,690	(18,199,432)			(8,979)				(1,471,356)	28,818,333

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Cancellation of Prior Year Accounts Payable and Encumbrances			Balance at June 30, 2022			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Expenditures	Year Accounts Payable and Encumbrances	GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable		
State Department of Agriculture:														
Food Service Fund:														
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	\$ 14,227		\$ 13,188	\$ (14,227)			\$ (1,039)		\$		\$ (1,039)	\$ 14,227
COVID 19 - Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	216											216
	Subtotal - Food Service Fund				\$ 103	\$ (14,227)			\$ (1,039)		\$ 103		\$ (1,039)	\$ 14,443
	Total State Department of Agriculture				\$ 103	\$ (14,227)			\$ (1,039)		\$ 103		\$ (1,039)	\$ 14,443
	Total State Awards				\$ 103	\$ (18,213,659)		\$ 8,979	\$ (389,154)	\$ 255,242	\$ 103		\$ (1,472,375)	\$ 28,832,776
Less: State Awards Not Subject to Single Audit Major Program Determination														
On-Behalf TPAF Pension System Contributions:														
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	(1,147,320)											
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	(4,842,304)											
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	(68,318)											
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	(2,038)											
	Subtotal - On-Behalf TPAF Pension System Contributions													
	Total State Awards Subject to Single Audit Major Program Determination													

Cancellation of Prior Year:
Encumbrances \$ 678
Accounts Payable 8,301
\$ 8,979

Cancellation of Prior Year:
Encumbrances 1,147,320
Accounts Payable 4,842,304
68,318
2,038
6,059,980
\$(12,153,679)

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022. 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 (\$219,185) for the general fund and (\$152,257) for the special revenue fund (which includes (\$123,016) related to 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, 2022

(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 64,444	\$ 16,469,004	\$ 16,533,448
Special Revenue Fund	2,153,799	1,501,201	3,655,000
Food Service Fund	1,038,955	14,227	1,053,182
Total Awards	<u>\$ 3,257,198</u>	<u>\$ 17,984,432</u>	<u>\$ 21,241,630</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, 2022.

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance* Required by the Uniform Guidance and NJ OMB 15-08.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- 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, 2022
(Continued)

Summary of Auditors' Results: (Cont'd)

- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>Assistance Listing / State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/21-6/30/22	\$ 19,060	\$ 15,028
Food Distribution Program	10.555	7/1/20-6/30/21	15,263	3,535
COVID-19:				
Seamless Summer Option	10.555	7/1/21-6/30/22	958,260	958,260
Summer Food Service Program	10.559	7/1/21-6/30/22	29,286	29,286
Emergency Operational Cost Reimbursement Program	10.555	7/1/21-6/30/22	31,604	31,604
<u>State:</u>				
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	8,276,989	8,276,989
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	596,193	596,193
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	221,598	221,598
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	19,132	19,132

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, 2022

Status of Prior Year Findings:

The District had no prior year audit findings.