

**TOWN OF NEWTON
SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive
Financial Report**

of the

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

Newton, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Town of Newton School District
Board Office**

TOWN OF NEWTON SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2023

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	12
Management's Discussion and Analysis	13
Basic Financial Statements (Sections A and B)	21
A. District-Wide Financial Statements	22
A-1 Statement of Net Position	23
A-2 Statement of Activities.....	24
B. Fund Financial Statements.....	26
B-1 Balance Sheet – Governmental Funds	27
B-2 Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.....	29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
B-4 Statement of Net Position – Proprietary Funds.....	31
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	32
B-6 Statement of Cash Flows – Proprietary Funds.....	33
Notes to the Basic Financial Statements.....	34
Required Supplementary Information	73
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits	
Other than Pensions.....	74
L-1 Schedule of District's Proportionate Share of the Net Pension Liability- Public Employees Retirement System.....	74
L-2 Schedule of District Contributions – Public Employees Retirement System	75
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District - Teachers' Pension and Annuity Fund.....	76
L-4 Schedule of State Contributions - Teachers' Pension and Annuity Fund	77
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios.....	78
Notes to Required Supplementary Information	79

TOWN OF NEWTON SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules81
C-1 Budgetary Comparison Schedule – General Fund82
C-2 Budgetary Comparison Schedule - Special Revenue Fund.....95
C-3 Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI.....96

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable).....97

E. Special Revenue Fund98
E-1 Combining Schedule of Program Revenue and Expenditures - Special Revenue
Fund – Budgetary Basis.....99
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis104

F. Capital Projects Fund.....105
F-1 Summary Schedule of Revenue, Expenditures and Changes in Fund Balance –
Budgetary Basis.....106
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, 2023107

G. Proprietary Funds (Enterprise Fund)108
G-1 Combining Statement of Net Position109
G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Position.....110
G-3 Combining Statement of Cash Flows111

H. Fiduciary Activities (Not Applicable)

I. Long-Term Liabilities.....112
I-1 Schedule of Serial Bonds113
I-2 Schedule of Obligations Under Financed Purchases114
I-3 Debt Service Fund Budgetary Comparison Schedule.....115
I-4 Schedule of Obligations Under Leases (Not Applicable)
I-5 Schedule of Obligations Under Subscription-Based Information Technology
Arrangement (Not Applicable)

TOWN OF NEWTON SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

STATISTICAL SECTION

J.	Statistical Section (Unaudited)	116
J-1	Net Position by Component	117
J-2	Changes in Net Position	118
J-3	Fund Balances - Governmental Funds	120
J-4	Changes in Fund Balances - Governmental Funds	121
J-5	General Fund Other Local Revenue by Source	123
J-6	Assessed Value and Actual Value of Taxable Property	124
J-7	Direct and Overlapping Property Tax Rates	125
J-8	Principal Property Taxpayers, Current Year and Nine Years Ago	126
J-9	Property Tax Levies and Collections	127
J-10	Ratios of Outstanding Debt by Type	128
J-11	Ratios of Net General Bonded Debt Outstanding	129
J-12	Ratios of Overlapping Governmental Activities Debt	130
J-13	Legal Debt Margin Information	131
J-14	Demographic and Economic Statistics	132
J-15	Principal Employers, Current Year and Nine Years Ago	133
J-16	Full-time Equivalent District Employees by Function/Program	134
J-17	Operating Statistics	135
J-18	School Building Information	136
J-19	Schedule of Required Maintenance	137
J-20	Insurance Schedule	138
K.	SINGLE AUDIT SECTION	139
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>	140
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	142
K-3	Schedule of Expenditures of Federal Awards	145
K-4	Schedule of Expenditures of State Awards	147
K-5	Notes to the Schedules of Expenditures of Federal and State Awards	149
K-6	Schedule of Findings and Questioned Costs	151
K-7	Summary Schedule of Prior Audit Findings	153

INTRODUCTORY SECTION
(UNAUDITED)

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

Dr. Joseph S. Piccirillo
Superintendent

James R. Sekelsky
Business Administrator

November 27, 2023

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, 2023, 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 2022-2023 fiscal year with an average daily enrollment of 1,550 students, an increase 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. 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 22-23 and continue into the school year of 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 final 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 22-23 school year, Newton High School received students from Andover Borough, Andover Township and Green Township, which constitutes approximately less than 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. The Board did approve a 2% tax levy for 23-24.

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. The maintenance reserve was used to renovate the tennis courts at Merriam Avenue School.

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 2022-2023 – an increase of \$1,400,601 for fiscal year 22-23.

(E) Preschool—The District continued to receive Preschool Education Expansion Aid (PEEA) in 22-23. 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. 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, 2023.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance Insurance Fund ("SAIF"). SAIF is a risk-sharing public entity risk management pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. A schedule of insurance coverage is found on Exhibit J-20.

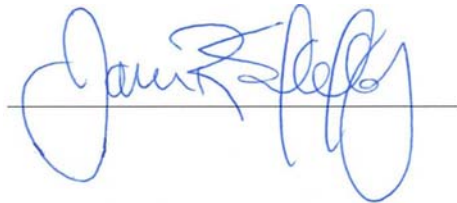
9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Town of Newton School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

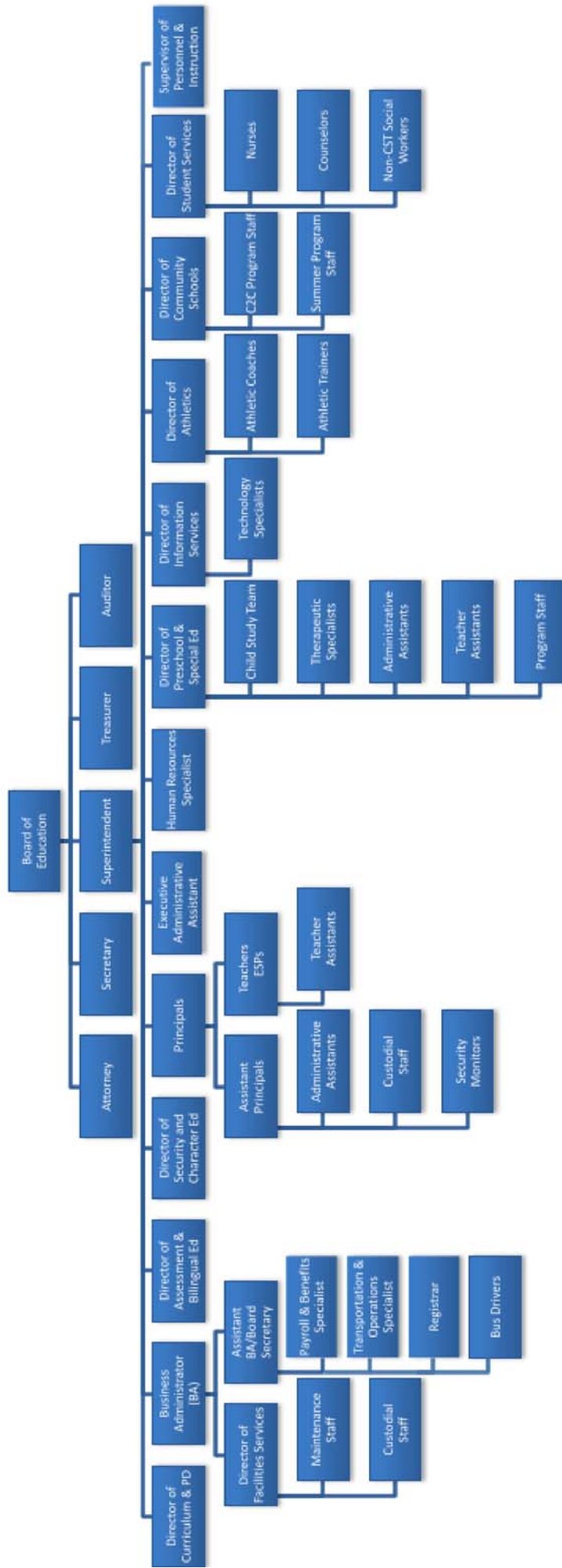


Dr. Joseph S. Piccirillo
Superintendent of Schools



James R. Sekelsky
Business Administrator/Board Secretary

Newton Public Schools Organization Chart 2023-2024



**TOWN OF NEWTON SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stella Dunn, President	2023
Raymond Morris, Vice President	2025
Ed Caffrey	2025
Joan Faye	2024
Meghan Gill	2024
Samuel Morales Jr.	2023
Lisa Qarmout	2023
Mary E. Zayac	2025
Danielle Gyles-Zito	2024
William Porter (Andover Regional Representative)	2023
Ann Marie Cooke (Green Township Representative)	2023

Other Officers

Title

Dr. Joseph S. Piccirillo	Superintendent of Schools
James R. Sekelsky	School Business Administrator/Board Secretary
Theresa Schlosser	Treasurer of School Monies
Joseph Roselle	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

Joseph L. Roselle, Esq.
220 Park Avenue
P.O. Box 991
Florham Park, NJ 07932

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

Opinions

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 Town of Newton School District (the “District”), in the County of Sussex, as of and for the fiscal year ended June 30, 2023, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, 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 Opinions

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 audit opinions.

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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023 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 27, 2023
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, 2023**

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, 2023. 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

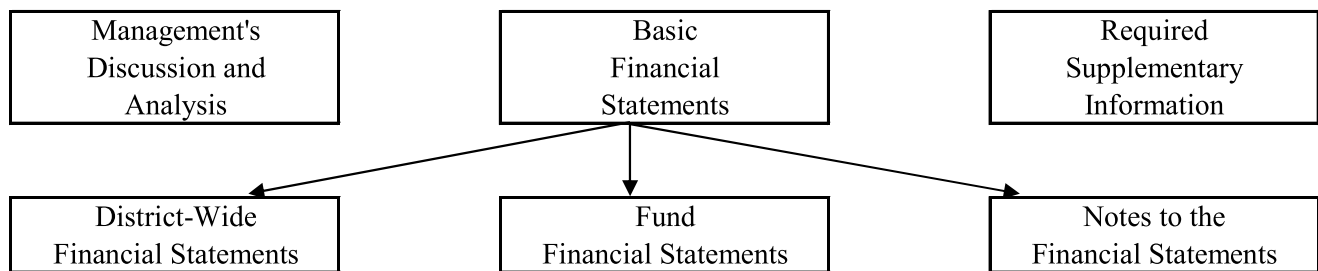


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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, subscription 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 liabilities) 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 \$1,987,003. Net position from governmental activities increased by \$1,878,068 and net position from business-type activities increased by \$108,935. Net investment in capital assets increased by \$498,322, restricted net position increased by \$321,355, and unrestricted net position increased by \$1,167,326.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Current and							
Other Assets	\$ 4,757,772	\$ 4,431,013	\$ 721,058	\$ 674,795	\$ 5,478,830	\$ 5,105,808	
Capital Assets, Net	15,154,054	15,320,964	70,558	36,353	15,224,612	15,357,317	
Total Assets	<u>19,911,826</u>	<u>19,751,977</u>	<u>791,616</u>	<u>711,148</u>	<u>20,703,442</u>	<u>20,463,125</u>	1.17%
Deferred Outflows of Resources	<u>940,372</u>	<u>658,676</u>			<u>940,372</u>	<u>658,676</u>	42.77%
Other Liabilities	1,347,900	1,468,615	58,874	87,341	1,406,774	1,555,956	
Long-Term Liabilities							
Outstanding	<u>12,812,423</u>	<u>12,371,972</u>			<u>12,812,423</u>	<u>12,371,972</u>	
Total Liabilities	<u>14,160,323</u>	<u>13,840,587</u>	<u>58,874</u>	<u>87,341</u>	<u>14,219,197</u>	<u>13,927,928</u>	2.09%
Deferred Inflows of Resources	<u>1,052,706</u>	<u>2,808,965</u>			<u>1,052,706</u>	<u>2,808,965</u>	-62.52%
Net Position:							
Net Investment in							
Capital Assets	9,061,317	8,597,200	70,558	36,353	9,131,875	8,633,553	
Restricted	3,306,093	2,984,738			3,306,093	2,984,738	
Unrestricted/(Deficit)	<u>(6,728,241)</u>	<u>(7,820,837)</u>	<u>662,184</u>	<u>587,454</u>	<u>(6,066,057)</u>	<u>(7,233,383)</u>	
Total Net Position	<u>\$ 5,639,169</u>	<u>\$ 3,761,101</u>	<u>\$ 732,742</u>	<u>\$ 623,807</u>	<u>\$ 6,371,911</u>	<u>\$ 4,384,908</u>	45.31%

Changes in Net Position. The District's combined net position was \$6,371,911 on June 30, 2023, an increase of \$1,987,003 or 45.31% over the previous year (see Figure A-3). Net position in the Governmental Activities increased due primarily to the maturity of long term liabilities, capital assets additions, an increase in the capital reserve, an increase in encumbrances and changes in net pension liability and related deferred outflows and inflows; offset by depreciation expense, a decrease in the maintenance and tuition reserves and capital projects expenditures. An explanation for the change in Net Position for Business-Type Activities is included later in this section of the report.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2022/23	Business- Type Activities 2022/23	Governmental Activities 2021/22	Business- Type Activities 2021/22	Total School District 2022/23	Total School District 2021/22	Percentage Change 2022/23
Revenue:							
Program Revenue:							
Charges for Services	\$ 6,901,979	\$ 162,556	\$ 6,115,016	\$ 150,589	\$ 7,064,535	\$ 6,265,605	
Operating Grants and Contributions	9,521,967	632,408	10,960,826	1,053,182	10,154,375	12,014,008	
General Revenue:							
Property Taxes	\$13,856,565		13,855,464		13,856,565	13,855,464	
Unrestricted Local, State and Federal Aid	9,927,023		8,363,480		9,927,023	8,363,480	
Other	276,206	10,798	202,497	830	287,004	203,327	
Total Revenue	40,483,740	805,762	39,497,283	1,204,601	41,289,502	40,701,884	1.44%
Expenses:							
Instruction	\$21,378,987		22,772,969		21,378,987	22,772,969	
Pupil and Instruction Services	8,849,351		7,571,754		8,849,351	7,571,754	
Administrative and Business	3,704,052		3,880,555		3,704,052	3,880,555	
Maintenance and Operations	2,953,728		2,733,742		2,953,728	2,733,742	
Transportation	1,406,052		1,050,321		1,406,052	1,050,321	
Other	313,502	686,232	379,161	838,847	999,734	1,218,008	
Total Expenses	38,605,672	686,232	38,388,502	838,847	39,291,904	39,227,349	0.16%
Other Items		(10,595)			(10,595)		-100.00%
Increase/(Decrease) in Net Position	\$ 1,878,068	\$ 108,935	\$ 1,108,781	\$ 365,754	\$ 1,987,003	\$ 1,474,535	34.75%

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>2022/23</u>	<u>2022/23</u>	<u>2021/22</u>	<u>2021/22</u>
Instruction	\$ 21,378,987	\$12,881,248	\$ 22,772,969	\$ 13,013,007
Pupil and Instruction Services	8,849,351	3,390,001	7,571,754	2,951,950
Administrative and Business	3,704,052	2,562,474	3,880,555	2,545,739
Maintenance and Operations	2,953,728	2,167,653	2,733,742	1,836,229
Transportation	1,406,052	866,848	1,050,321	586,574
Other	313,502	313,502	379,161	379,161
	<u>\$ 38,605,672</u>	<u>\$ 22,181,726</u>	<u>\$ 38,388,502</u>	<u>\$ 21,312,660</u>

Business-Type Activities

Net position from the District’s business-type activity increased by \$108,935 (Refer to Figure A-4). The increase in net position was primarily due to the following:

- Food Service Fund revenue exceeded expenses by \$109,493, which was primarily due to a significant decrease in expenses offset by a significant decrease in state and federal meal reimbursements.
- After-Care Program Fund expenses exceeded revenue by \$558, which was primarily due to the District discontinuing the program.

Financial Analysis of the District’s Funds

The District’s financial position increased on a fund basis. The District remains fiscally responsible and efficient in what discretionary purchases the District makes.

The District has utilized creative staffing and scheduling to avoid eliminating instructional and co-curricular programs. 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 2022/23
	Government Activities		Business-Type Activities		Total School District		
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Sites and Site Improvements	\$ 1,973,035	\$ 1,934,642			\$ 1,973,035	\$ 1,934,642	
Construction in Progress	1,987,150	1,828,630			1,987,150	1,828,630	
Buildings and Building Improvements	10,300,489	10,625,196			10,300,489	10,625,196	
Machinery and Equipment	893,380	932,496	\$ 70,558	\$ 36,353	963,938	968,849	
Total	\$ 15,154,054	\$ 15,320,964	\$ 70,558	\$ 36,353	\$ 15,224,612	\$ 15,357,317	-0.86%

Long-term Liabilities

The District's long term liabilities increased by \$440,451 or 3.56% 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

	Total School District		Percentage Change 2022/23
	2022/23	2021/22	
	General Obligation Bonds (Financed with Property Taxes)	\$ 4,340,000	
Unamortized Bond Issuance Premium	324,315	361,736	
Net Pension Liability	4,874,090	3,803,684	
Compensated Absences Payable	1,441,089	1,393,518	
Financed Purchases Payable	1,832,929	2,113,034	
	\$ 12,812,423	\$ 12,371,972	3.56%

- The District continued to pay down its bonded debt, retiring \$360,000 of outstanding bonds.
- Unamortized bond issuance premium decreased by \$37,421.
- Net pension liability increased by \$1,070,406.
- Compensated absences payable increased by a net amount of \$47,571.
- The District paid down \$280,105 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 fifth and final 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. Newton did receive a five-year renewal of this program starting in 2023-2024.
- 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, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 398,843	\$ 616,373	\$ 1,015,216
Cash with Fiscal Agents	189,185		189,185
Receivables from State Government	410,170	1,218	411,388
Receivables from Federal Government	432,740	27,280	460,020
Receivables from Other Governments	19,942		19,942
Other Receivables	800	39,887	40,687
Inventories		36,300	36,300
Restricted Cash and Cash Equivalents	3,293,092		3,293,092
Restricted Investments	13,000		13,000
Capital Assets, Net:			
Sites (Land) and Construction in Progress	2,317,770		2,317,770
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	12,836,284	70,558	12,906,842
Total Assets	<u>19,911,826</u>	<u>791,616</u>	<u>20,703,442</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	80,192		80,192
Deferred Outflows Related to Pensions	327,229		327,229
District Contribution Subsequent to the Measurement Date - Pensions	532,951		532,951
Total Deferred Outflows of Resources	<u>940,372</u>		<u>940,372</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	764,808	34,028	798,836
Accrued Interest Payable	75,665		75,665
Payable to State Government		103	103
Payable to Federal Government		1,364	1,364
Unearned Revenue	507,427	23,379	530,806
Noncurrent Liabilities:			
Due Within One Year	647,147		647,147
Due Beyond One Year	12,165,276		12,165,276
Total Liabilities	<u>14,160,323</u>	<u>58,874</u>	<u>14,219,197</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	1,052,706		1,052,706
Total Deferred Inflows of Resources	<u>1,052,706</u>		<u>1,052,706</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	9,061,317	70,558	9,131,875
Restricted for:			
Capital Projects	2,680,945		2,680,945
Maintenance Reserve	225,077		225,077
Student Activities	330,141		330,141
Scholarships	69,929		69,929
Debt Service	1		1
Unrestricted/(Deficit)	<u>(6,728,241)</u>	<u>662,184</u>	<u>(6,066,057)</u>
Total Net Position	<u>\$ 5,639,169</u>	<u>\$ 732,742</u>	<u>\$ 6,371,911</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, 2023

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	\$ 15,815,812	\$ 2,714,644	\$ 3,198,134	\$ (9,903,034)	\$	\$ (9,903,034)
Special Education	3,757,833	644,998	1,390,626	(1,722,209)		(1,722,209)
Other Special Instruction	496,578	85,233	111,960	(299,385)		(299,385)
School Sponsored/Other Instruction	1,308,764	224,638	127,506	(956,620)		(956,620)
Support Services:						
Tuition	1,512,480		397,904	(1,114,576)		(1,114,576)
Student and Instruction Related Services	7,336,871	1,842,382	3,219,064	(2,275,425)		(2,275,425)
General Administrative Services	628,150	107,816	56,631	(463,703)		(463,703)
School Administrative Services	2,179,427	374,079	326,992	(1,478,356)		(1,478,356)
Central Services	600,336	103,042	90,906	(406,388)		(406,388)
Administrative Information Technology	296,139	50,830	31,282	(214,027)		(214,027)
Plant Operations and Maintenance	2,953,728	506,981	279,094	(2,167,653)		(2,167,653)
Pupil Transportation	1,406,052	247,336	291,868	(866,848)		(866,848)
Transfer of Funds to Charter School	176,308			(176,308)		(176,308)
Interest on Long-Term Debt	137,194			(137,194)		(137,194)
Total Governmental Activities	38,605,672	6,901,979	9,521,967	(22,181,726)		(22,181,726)
Business-Type Activities:						
Food Service	684,732	160,788	632,408		\$ 108,464	108,464
After Care Program	1,500	1,768			268	268
Total Business-Type Activities	686,232	162,556	632,408		108,732	108,732
Total Primary Government	\$ 39,291,904	\$ 7,064,535	\$ 10,154,375	(22,181,726)	108,732	(22,072,994)

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Other Item:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 13,326,077		\$ 13,326,077
Taxes Levied for Debt Service	530,488		530,488
Federal, State and Local Aid not Restricted	9,927,023		9,927,023
Interest Earnings	42,659	\$ 10,798	53,457
Miscellaneous Income	233,547		233,547
Other Item:			
Cancellation of Prior Year Accounts Receivable		(10,595)	(10,595)
Total General Revenues and Other Item	24,059,794	203	24,059,997
Change in Net Position	1,878,068	108,935	1,987,003
Net Position - Beginning	3,761,101	623,807	4,384,908
Net Position - Ending	\$ 5,639,169	\$ 732,742	\$ 6,371,911

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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 342,208	\$ 56,634		\$ 1	\$ 398,843
Cash with Fiscal Agents			\$ 189,185		189,185
Receivables From State Government	410,170				410,170
Receivables From Federal Government		432,740			432,740
Receivables From Other Governments	19,942				19,942
Other Accounts Receivables		800			800
Restricted Cash and Cash Equivalents	2,906,022	387,070			3,293,092
Restricted Investments		13,000			13,000
Total Assets	\$ 3,678,342	\$ 890,244	\$ 189,185	\$ 1	\$ 4,757,772
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 78,457	\$ 153,400			\$ 231,857
Unearned Revenue		507,427			507,427
Total Liabilities	78,457	660,827			739,284
Fund Balances:					
Restricted:					
Capital Reserve Account	2,680,945				2,680,945
Maintenance Reserve Account	225,077				225,077
Student Activities		330,141			330,141
Scholarships		69,929			69,929
Debt Service				\$ 1	1
Committed			\$ 189,185		189,185
Assigned	693,863				693,863
Unassigned/(Deficit)		(170,653)			(170,653)
Total Fund Balances	3,599,885	229,417	189,185	1	4,018,488
Total Liabilities and Fund Balances	\$ 3,678,342	\$ 890,244	\$ 189,185	\$ 1	\$ 4,757,772

TOWN OF NEWTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances from previous page	\$ 4,018,488
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	15,154,054
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(324,315)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	80,192
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(75,665)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(4,874,090)
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	327,229
Deferred Inflows	(1,052,706)
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>(7,614,018)</u>
Net Position of Governmental Activities	<u><u>\$ 5,639,169</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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,326,077			\$ 530,488	\$ 13,856,565
Tuition from Other LEAs	6,312,905				6,312,905
Transportation Fees from LEAs	6,000				6,000
Interest Earned on Capital Reserve Funds	30,921				30,921
Restricted Miscellaneous Revenue		\$ 584,738			584,738
Unrestricted Miscellaneous Revenue	245,285	187,740			433,025
Total - Local Sources	19,921,188	772,478		530,488	21,224,154
State Sources	17,932,840	1,710,985			19,643,825
Federal Sources	144,307	2,249,742			2,394,049
Total Revenues	37,998,335	4,733,205		530,488	43,262,028
EXPENDITURES:					
Current:					
Regular Instruction	9,390,990	1,292,187			10,683,177
Special Education Instruction	2,429,535	18,004			2,447,539
Other Special Instruction	298,157				298,157
School-Sponsored/Other Instruction	952,474				952,474
Support Services and Undistributed Costs:					
Tuition	1,114,576	397,904			1,512,480
Student and Other Instruction Related Services	3,077,742	3,069,424			6,147,166
General Administrative Services	548,868				548,868
School Administrative Services	1,486,747				1,486,747
Central Services	437,219				437,219
Administrative Information Technology	249,302				249,302
Plant Operations and Maintenance	2,501,429				2,501,429
Student Transportation	1,187,861				1,187,861
Unallocated Benefits	12,979,526				12,979,526
Debt Service:					
Principal				360,000	360,000
Interest and Other Charges				170,487	170,487
Capital Outlay	259,890	129,383	\$ 158,520		547,793
Transfer of Funds to Charter School	176,308				176,308
Total Expenditures	37,090,624	4,906,902	158,520	530,487	42,686,533
Excess/(Deficit) of Revenue Over/(Under) Expenditures	907,711	(173,697)	(158,520)	1	575,495
Other Financing Sources/(Uses):					
Transfers	(164,940)	164,940			
Total Other Financing Sources/(Uses)	(164,940)	164,940			
Net Change in Fund Balances	742,771	(8,757)	(158,520)	1	575,495
Fund Balance - July 1	2,857,114	238,174	347,705		3,442,993
Fund Balance - June 30	\$ 3,599,885	\$ 229,417	\$ 189,185	\$ 1	\$ 4,018,488

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, 2023

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	575,495
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 and deletions of capital assets in the period.		
Depreciation Expense	\$	(660,710)
Deletion of Capital Assets, net of Accumulated Depreciation		(1,107)
Capital Asset Additions		494,907
		(166,910)
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 (+).		
		4,950
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.		
		280,105
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.		
		360,000
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		37,421
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.		
		(9,078)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(1,070,406)
Change in Deferred Outflows		157,803
Change in Deferred Inflows		1,756,259
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 (+).		
		(47,571)
Change in Net Position of Governmental Activities	\$	1,878,068

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, 2023

	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	\$ 593,324	\$ 23,049	\$ 616,373
Intrafund Receivable - Food Service Fund		250	250
Intergovernmental Accounts Receivable:			
State	1,218		1,218
Federal	27,280		27,280
Other Accounts Receivable	39,887		39,887
Inventories	36,300		36,300
Total Current Assets	<u>698,009</u>	<u>23,299</u>	<u>721,308</u>
Non-Current Assets:			
Capital Assets	237,436		237,436
Less: Accumulated Depreciation	<u>(166,878)</u>		<u>(166,878)</u>
Total Non-Current Assets	<u>70,558</u>		<u>70,558</u>
Total Assets	<u>768,567</u>	<u>23,299</u>	<u>791,866</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	34,028		34,028
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	10,108		10,108
Unearned Revenue - Prepaid Sales	13,271		13,271
Total Current Liabilities	<u>59,124</u>		<u>59,124</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	70,558		70,558
Unrestricted	<u>638,885</u>	<u>23,299</u>	<u>662,184</u>
Total Net Position	<u>\$ 709,443</u>	<u>\$ 23,299</u>	<u>\$ 732,742</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, 2023

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Food Service	After Care Program	Enterprise
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 95,156		\$ 95,156
Daily Sales - Non-Reimbursable Programs	63,648		63,648
Other Income		\$ 1,768	1,768
Special Events	1,234		1,234
Miscellaneous Revenue	750		750
Total Operating Revenue	160,788	1,768	162,556
Operating Expenses:			
Cost of Sales - Reimbursable Programs	251,184		251,184
Cost of Sales - Non-Reimbursable Programs	24,842		24,842
Salaries, Benefits & Payroll Taxes	274,330		274,330
Other Purchased Services	8,385	1,500	9,885
Supplies, Insurance and Other Costs	38,108		38,108
Management Fee	58,590		58,590
Miscellaneous Expenses	18,582		18,582
Depreciation Expense	10,711		10,711
Total Operating Expenses	684,732	1,500	686,232
Operating Income/(Loss)	(523,944)	268	(523,676)
Non-Operating Revenue:			
Local Sources:			
Interest Income	10,348	450	10,798
State Sources:			
State School Lunch Program	19,391		19,391
Federal Sources:			
School Breakfast Program	171,905		171,905
National School Lunch Program	265,148		265,148
After School Snack Program	19,844		19,844
Summer Food Service Program	28,513		28,513
Supply Chain Assistance	83,165		83,165
Food Distribution Program	44,442		44,442
Total Non-Operating Revenue	642,756	450	643,206
Change in Net Position Before Other Item	118,812	718	
Other Item:			
Cancellation of Prior Year Accounts Receivable	(9,319)	(1,276)	(10,595)
Change in Net Position After Other Item	109,493	(558)	108,935
Net Position - Beginning of Year	599,950	23,857	623,807
Net Position - End of Year	\$ 709,443	\$ 23,299	\$ 732,742

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, 2023

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	Food 121,113	After Care Program	Enterprise
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 121,113	\$ 1,768	\$ 122,881
Payments to Food Service Contractor	(652,310)		(652,310)
Payments for Suppliers	(16,370)	(1,500)	(17,870)
Net Cash Provided by/(Used for) Operating Activities	(547,567)	268	(547,299)
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(44,916)		(44,916)
Net Cash Used for Capital and Related Financing Activities	(44,916)		(44,916)
Cash Flows from Investing Activities:			
Interest Income	10,348	450	10,798
Net Cash Provided by Investing Activities	10,348	450	10,798
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	32,232		32,232
State Sources Collected in Food Service Fund	19,212		19,212
Federal Sources Collected in Food Service Fund	615,382		615,382
Net Cash Provided by Noncapital Financing Activities	666,826		666,826
Net Increase in Cash and Cash Equivalents	84,691	718	85,409
Cash and Cash Equivalents, July 1	508,633	22,331	530,964
Cash and Cash Equivalents, June 30	<u>\$ 593,324</u>	<u>\$ 23,049</u>	<u>\$ 616,373</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (523,944)	\$ 268	\$ (523,676)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	10,711		10,711
Food Distribution Program	44,442		44,442
Changes in Assets and Liabilities:			
Increase in Unearned Revenue - Donated Commodities	6,076		6,076
Increase in Unearned Revenue - Prepaid Sales	212		212
(Decrease) in Accounts Payable	(34,755)		(34,755)
(Increase) in Other Accounts Receivable	(39,887)		(39,887)
(Increase) in Inventory	(10,422)		(10,422)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (547,567)</u>	<u>\$ 268</u>	<u>\$ (547,299)</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 \$50,518 and utilized U.S.D.A. Commodities valued at \$44,442.

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, 2023

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 non 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, 2023

(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, lease assets or subscription 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, 2023

(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 liabilities claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset, lease asset or subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities 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, 2023 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, 2023

(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	\$ 38,130,070	\$ 4,983,482
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		(217,862)
Cancellation of Prior Year Encumbrances		(18,673)
Prior Year Encumbrances		175,879
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	937,249	145,972
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,068,984)	(170,653)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 37,998,335	\$ 4,898,145

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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	\$ 37,090,624	\$ 4,967,558
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		(217,862)
Cancellation of Prior Year Encumbrances		(18,673)
Prior Year Encumbrances		175,879
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 37,090,624	\$ 4,906,902

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, 2023

(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, 2023.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term liabilities 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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

O. 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, 2023.

P. 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.

Q. 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.

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue

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

T. Fund Balance Appropriated

General Fund: Of the \$3,599,885 General Fund fund balance at June 30, 2023, \$693,863 is assigned for encumbrances, which is \$48,493 less than the encumbrances, on a budgetary basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2024; \$2,680,945 is restricted in the capital reserve account; \$225,077 is restricted in the maintenance reserve account; \$-0- of assigned fund balance

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

T. Fund Balance Appropriated (Cont'd)

General Fund: (Cont'd)

which is \$250,000 less than on a budgetary basis, and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2024; and \$-0- in unassigned fund balance, which is \$770,491 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, 2024.

Special Revenue Fund: Of the \$229,417 Special Revenue Fund fund balance at June 30, 2023, \$330,141 is restricted for student activities; \$69,929 is restricted for scholarships; offset by a deficit of \$170,653 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, 2024 on a GAAP basis.

Capital Projects Fund: The \$189,185 fund balance in the Capital Projects Fund at June 30, 2023 is committed.

Debt Service Fund: The \$1 fund balance in the Debt Service Fund at June 30, 2023 is restricted.

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, 2023.

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.

U. Deficit Net Position and Fund Balance

The District has a deficit in unrestricted net position of \$6,728,241 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 encumbrances, committed fund balance, and deferred outflows related to pensions. The District has a deficit in fund balance of \$170,653 in the Special Revenue Fund as of June 30, 2023 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.

V. Net Position

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

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

V. Net Position (Cont'd)

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, 2023 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, 2023 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, and subscription 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.

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.

W. 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 capital reserve, maintenance reserve, the debt service fund, 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, 2023.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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 2023/2024 budget (on the budgetary basis) and encumbrances in the General Fund at June 30, 2023.

X. Revenue - Exchange and Nonexchange Transactions

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Y. 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.

Z. 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.

AA. 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

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

AA. Pensions (Cont'd)

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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:

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

Deposits: (Cont'd)

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (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.);

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments: (Cont'd)

- (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (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, 2023, cash and cash equivalents and investments of the District consisted of the following:

	<u>Restricted Cash and Cash Equivalents</u>	<u>Cash and Cash Equivalents</u>	<u>Cash with Fiscal Agents</u>	<u>Restricted Investments</u>	<u>Total</u>
Checking Accounts	\$ 3,293,092	\$ 1,015,216	\$ 189,185		\$ 4,497,493
Certificates of Deposit				\$ 13,000	13,000
	<u>\$ 3,293,092</u>	<u>\$ 1,015,216</u>	<u>\$ 189,185</u>	<u>\$ 13,000</u>	<u>\$ 4,510,493</u>

During the period ended June 30, 2023, 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, 2023, was \$4,510,493 and the bank balance was \$4,873,094.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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.

Beginning Balance, July 1, 2022	\$ 2,012,236
Add: Transfer from Unassigned Fund Balance as per Board Resolution - June 2023	950,000
Interest Earnings	30,921
Unexpended Balance Returned from Capital Outlay	127,788
Less: Budgeted Withdrawal from Capital Reserve	<u>(440,000)</u>
Ending Balance, June 30, 2023	<u><u>\$ 2,680,945</u></u>

The balance in the capital reserve account at June 30, 2023 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

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2022	\$ 379,542
Add: Transfer from Unassigned Fund Balance as per Board Resolution - June 2023	54,535
Less: Withdrawal as per Board Resolution	<u>(209,000)</u>
Ending Balance, June 30, 2023	<u>\$ 225,077</u>

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 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	1,828,630	\$ 158,520		1,987,150
Total Capital Assets Not Being Depreciated	2,159,250	158,520		2,317,770
Capital Assets Being Depreciated:				
Site Improvements	3,003,074	186,203		3,189,277
Buildings and Building Improvements	17,879,680			17,879,680
Machinery and Equipment	2,951,901	150,184	\$ (87,296)	3,014,789
Total Capital Assets Being Depreciated	23,834,655	336,387	(87,296)	24,083,746
Governmental Activities Capital Assets	25,993,905	494,907	(87,296)	26,401,516
Less: Accumulated Depreciation for:				
Site Improvements	(1,399,052)	(147,810)		(1,546,862)
Buildings and Building Improvements	(7,254,484)	(324,707)		(7,579,191)
Machinery and Equipment	(2,019,405)	(188,193)	86,189	(2,121,409)
	(10,672,941)	(660,710)	86,189	(11,247,462)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 15,320,964	\$ (165,803)	\$ (1,107)	\$ 15,154,054

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 213,420	\$ 44,916	\$ (20,900)	\$ 237,436
Less: Accumulated Depreciation	(177,067)	(10,711)	20,900	(166,878)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 36,353</u>	<u>\$ 34,205</u>	<u>\$ -0-</u>	<u>\$ 70,558</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 504,861
School Sponsored/Other Instruction	10,118
Student and Instruction Related Services	1,245
Operations and Maintenance of Plant	64,144
Student Transportation	80,342
	<u>\$ 660,710</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2022</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2023</u>	<u>Due Within One Year</u>
Serial Bonds Payable	\$ 4,700,000		\$ 360,000	\$ 4,340,000	\$ 370,000
Unamortized Bond Issuance Premium	361,736		37,421	324,315	37,421
Net Pension Liability	3,803,684	\$ 1,070,406		4,874,090	
Compensated Absences Payable	1,393,518	132,092	84,521	1,441,089	
Financed Purchases Payable	2,113,034		280,105	1,832,929	239,726
	<u>\$ 12,371,972</u>	<u>\$ 1,202,498</u>	<u>\$ 762,047</u>	<u>\$ 12,812,423</u>	<u>\$ 647,147</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 \$286,894.

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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Bonds Payable: (Cont'd)

On April 21, 2016, the District issued refunding school bonds of \$6,535,000 with interest rates ranging from 1.00% to 4.00% to refund \$6,850,000 of 2006 refunding school bonds with interest rates ranging from 4.0% to 4.5%. The bonds mature on July 15, 2016 through 2032 and are non-callable. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2006 refunding school bonds were called on July 15, 2016. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements. As a result of the refunding, the District will realize a total of \$1,111,935 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$918,672, or 13.41%, of the bonds refunded.

The District had bonds outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Serial Bonds</u> Final Maturity Date	<u>Interest</u> Rate	<u>Amount</u>
Refunding Bonds of 2016	07/15/32	3.00-4.00%	\$ 4,340,000

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>
2024	\$ 370,000	\$ 159,538	\$ 529,538
2025	380,000	146,387	526,387
2026	395,000	130,888	525,888
2027	410,000	114,787	524,787
2028	425,000	98,087	523,087
Thereafter 5 Years (2029-2033)	2,360,000	227,794	2,587,794
	\$ 4,340,000	\$ 877,481	\$ 5,217,481

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

C. Bonds Authorized But Not Issued:

As of June 30, 2023, 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 \$1,441,089. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

D. Compensated Absences Payable: (Cont'd)

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, 2023, \$-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, 2023 is \$-0- and the long-term portion is \$4,874,090. See Note 8 for further information on the PERS.

F. Financed Purchases Payable:

The District has a financed purchases agreement for a telephone system and school bus valued at \$200,000 of which \$157,974 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 \$385,432 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, 2023.

Fiscal Year	Amount
2024	\$ 282,649
2025	175,980
2026	179,062
2027	132,988
2028	136,212
Thereafter 5 Years (2029-2033)	732,030
Thereafter 3 Years (2034-2036)	484,745
	2,123,666
Less amount representing interest	(290,737)
Present Value Net of Minimum Financed Purchases Payments	\$ 1,832,929

The current portion of the financed purchases payable at June 30, 2023 is \$239,726 and the long-term portion is \$1,593,203. The General Fund will be used to liquidate the financed purchases payable.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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:

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. 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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 \$407,283 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$10,255 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District's liability was \$4,874,090 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.0323%, which was an increase of 0.0002% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$436,374 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$10,255 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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)

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 117,163
	2019	5.21		146,415
	2020	5.16		430,540
	2021	5.13		35,726
	2022	5.04	\$ 15,101	<u>729,844</u>
Difference Between Expected and Actual Experience	2018	5.63		4,461
	2019	5.21	11,192	
	2020	5.16	23,987	
	2021	5.13		12,010
	2022	5.04		<u>14,552</u>
			<u>35,179</u>	<u>31,023</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	4,822	
	2020	5.00	144,891	
	2021	5.00	(903,739)	
	2022	5.00	955,760	
			<u>201,734</u>	
Changes in Proportion	2018	5.63	19,363	
	2019	5.21		32,141
	2020	5.16	27,020	
	2021	5.13		259,698
	2022	5.04	28,832	<u>291,839</u>
			<u>75,215</u>	
District Contribution Subsequent to the Measurement Date	2022	1.00	532,951	
			<u>\$ 860,180</u>	<u>\$ 1,052,706</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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)

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
2023	\$ (418,095)
2024	(213,005)
2025	(103,878)
2026	226,623
2027	(498)
	\$ (508,853)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 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, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 6,251,660	\$ 4,874,090	\$ 3,687,144

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's 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. 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

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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 2022, the State's pension contribution was more 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. During the fiscal year ended 2023, the State of New Jersey contributed \$4,678,347 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,633,311.

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, 2023, the State's proportionate share of the net pension liability associated with the District was \$60,689,028. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.1176%, which was a decrease of 0.0042% from its proportion measured as of June 30, 2021.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		60,689,028
Total	\$	60,689,028

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$1,633,311 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 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	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
				3,013,097,864
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			699,820,974	122,664,916

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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
Net Difference Between Projected and Actual	2019	5.00	\$ 36,220,692	
Investment Earnings on Pension Plan Investments	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</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
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	<u>(1,687,721,983)</u>
	<u>\$ (14,678,515,482)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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	2.75 – 5.65% 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, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022 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:

	June 30, 2022		
	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	\$ 71,159,175	\$ 60,689,028	\$ 51,869,245

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

For DCRP, the District recognized pension expense of \$55,805 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$75,860 for the fiscal year ended June 30, 2023.

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employees 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 paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. 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>.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

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.

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$ 75,906,940
Changes for Year:	
Service Cost	3,193,263
Interest on the Total OPEB Liability	1,731,483
Difference between Actual and Expected Experience	3,691,661
Changes of Assumptions	(17,527,035)
Gross Benefit Payments by the State	(1,715,085)
Contributions from Members	55,021
Net Changes	(10,570,692)
Balance at June 30, 2022	\$ 65,336,248

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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, 2022, 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, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 76,795,887	\$ 65,336,248	\$ 56,151,920

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, 2022, 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, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 54,004,403	\$ 65,336,248	\$ 80,221,315

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$1,512,789 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, 2022 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, 2023
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (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		\$ 3,392,328
	2018	9.51		3,237,246
	2019	9.29	\$ 457,050	
	2020	9.24	10,791,158	
	2021	9.24	59,842	
	2022	9.13		15,607,316
				<u>11,308,050</u>
Differences between Expected and Actual Experience	2018	9.51		3,060,205
	2019	9.29		5,379,506
	2020	9.24	10,057,783	
	2021	9.24		11,508,201
	2022	9.13	1,607,329	
			<u>11,665,112</u>	<u>19,947,912</u>
Changes in Proportion	N/A	N/A	<u>1,607,412</u>	<u>1,875,766</u>
			<u>\$ 24,580,574</u>	<u>\$ 44,060,568</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
2023	\$ (3,247,242)
2024	(3,247,240)
2025	(3,247,240)
2026	(2,806,429)
2027	(1,604,754)
Thereafter	(5,058,735)
	<u>\$ (19,211,640)</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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 prescription drug coverage through Benecard Services.

Property and Liability Insurance

The District is a member of the School Alliance Insurance Fund (the “Fund”) and the Schools Health Insurance Fund (the “SHIF”). The Fund and the SHIF are public entity risk management pools. The Fund provides general liability, property and automobile coverage and workers’ compensation for its members. The SHIF provides medical benefits coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

The Fund and the SHIF are risk-sharing public entity risk pools that are insured and self-administered groups 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 and the SHIF are elected.

As a member of this Fund and the SHIF, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund or the SHIF were to be exhausted, members would become responsible for their respective shares of the Fund’s and SHIF’s liabilities. The Fund and SHIF 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 respective membership body.

The June 30, 2023 audits are not available for the Fund and SHIF as of the date of this report. Selected, summarized financial information for the Fund and SHIF as of June 30, 2022 are as follows:

	<u>School Alliance Insurance Fund</u>	<u>Schools Health Insurance Fund</u>
Total Assets	<u>\$ 52,198,217</u>	<u>\$ 177,555,942</u>
Net Position	<u>\$ 20,990,635</u>	<u>\$ 119,187,031</u>
Total Revenue	<u>\$ 48,576,664</u>	<u>\$ 433,986,964</u>
Total Expenses	<u>\$ 48,577,544</u>	<u>\$ 427,695,451</u>
Change in Net Position	<u>\$ (880)</u>	<u>\$ 6,291,513</u>
Members Dividends	<u>\$ -0-</u>	<u>\$ 2,852,704</u>

Financial statements for the Fund and SHIF are available at the Fund’s and SHIF’s Executive Director’s Offices:

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550
(609) 275-1155

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUND/INTRAFUND RECEIVABLES AND PAYABLES

Fund	Intrafund	
	Receivable	Payable
Proprietary Funds:		
Food Service Fund		\$ 250
After Care Program	\$ 250	
	\$ 250	\$ 250

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.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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, 2023, the District transferred \$193,117 to the capital outlay accounts, all of which was for equipment which did not require County Superintendent approval.

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, 2023, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 742,356	\$ 217,862	\$ 960,218

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$693,863 is assigned for year-end encumbrances in the General Fund, which is \$48,493 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, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$217,862 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, 2023 consisted of the following:

	<u>Governmental Funds</u>		District Contri- bution Subsequent	Total	<u>Business-Type</u>
	General	Special	to the Measure- ment Date	Governmental	<u>Proprietary</u>
	Fund	Revenue Fund		Activities	Funds
Due to State of New Jersey	\$ 645	\$ 107,149	\$ 532,951	\$ 640,745	
Vendors	27,749	46,251		74,000	\$ 34,028
Payroll Deductions and Withholdings	50,063			50,063	
	<u>\$ 78,457</u>	<u>\$ 153,400</u>	<u>\$ 532,951</u>	<u>\$ 764,808</u>	<u>\$ 34,028</u>

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 \$1,485,898 from eleven payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2022 without the abatements would have been \$8,179,877 of which \$4,195,088 would have been for the local school tax.

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.0359669078%	0.0359246917%	0.0348857478%	0.0336168274%	0.0343840290%	0.0337729170%	0.0340596141%	0.0321080856%	0.0322971840%
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	\$ 4,874,090
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	\$ 2,299,695
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%	211.95%
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%	62.91%

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 296,506	\$ 308,856	\$ 313,882	\$ 314,605	\$ 359,908	\$ 329,934	\$ 372,595	\$ 376,023	\$ 407,283
Contributions in relation to the contractually required contribution	(296,506)	(308,856)	(313,882)	(314,605)	(359,908)	(329,934)	(372,595)	(376,023)	(407,283)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 2,458,172
Contributions as a percentage of covered employee payroll	12.35%	12.96%	13.08%	12.94%	14.73%	16.32%	15.73%	16.35%	16.57%

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%	0.1176271248%
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	\$ 60,689,028
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	\$ 13,087,475
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%	463.72%
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%	32.29%

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
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	\$ 1,633,311	
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)	(4,678,347)	
Contribution deficiency/(excess)	<u>\$ 2,677,721</u>	<u>\$ 3,534,593</u>	<u>\$ 5,537,300</u>	<u>\$ 3,765,575</u>	<u>\$ 2,125,828</u>	<u>\$ 1,809,613</u>	<u>\$ 1,459,338</u>	<u>\$ (3,463,824)</u>	<u>\$ (3,045,036)</u>	
District's covered employee payroll	\$ 12,148,503	\$ 12,579,678	\$ 12,978,597	\$ 12,973,564	\$ 13,371,248	\$ 13,299,085	\$ 12,715,178	\$ 13,087,475	\$ 13,633,977	
Contributions as a percentage of covered employee payroll	5.14%	7.36%	9.99%	13.97%	18.24%	20.15%	27.86%	37.00%	34.31%	

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 2,758,832	\$ 2,294,109	\$ 1,992,651	\$ 2,018,957	\$ 3,751,822	\$ 3,193,263
Interest	2,229,781	2,580,182	2,356,407	1,894,886	1,969,106	1,731,483
Changes of Benefits Terms					(80,794)	
Differences between Expected and Actual Experience		(7,351,200)	(10,397,608)	15,083,222	(14,422,126)	3,691,661
Changes in Assumptions	(9,133,798)	(6,848,113)	787,868	15,730,216	74,888	(17,527,035)
Member Contributions	60,164	55,150	48,083	45,440	50,340	55,021
Gross Benefit Payments	(1,633,892)	(1,595,713)	(1,622,070)	(1,499,188)	(1,551,104)	(1,715,085)
Net Change in Total OPEB Liability	(5,718,913)	(10,865,585)	(6,834,669)	33,273,533	(10,207,868)	(10,570,692)
Total OPEB Liability - Beginning	76,260,442	70,541,529	59,675,944	52,841,275	86,114,808	75,906,940
Total OPEB Liability - Ending	\$ 70,541,529	\$ 59,675,944	\$ 52,841,275	\$ 86,114,808	\$ 75,906,940	\$ 65,336,248
District's Covered Employee Payroll *	\$ 14,961,910	\$ 15,378,733	\$ 15,405,107	\$ 15,814,803	\$ 15,320,519	\$ 15,083,797
Total OPEB Liability as a Percentage of Covered Employee Payroll	471%	388%	343%	545%	495%	433%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021 and 2022 are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020 and 2021 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, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

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 rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	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	6,105,459		6,105,459	6,312,905	\$ 207,446
Transportation Fees From Other LEAs	4,200		4,200	6,000	1,800
Rents and Royalties	40,000		40,000	245,285	(40,000)
Unrestricted Miscellaneous Revenues				30,921	245,285
Interest Earned on Capital Reserve Funds				19,921,188	30,921
Total Revenues from Local Sources	19,475,736		19,475,736	19,921,188	445,452
Revenues from State Sources:					
School Choice Aid	15,912		15,912	15,912	
Categorical Transportation Aid	229,942		229,942	229,942	
Extraordinary Aid	70,000		70,000	226,958	156,958
Categorical Special Education Aid	596,193		596,193	596,193	
Equalization Aid	9,677,590		9,677,590	9,677,590	
Categorical Security Aid	221,598		221,598	221,598	
Excess Nonpublic School Transportation Costs				8,112	8,112
Homeless Tuition Reimbursement				49,217	49,217
Education Services				54,562	54,562
TPAF Post Retirement Contributions (Non-Budgeted)				1,246,041	1,246,041
TPAF Pension Contributions (Non-Budgeted)				4,678,347	4,678,347
TPAF Non-Contributory Insurance (Non-Budgeted)				64,907	64,907
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,900	1,900
Reimbursed TPAF Social Security Contributions				993,296	993,296
Total Revenues from State Sources	10,811,235		10,811,235	18,064,575	7,253,340

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 41,514	\$	\$ 41,514	\$ 138,732	\$ 97,218
Family First Coronavirus Response Act				5,575	5,575
Total Revenues from Federal Sources	<u>41,514</u>		<u>41,514</u>	<u>144,307</u>	<u>102,793</u>
TOTAL REVENUE	30,328,485		30,328,485	38,130,070	7,801,585
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	392,105	\$ 23,796	415,901	414,829	1,072
Grades 1-5 - Salaries of Teachers	1,977,421	536	1,977,957	1,975,727	2,230
Grades 6-8 - Salaries of Teachers	2,096,803	(68,037)	2,028,766	2,027,165	1,601
Grades 9-12 - Salaries of Teachers	4,301,582	51,715	4,353,297	4,351,195	2,102
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000	15,076	30,076	30,076	
Purchased Professional-Educational Services	10,700	(4,121)	6,579	1,910	4,669
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	268,305	5,693	5,693	4,827	866
Purchased Technical Services	109,784	(5,051)	263,254	164,122	99,132
Other Purchased Services (400-500 series)	377,911	(1,367)	108,417	64,585	43,832
General Supplies	39,160	17,379	395,290	337,921	57,369
Textbooks		(21,432)	17,728	14,374	3,354
Other Objects	2,250	2,009	4,259	4,259	
Total Regular Programs - Instruction	<u>9,591,021</u>	<u>16,196</u>	<u>9,607,217</u>	<u>9,390,990</u>	<u>216,227</u>
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild to Moderate:					
Salaries of Teachers	476,224	(101,173)	375,051	374,630	421
Other Salaries for Instruction	98,460	(27,431)	71,029	70,645	384

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Learning and/or Language Disabilities - Mild to Moderate: (Cont'd)					
General Supplies	\$ 1,148	\$	\$ 1,148	\$ 508	\$ 640
Other Objects	3,727		3,727	250	3,477
Total Learning and/or Language Disabilities - Mild to Moderate	<u>579,559</u>	<u>\$ (128,604)</u>	<u>450,955</u>	<u>446,033</u>	<u>4,922</u>
Emotional Regulation Improvement:					
Salaries of Teachers	131,162	(12,405)	118,757	118,347	410
Other Salaries for Instruction	66,009	(23,876)	42,133	41,011	1,122
General Supplies	400		400	200	200
Total Emotional Regulation Improvement	<u>197,571</u>	<u>(36,281)</u>	<u>161,290</u>	<u>159,558</u>	<u>1,732</u>
Multiple Disabilities:					
Salaries of Teachers	259,534	13,723	273,257	273,106	151
Other Salaries for Instruction	145,198	18,894	164,092	163,634	458
General Supplies	9,498	(2,000)	7,498	309	7,189
Other Objects	3,500		3,500	2,840	660
Total Multiple Disabilities	<u>417,730</u>	<u>30,617</u>	<u>448,347</u>	<u>439,889</u>	<u>8,458</u>
Resource Room/Resource Center:					
Salaries of Teachers	835,267	49,429	884,696	883,594	1,102
Other Salaries for Instruction	193,554	(38,205)	155,349	155,286	63
General Supplies	1,063		1,063	129	934
Total Resource Room/Resource Center	<u>1,029,884</u>	<u>11,224</u>	<u>1,041,108</u>	<u>1,039,009</u>	<u>2,099</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	254,701	(254,701)			
Other Salaries for Instruction	97,728	(97,728)			
Total Preschool Disabilities - Part-Time	<u>352,429</u>	<u>(352,429)</u>			

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 228,593	\$ 228,593	\$ 228,522	\$ 228,522	\$ 71
Other Salaries for Instruction	116,524	116,524	116,524	116,524	
Total Preschool Disabilities - Full-Time	345,117	345,117	345,046	345,046	71
Home Instruction:					
Salaries of Teachers	3,600	(1,900)	1,700		1,700
Total Home Instruction	3,600	(1,900)	1,700		1,700
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,580,773	(132,256)	2,448,517	2,429,535	18,982
Bilingual Education - Instruction:					
Salaries of Teachers	214,484	(2,000)	214,484	213,025	1,459
Other Salaries for Instruction	83,891	2,222	86,113	84,832	1,281
Purchased Professional-Educational Services		300	300	300	
General Supplies	980	(465)	515		515
Total Bilingual Education - Instruction	301,355	57	301,412	298,157	3,255
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	216,991	3,246	220,237	218,271	1,966
Purchased Services (300-500 series)	11,750		11,750	9,115	2,635
Supplies and Materials	6,475		6,475	4,904	1,571
Other Objects	17,142		17,142	7,727	9,415
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	252,358	3,246	255,604	240,017	15,587
School-Sponsored Athletics - Instruction:					
Salaries	605,594	(38,598)	566,996	541,744	25,252
Purchased Services (300-500 series)	54,000	(5,000)	49,000	44,878	4,122
Supplies and Materials	68,000	6,000	74,000	72,570	1,430

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction: (Cont'd)					
Other Objects	\$ 31,000	\$	\$ 31,000	\$ 28,265	\$ 2,735
Transfers to Cover Deficit (Agency Funds)	37,000	(2,220)	34,780	25,000	9,780
Total School-Sponsored Athletics - Instruction	795,594	(39,818)	755,776	712,457	43,319
TOTAL INSTRUCTION	13,521,101	(152,575)	13,368,526	13,071,156	297,370
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	280,212	(151,730)	128,482	128,417	65
Tuition to County Voc. School Dist.-Regular	42,516	6,731	49,247	49,247	
Tuition to CSSD & Reg. Day Schools	55,515	(55,515)			
Tuition to Priv. Sch. for the Handicap. W/I State	406,953	506,391	913,344	890,064	23,280
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St	132,698	(85,850)	46,848	46,848	
Total Undistributed Expenditures - Instruction	917,894	220,027	1,137,921	1,114,576	23,345
Undistributed Expend. - Attend. & Social Work:					
Salaries	217,615	(24,546)	193,069	193,017	52
Total Undist. Expend. - Attendance and Social Work	217,615	(24,546)	193,069	193,017	52
Undistributed Expenditures - Health Services:					
Salaries	245,516	(734)	244,782	240,596	4,186
Purchased Professional and Technical Services	24,500	(1,330)	23,170	11,457	11,713
Supplies and Materials	12,900	2,635	15,535	13,853	1,682
Total Undist. Expenditures - Health Services	282,916	571	283,487	265,906	17,581
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	202,315	2,618	204,933	204,933	
Purchased Professional - Educational Services	346,158	7,156	353,314	335,679	17,635
Supplies and Materials	3,085	(1,945)	1,140	1,108	32
Total Undist. Expend. - Speech, OT, PT, Related Svcs	551,558	7,829	559,387	541,720	17,667

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	\$ 611,279	\$ (198,775)	\$ 412,504	\$ 402,591	\$ 9,913
Purchased Professional - Educational Services	75,264	(7,095)	68,169	51,504	16,665
Supplies and Materials	600		600	481	119
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	<u>687,143</u>	<u>(205,870)</u>	<u>481,273</u>	<u>454,576</u>	<u>26,697</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	545,912	263	546,175	544,677	1,498
Salaries of Secretarial and Clerical Assistants	43,897	554	44,451	43,810	641
Other Salaries		2,288	2,288	1,538	750
Purchased Professional - Educational Services	5,480	(3,000)	2,480	2,480	
Other Purchased Prof. and Tech. Services	18,403	(2,797)	15,606	7,103	8,503
Supplies and Materials	10,299	(2,188)	8,111	6,179	1,932
Other Objects	2,060	(135)	1,925	195	1,730
Total Undist Expend. - Guidance	<u>626,051</u>	<u>(5,015)</u>	<u>621,036</u>	<u>603,502</u>	<u>17,534</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	506,977	(10,892)	496,085	495,429	656
Salaries of Secretarial and Clerical Assistants	116,697	665	117,362	117,361	1
Other Purchased Prof. and Tech. Services	3,500	(500)	3,000	1,000	2,000
Other Purchased Services (400-500 series)	9,400	3,731	13,131	10,821	2,310
Supplies and Materials	12,310	793	13,103	12,742	361
Other Objects	1,150		1,150	995	155
Total Undist Expend. - Child Study Team	<u>650,034</u>	<u>(6,203)</u>	<u>643,831</u>	<u>638,348</u>	<u>5,483</u>
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	24,073	(5,316)	18,757	5,605	13,152
Other Objects		5,218	5,218	5,218	
Total Undist. Expend. - Improv. of Inst. Serv.	<u>24,073</u>	<u>(98)</u>	<u>23,975</u>	<u>10,823</u>	<u>13,152</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 156,806	\$ 300	\$ 157,106	\$ 157,106	
Salaries of Technology Coordinators	158,200	3,815	162,015	162,015	
Supplies and Materials	10,222	7,108	17,330	16,933	\$ 397
Total Undist Expend-Edu. Media Serv./Sch. Library	325,228	11,223	336,451	336,054	397
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	25,742	540	26,282	26,281	1
Other Purchased Services (400-500 series)	2,000	348	2,348	745	1,603
Supplies and Materials	250	3,750	4,000	3,995	5
Other Objects	500	5,350	5,850	2,775	3,075
Total Undist.Expend.-Instructional Staff Training Services	28,492	9,988	38,480	33,796	4,684
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	293,390	(49,431)	243,959	243,958	1
Unused Vacation Payment to Terminated/Retired Staff	6,219		6,219	6,219	
Legal Services	41,330	(13,324)	28,006	17,177	10,829
Audit Fees	44,000	(6,050)	37,950	37,950	
Architectural/Engineering Services		47,125	47,125	47,125	
Other Purchased Professional Services	5,000	2,504	7,504	7,504	
Communications / Telephone	77,000	(2,000)	75,000	63,224	11,776
BOE Other Purchased Services	7,350		7,350	4,414	2,936
Other Purch. Serv. (400-500 series other than 530 & 585)	112,562	(9,227)	103,335	102,385	950
General Supplies	2,100		2,100	1,668	432
BOE In-house training/ Meeting Supplies	700		700	369	331
Judgments Against The School District		2,000	2,000	2,000	
Miscellaneous Expenditures	4,500	50,506	55,006	3,514	51,492
BOE Membership Dues and Fees	11,500		11,500	11,361	139
Total Undist. Expend.-Support Serv.-Gen. Admin.	605,651	22,103	627,754	548,868	78,886

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 853,829	\$ 559	\$ 854,388	\$ 854,387	\$ 1
Salaries of Other Professional Staff	285,342	(652)	284,690	284,689	1
Salaries of Secretarial and Clerical Assistants	283,713	(652)	283,061	282,149	912
Unused Vacation Payment to Terminated/Retired Staff	25,000		25,000	23,306	1,694
Other Purchased Services (400-500 series)	1,100	500	1,600	1,156	444
Supplies and Materials	5,000	1,269	6,269	5,331	938
Other Objects	29,393	124,636	154,029	35,729	118,300
Total Undist. Expend.-Support Serv.-School Adm.	1,483,377	125,660	1,609,037	1,486,747	122,290
Undist. Expend. - Central Services:					
Salaries	385,878	15,728	401,606	401,591	15
Purchased Professional Services	9,250	(3,096)	6,154	1,830	4,324
Miscellaneous Purchased Services (400-500 series other than 594)	16,140	26,686	42,826	12,762	30,064
Supplies and Materials	5,338	5,553	10,891	10,891	
Miscellaneous Expenditures	9,696	2,919	12,615	10,145	2,470
Total Undist. Expend. - Central Services	426,302	47,790	474,092	437,219	36,873
Undist. Expend. - Admin. Info. Technology:					
Salaries	134,690	(912)	133,778	133,778	
Unused Vacation Payment to Terminated/Retired Staff		4,417	4,417	4,417	
Purchased Technical Services	138,253	(34,773)	103,480	92,743	10,737
Other Purchased Services (400-500 series)		2,433	2,433	2,145	288
Supplies and Materials	14,574	2,003	16,577	16,219	358
Other Objects		36,575	36,575		36,575
Total Undist. Expend. - Admin. Info. Technology	287,517	9,743	297,260	249,302	47,958

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	\$ 239,923	\$ (14,667)	\$ 225,256	\$ 219,843	\$ 5,413
Cleaning, Repair, and Maintenance Services	142,789	228,360	371,149	250,198	120,951
General Supplies	95,135	(28,113)	67,022	65,557	1,465
Other Objects	3,200	(562)	2,638	2,638	
Total Undist. Expend.- Required Maint. for School Facilities	481,047	185,018	666,065	538,236	127,829
Undist. Expend.-Custodial Services:					
Salaries	733,768	(656,421)	77,347	77,346	1
Salaries of Non-Instructional Aides	85,959	642,845	728,804	717,717	11,087
Unused Vacation Payment to Terminated/Retired Staff	3,000		3,000		3,000
Purchased Professional and Technical Services	5,250	5,357	10,607	10,182	425
Cleaning, Repair, and Maintenance Services	37,300	340	37,640	33,800	3,840
Lease Purchase Pymts - Energy Savings Impr Prog	296,219	(9,809)	286,410	286,410	
Other Purchased Property Services	44,344	(7,317)	37,027	23,354	13,673
Insurance	131,950		131,950	131,950	
General Supplies	75,314	7,706	83,020	81,444	1,576
Energy (Natural Gas)	254,250	(57,328)	196,922	173,290	23,632
Energy (Electricity)	270,750	(81,090)	189,660	161,250	28,410
Other Objects	10,000	6,054	16,054	16,054	
Total Undist. Expend.-Custodial Services	1,948,104	(149,663)	1,798,441	1,712,797	85,644
Care and Upkeep of Grounds:					
Salaries	80,432	(4,221)	76,211	74,510	1,701
Cleaning, Repair, and Maintenance Services	33,833	(20,006)	13,827	12,869	958
General Supplies	23,710	(6,372)	17,338	16,245	1,093
Total Care And Upkeep Of Grounds	137,975	(30,599)	107,376	103,624	3,752

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
Salaries	\$ 128,075	\$ 16,117	\$ 144,192	\$ 143,518	\$ 674
General Supplies	3,100	726	3,826	3,254	572
Total Security	131,175	16,843	148,018	146,772	1,246
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	2,698,301	21,599	2,719,900	2,501,429	218,471
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	130,449	(5,882)	124,567	124,391	176
Sal. for Pupil Trans. (Bet. Home and Sch.)-Spl. Ed.	32,717	21,136	53,853	53,853	
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	48,914	9,776	58,690	58,690	
Management Fee - ESC&CTSA Transportation Program	18,000	(2,030)	15,970	15,970	
Cleaning, Repair, and Maint. Services	55,000	47,555	102,555	102,555	
Rental Payments - School Buses		750	750	750	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	25,000	13,411	38,411	21,548	16,863
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	22,139	18,349	40,488	39,166	1,322
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	78,382	(15,310)	63,072	63,072	
Contract. Serv.(Spl. Ed. Students)-Vendors	387,710	207,061	594,771	594,771	
Misc. Purchased Serv. - Transportation	44,557		44,557	44,557	
General Supplies	12,500	13,576	26,076	23,918	2,158
Other Objects	24,600	21,355	45,955	44,620	1,335
Total Undist. Expend.-Student Trans. Serv.	879,968	329,747	1,209,715	1,187,861	21,854
UNALLOCATED BENEFITS					
Social Security Contributions	442,000	(12,091)	429,909	396,008	33,901
Other Retirement Contributions - PERS	399,980	7,303	407,283	407,283	
Other Retirement Contributions - Regular	45,500	10,415	55,915	55,805	110
Unemployment Compensation	80,000	(8,000)	72,000	71,345	655
Workers Compensation	223,216		223,216	223,216	
Health Benefits	5,050,640	(420,017)	4,630,623	4,547,823	82,800
Tuition Reimbursement	28,000		28,000	28,000	
Other Employee Benefits	220,948	27,369	248,317	227,877	20,440

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS (Cont'd)					
Unused Sick Payment to Terminated/Retired Staff	\$ 52,000	\$ (14,322)	\$ 37,678	\$ 37,678	
TOTAL UNALLOCATED BENEFITS	6,542,284	(409,343)	6,132,941	5,995,035	\$ 137,906
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,246,041	(1,246,041)
TPAF Pension Contributions (Non-Budgeted)				4,678,347	(4,678,347)
TPAF Non-Contributory Insurance (Non-Budgeted)				64,907	(64,907)
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,900	(1,900)
Reimbursed TPAF Social Security Contributions				993,296	(993,296)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				6,984,491	(6,984,491)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	6,542,284	(409,343)	6,132,941	12,979,526	(6,846,585)
TOTAL UNDISTRIBUTED EXPENDITURES	17,234,404	155,205	17,389,609	23,583,270	(6,193,661)
TOTAL GENERAL CURRENT EXPENSE	30,755,505	2,630	30,758,135	36,654,426	(5,896,291)
CAPITAL OUTLAY					
Equipment	6,000		6,000		6,000
Grades 9-12	10,097	10,720	20,817	20,617	200
School-Sponsored and Other Instructional Programs					
Undistributed:					
Undist. Expnd. - Required Maint for School Fac.	15,000	29,995	44,995	42,170	2,825.00
Undist. Expnd. - Care and Upkeep of Grounds		11,312	11,312	11,312	
School Buses - Regular	140,000	141,090	281,090		281,090
Total Equipment	171,097	193,117	364,214	74,099	290,115

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	\$ 5,000	\$ (5,000)			
Other Purchased Prof. and Tech. Services	5,000	(5,000)			
Construction Services	290,000	10,000	\$ 300,000	\$ 148,177	\$ 151,823
Assessment for Debt Service on SDA Funding	37,614		37,614	37,614	
Total Facilities Acquisition and Const. Serv.	337,614		337,614	185,791	151,823
TOTAL CAPITAL OUTLAY	508,711	193,117	701,828	259,890	441,938
Transfer of Funds to Charter Schools	108,845	67,463	176,308	176,308	
TOTAL EXPENDITURES	31,373,061	263,210	31,636,271	37,090,624	(5,454,353)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,044,576)	(263,210)	(1,307,786)	1,039,446	2,347,232
Other Financing Sources/(Uses):					
Transfers to Special Revenue Fund for Preschool Inclusion	(164,940)		(164,940)	(164,940)	
Total Other Financing Sources/(Uses)	(164,940)		(164,940)	(164,940)	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,209,516)	(263,210)	(1,472,726)	874,506	2,347,232
Fund Balance, July 1	3,794,363		3,794,363	3,794,363	
Fund Balance, June 30	\$ 2,584,847	\$ (263,210)	\$ 2,321,637	\$ 4,668,869	\$ 2,347,232

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 2,680,945	
Maintenance Reserve				225,077	
Assigned Fund Balance:					
Year End Encumbrances				742,356	
Designated for Subsequent Year's Expenditures				250,000	
Unassigned Fund Balance				770,491	
				<u>4,668,869</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(1,068,984)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,599,885</u>	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 50,200	\$ 800,389	\$ 850,589	\$ 646,680	\$ (203,909)
State Sources	1,714,740	328,698	2,043,438	1,777,845	(265,593)
Federal Sources	3,228,377	466,328	3,694,705	2,394,017	(1,300,688)
Total Revenues	4,993,317	1,595,415	6,588,732	4,818,542	(1,770,190)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	164,940		164,940	164,940	
Total Revenues and Other Financing Sources	5,158,257	1,595,415	6,753,672	4,983,482	(1,770,190)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,161,676	(34,549)	1,127,127	957,580	169,547
Other Salaries for Instruction	101,976	4,604	106,580	106,580	
Purchased Professional and Technical Services	272,000	(198,980)	73,020	73,020	
Other Purchased Services		16,372	16,372	15,031	1,341
Tuition	336,380	61,524	397,904	397,904	
General Supplies	339,014	393,687	732,701	105,164	627,537
Other Objects		194,793	194,793	48,593	146,200
Total Instruction	2,211,046	437,451	2,648,497	1,703,872	944,625
Support Services:					
Salaries of Support Services	583,654	68,926	652,580	268,989	383,591
Salaries of Program Directors	11,186	17,887	29,073	29,073	
Salaries of Other Professional Staff	68,372	7,717	76,089	76,089	
Salaries of Secretarial and Clerical Assistants	10,843	(2,537)	8,306	8,306	
Other Salaries	61,885	(5,582)	56,303	56,303	
Salaries of Community Parent Involvement Specialists	5,534	6,918	12,452	12,452	
Salaries of Master Teachers	26,987	47,066	74,053	74,053	
Personal Services - Employee Benefits	433,831	44,310	478,141	475,901	2,240
Purchased Professional and Technical Services	138,381	381,481	519,862	392,392	127,470
Purchased Education Services - Contracted Pre-K	933,021	(933)	932,088	932,088	
Other Purchased Professional - Educational Services	1,000	(700)	300	100	200
Other Purchased Professional Services	1,000	(850)	150	150	
Purchased Property Services	165,285	(30,285)	135,000	11,200	123,800
Cleaning, Repair and Maintenance Services	7,000	20,075	27,075	26,972	103
Rentals	90,000	17,545	107,545	107,051	494
Other Purchased Services	57,875	45,252	103,127	20,139	82,988
Contract Services-Transportation (Between Home and School)	111,000	(111,000)			
Contract Services-Transportation (Field Trips)	1,500	(1,500)			
Travel	500	(500)			
Miscellaneous Purchased Services	600	(600)			
Supplies and Materials	87,154	36,608	123,762	35,691	88,071
Other Objects	603	35,928	36,531	33,764	2,767
Student Activities		553,583	553,583	553,583	
Scholarships Awarded		15,231	15,231	15,231	
Total Support Services	2,797,211	1,144,040	3,941,251	3,129,527	811,724
Facilities Acquisition:					
Non-Instructional Equipment	150,000	(2,000)	148,000	134,159	13,841
Total Facilities Acquisition	150,000	(2,000)	148,000	134,159	13,841
Total Expenditures	\$ 5,158,257	\$ 1,579,491	\$ 6,737,748	\$ 4,967,558	\$ 1,770,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ 15,924	\$ 15,924	\$ 15,924	\$ -0-

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$ 38,130,070	\$ 4,983,482
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		(217,862)
Cancellation of Prior Year Encumbrances		(18,673)
Prior Year Encumbrances		175,879
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	937,249	145,972
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,068,984)	(170,653)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 37,998,335	\$ 4,898,145
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 37,090,624	\$ 4,967,558
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		(217,862)
Cancellation of Prior Year Encumbrances		(18,673)
Prior Year Encumbrances		175,879
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 37,090,624	\$ 4,906,902

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, 2023 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, 2023

	I.D.E.A.				
	Basic		Preschool		
	FY23	FY22	FY22 - ARP	FY23	FY22 - ARP
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 402,628	\$ 357	\$ 11,008	\$ 9,743	\$ 2,112
Total Revenues	402,628	357	11,008	9,743	2,112
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenues and Other Financing Sources	402,628	357	11,008	9,743	2,112
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Other Salaries for Instruction					
Purchased Professional and Technical Services					580
Other Purchased Services			7,300		
Tuition	397,904				
General Supplies	2,481	97	2,900	4,529	222
Other Objects					
Total Instruction	400,385	97	10,200	4,529	802
Support Services:					
Salaries of Support Services					
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	1,513			3,499	
Purchased Education Services - Contracted Pre-K					
Other Purchased Professional - Educational Services					
Other Purchased Professional Services					
Purchased Property Services					
Cleaning, Repair and Maintenance Services					
Rentals					
Other Purchased Services					403
Supplies and Materials	730	260	808	1,715	907
Other Objects					
Student Activities					
Scholarships Awarded					
Total Support Services	2,243	260	808	5,214	1,310
Facilities Acquisition:					
Non-Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	\$ 402,628	\$ 357	\$ 11,008	\$ 9,743	\$ 2,112

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Elementary and Secondary Education Act				
	Title I		Title I SIA	Title IIA	
	FY23	FY22	FY23	FY23	FY22
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 172,600	\$ 275	\$ 16,256	\$ 21,663	\$ 14,041
Total Revenues	<u>172,600</u>	<u>275</u>	<u>16,256</u>	<u>21,663</u>	<u>14,041</u>
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenues and Other Financing Sources	<u>172,600</u>	<u>275</u>	<u>16,256</u>	<u>21,663</u>	<u>14,041</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	40,903		12,486		
Other Salaries for Instruction					
Purchased Professional and Technical Services	72,440				
Other Purchased Services					
Tuition					
General Supplies	50,230		2,815		
Other Objects					
Total Instruction	<u>163,573</u>		<u>15,301</u>		
Support Services:					
Salaries of Support Services					5,974
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	3,129		955		914
Purchased Professional and Technical Services	3,500			12,200	5,800
Purchased Education Services - Contracted Pre-K					
Other Purchased Professional - Educational Services					
Other Purchased Professional Services					
Purchased Property Services					
Cleaning, Repair and Maintenance Services					
Rentals					
Other Purchased Services	1,015			9,463	1,353
Supplies and Materials	1,383	275			
Other Objects					
Student Activities					
Scholarships Awarded					
Total Support Services	<u>9,027</u>	<u>275</u>	<u>955</u>	<u>21,663</u>	<u>14,041</u>
Facilities Acquisition:					
Non-Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	<u>\$ 172,600</u>	<u>\$ 275</u>	<u>\$ 16,256</u>	<u>\$ 21,663</u>	<u>\$ 14,041</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, 2023

	Rutgers SNAP	Elementary and Secondary Education Act (Cont'd)		21st Century CCLC	
		Title III	Title IV	FY23	FY22
		FY23	FY23		
REVENUES:					
Local Sources					
State Sources	\$ 63,105				
Federal Sources		\$ 8,765	\$ 12,062	\$ 302,281	\$ 100,292
Total Revenues	63,105	8,765	12,062	302,281	100,292
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenues and Other Financing Sources	63,105	8,765	12,062	302,281	100,292
EXPENDITURES:					
Instruction:					
Salaries of Teachers		5,851		125,175	68,552
Other Salaries for Instruction					
Purchased Professional and Technical Services					
Other Purchased Services				6,800	931
Tuition					
General Supplies		2,466	12,062	2,585	5,115
Other Objects					40
Total Instruction		8,317	12,062	134,560	74,638
Support Services:					
Salaries of Support Services	10,186			110,313	9,033
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		448		46,813	5,488
Purchased Professional and Technical Services				7,129	9,246
Purchased Education Services - Contracted Pre-K					
Other Purchased Professional - Educational Services					
Other Purchased Professional Services					
Purchased Property Services					
Cleaning, Repair and Maintenance Services					
Rentals					
Other Purchased Services				3,105	
Supplies and Materials	21,254			326	926
Other Objects	31,665			35	961
Student Activities					
Scholarships Awarded					
Total Support Services	63,105	448		167,721	25,654
Facilities Acquisition:					
Non-Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	\$ 63,105	\$ 8,765	\$ 12,062	\$ 302,281	\$ 100,292

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	CRRSA		ARP		
	ESSER II	Mental Health	ESSER III	Summer Learning and Enrichment	Homeless II
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 224,784	\$ 27,115	\$ 1,062,892	\$ 4,965	\$ 178
Total Revenues	224,784	27,115	1,062,892	4,965	178
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenues and Other Financing Sources	224,784	27,115	1,062,892	4,965	178
EXPENDITURES:					
Instruction:					
Salaries of Teachers	99,701		362,747		
Other Salaries for Instruction					
Purchased Professional and Technical Services					
Other Purchased Services					
Tuition					
General Supplies	2,161		9,455		
Other Objects					
Total Instruction	101,862		372,202		
Support Services:					
Salaries of Support Services	81,476		52,007		
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	23,480		199,565		
Purchased Professional and Technical Services	17,966	27,115	288,959	4,965	
Purchased Education Services - Contracted Pre-K					
Other Purchased Professional - Educational Services					
Other Purchased Professional Services					
Purchased Property Services			11,200		
Cleaning, Repair and Maintenance Services					
Rentals					
Other Purchased Services			4,800		
Supplies and Materials					178
Other Objects					
Student Activities					
Scholarships Awarded					
Total Support Services	122,922	27,115	556,531	4,965	178
Facilities Acquisition:					
Non-Instructional Equipment			134,159		
Total Facilities Acquisition			134,159		
Total Expenditures	\$ 224,784	\$ 27,115	\$ 1,062,892	\$ 4,965	\$ 178

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Preschool Education Aid	Private Donations	Student Activities Fund	Scholarship Fund	Totals
REVENUES:					
Local Sources		\$ 61,942	\$ 583,074	\$ 1,664	\$ 646,680
State Sources	\$ 1,714,740				1,777,845
Federal Sources					2,394,017
Total Revenues	1,714,740	61,942	583,074	1,664	4,818,542
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	164,940				164,940
Total Revenues and Other Financing Sources	1,879,680	61,942	583,074	1,664	4,983,482
EXPENDITURES:					
Instruction:					
Salaries of Teachers	242,165				957,580
Other Salaries for Instruction	106,580				106,580
Purchased Professional and Technical Services					73,020
Other Purchased Services					15,031
Tuition					397,904
General Supplies	5,157	2,889			105,164
Other Objects		48,553			48,593
Total Instruction	353,902	51,442			1,703,872
Support Services:					
Salaries of Support Services					268,989
Salaries of Program Directors	29,073				29,073
Salaries of Other Professional Staff	76,089				76,089
Salaries of Secretarial and Clerical Assistants	8,306				8,306
Other Salaries	56,303				56,303
Salaries of Community Parent Involvement Specialists	12,452				12,452
Salaries of Master Teachers	74,053				74,053
Personal Services - Employee Benefits	195,109				475,901
Purchased Professional and Technical Services		10,500			392,392
Purchased Education Services - Contracted Pre-K	932,088				932,088
Other Purchased Professional - Educational Services	100				100
Other Purchased Professional Services	150				150
Purchased Property Services					11,200
Cleaning, Repair and Maintenance Services	26,972				26,972
Rentals	107,051				107,051
Other Purchased Services					20,139
Supplies and Materials	6,929				35,691
Other Objects	1,103				33,764
Student Activities			553,583		553,583
Scholarships Awarded				15,231	15,231
Total Support Services	1,525,778	10,500	553,583	15,231	3,129,527
Facilities Acquisition:					
Non-Instructional Equipment					134,159
Total Facilities Acquisition					134,159
Total Expenditures	\$ 1,879,680	\$ 61,942	\$ 553,583	\$ 15,231	\$ 4,967,558

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, 2023

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 245,869	\$ 242,165	\$ 3,704
Other Salaries for Instruction	108,473	106,580	1,893
General Supplies	5,173	5,157	16
Total Instruction	<u>359,515</u>	<u>353,902</u>	<u>5,613</u>
Support Services:			
Salaries of Program Directors	29,073	29,073	
Salaries of Other Professional Staff	77,180	76,089	1,091
Salaries of Secretaries and Clerical Assistants	8,306	8,306	
Other Salaries	58,767	56,303	2,464
Salaries of Community Parent Involvement Spec.	14,199	12,452	1,747
Salaries of Master Teachers	76,053	74,053	2,000
Personal Services – Employee Benefits	195,109	195,109	
Purchased Educational Services - Contracted Pre-K	932,088	932,088	
Purchased Professional - Educational Services	100	100	
Other Purchased Professional Services	151	150	1
Cleaning, Repair, and Maintenance Services	27,649	26,972	677
Rentals	110,819	107,051	3,768
Contractual Services - Transportation (Between Home and School)	2,000		2,000
Contractual Services - Transportation (Field Trips)	2,500		2,500
Travel	2,500		2,500
Miscellaneous Purchased Services	1,518		1,518
Supplies and Materials	9,126	6,929	2,197
Other Objects	1,133	1,103	30
Total Support Services	<u>1,548,271</u>	<u>1,525,778</u>	<u>22,493</u>
Equipment:			
Noninstructional Equipment	3,845		3,845
Total Equipment	<u>3,845</u>		<u>3,845</u>
Total Expenditures	<u>\$ 1,911,631</u>	<u>\$ 1,879,680</u>	<u>\$ 31,951</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2022-2023 Preschool Education Aid Allocation	\$ 1,714,740
Actual Preschool Expansion Aid Carryover (June 30, 2022)	255,242
Add: Budgeted Transfer from General Fund 2022-2023	164,940
Add: Budgeted Tuition 2022-2023	-0-
Total Preschool Education Aid Funds Available for 2022-2023	<u>2,134,922</u>
Less: 2022-2023 Budgeted Preschool Education Expansion Aid Funds	<u>(1,911,631)</u>
Available & Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2023	223,291
Add: June 30, 2023 Unexpended Preschool Education Expansion Aid	31,951
Add: Cancellation of Prior Year Encumbrances	795
Less: 2022-2023 Commissioner Approved Transfer to the General Fund	<u>-0-</u>
2022-2023 Carryover - Preschool Education Expansion Aid	<u>\$ 256,037</u>
2022-2023 Carryover - Preschool Education Expansion Aid	
Budgeted for Preschool Programs in 2023-2024	<u>\$ 255,242</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, 2023

Expenditures:	
Construction Services	\$ 158,520
Total Expenditures	<u>158,520</u>
Deficit of Revenue Under Expenditures	(158,520)
Fund Balance - Beginning of Year	<u>347,705</u>
Fund Balance - End of Year	<u>\$ 189,185</u>
<u>Recapitulation:</u>	
Committed	<u>\$ 189,185</u>
Total Fund Balance - Budgetary Basis/GAAP Basis	<u>\$ 189,185</u>

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, 2023

	<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>1,828,630</u>	\$ 158,520	<u>1,987,150</u>	<u>2,176,335</u>
Total Expenditures	<u>1,828,630</u>	<u>158,520</u>	<u>1,987,150</u>	<u>2,176,335</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 347,705</u>	<u>\$ (158,520)</u>	<u>\$ 189,185</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	\$ 2,176,335
Project Balance Cancelled	<u>-0-</u>
Revised Authorized Cost	<u>\$ 2,176,335</u>

Percentage Decrease over Original Authorized Cost	0%
Percentage Completion	91%
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, 2023

	<u>Major Fund</u> <u>Food</u> <u>Service</u>	<u>Non-Major Fund</u> <u>After Care</u> <u>Program</u>	<u>Total</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 593,324	\$ 23,049	\$ 616,373
Intrafund Receivable - Food Service Fund		250	250
Intergovernmental Accounts Receivable:			
State	1,218		1,218
Federal	27,280		27,280
Other Accounts Receivable	39,887		39,887
Inventories	36,300		36,300
Total Current Assets	<u>698,009</u>	<u>23,299</u>	<u>721,308</u>
Non-Current Assets:			
Capital Assets	237,436		237,436
Less: Accumulated Depreciation	<u>(166,878)</u>		<u>(166,878)</u>
Total Non-Current Assets	<u>70,558</u>		<u>70,558</u>
Total Assets	<u>768,567</u>	<u>23,299</u>	<u>791,866</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	34,028		34,028
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	10,108		10,108
Unearned Revenue - Prepaid Sales	<u>13,271</u>		<u>13,271</u>
Total Current Liabilities	<u>59,124</u>		<u>59,124</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	70,558		70,558
Unrestricted	<u>638,885</u>	<u>23,299</u>	<u>662,184</u>
Total Net Position	<u>\$ 709,443</u>	<u>\$ 23,299</u>	<u>\$ 732,742</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, 2023

	<u>Major Fund</u> <u>Food</u> <u>Service</u>	<u>Non-Major Fund</u> <u>After Care</u> <u>Program</u>	<u>Total</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 95,156		\$ 95,156
Daily Sales - Non-Reimbursable Programs	63,648		63,648
Other Income		\$ 1,768	1,768
Special Events	1,234		1,234
Miscellaneous Revenue	750		750
Total Operating Revenue	<u>160,788</u>	<u>1,768</u>	<u>162,556</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	251,184		251,184
Cost of Sales - Non-Reimbursable Programs	24,842		24,842
Salaries, Benefits & Payroll Taxes	274,330		274,330
Other Purchased Services	8,385	1,500	9,885
Supplies, Insurance and Other Costs	38,108		38,108
Management Fee	58,590		58,590
Miscellaneous Expenses	18,582		18,582
Depreciation Expense	10,711		10,711
Total Operating Expenses	<u>684,732</u>	<u>1,500</u>	<u>686,232</u>
Operating Income/(Loss)	<u>(523,944)</u>	<u>268</u>	<u>(523,676)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	10,348	450	10,798
State Sources:			
State School Lunch Program	19,391		19,391
Federal Sources:			
School Breakfast Program	171,905		171,905
National School Lunch Program	265,148		265,148
After School Snack Program	19,844		19,844
Summer Food Service Program	28,513		28,513
Supply Chain Assistance	83,165		83,165
Food Distribution Program	44,442		44,442
Total Non-Operating Revenue	<u>642,756</u>	<u>450</u>	<u>643,206</u>
Change in Net Position Before Other Item	118,812	718	119,530
Other Item:			
Cancellation of Prior Year Accounts Receivable	(9,319)	(1,276)	(10,595)
Change in Net Position After Other Item	109,493	(558)	108,935
Net Position - Beginning of Year	<u>599,950</u>	<u>23,857</u>	<u>623,807</u>
Net Position - End of Year	<u>\$ 709,443</u>	<u>\$ 23,299</u>	<u>\$ 732,742</u>

TOWN OF NEWTON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Major Fund</u> <u>Food</u> <u>Service</u>	<u>Non-Major Fund</u> <u>After Care</u> <u>Program</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 121,113	\$ 1,768	\$ 122,881
Payments to Food Service Contractor	(652,310)		(652,310)
Payments for Suppliers	(16,370)	(1,500)	(17,870)
Net Cash Provided by/(Used for) Operating Activities	<u>(547,567)</u>	<u>268</u>	<u>(547,299)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(44,916)		(44,916)
Net Cash Used for Capital and Related Financing Activities	<u>(44,916)</u>		<u>(44,916)</u>
Cash Flows from Investing Activities:			
Interest Income	10,348	450	10,798
Net Cash Provided by Investing Activities	<u>10,348</u>	<u>450</u>	<u>10,798</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	32,232		32,232
State Sources Collected in Food Service Fund	19,212		19,212
Federal Sources Collected in Food Service Fund	615,382		615,382
Net Cash Provided by Noncapital Financing Activities	<u>666,826</u>		<u>666,826</u>
Net Increase in Cash and Cash Equivalents	84,691	718	85,409
Cash and Cash Equivalents, July 1	<u>508,633</u>	<u>22,331</u>	<u>530,964</u>
Cash and Cash Equivalents, June 30	<u>\$ 593,324</u>	<u>\$ 23,049</u>	<u>\$ 616,373</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (523,944)	\$ 268	\$ (523,676)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	10,711		10,711
Food Distribution Program	44,442		44,442
Changes in Assets and Liabilities:			
Increase in Unearned Revenue - Donated Commodities	6,076		6,076
Increase in Unearned Revenue - Prepaid Sales	212		212
(Decrease) in Accounts Payable	(34,755)		(34,755)
(Increase) in Other Accounts Receivable	(39,887)		(39,887)
(Increase) in Inventory	(10,422)		(10,422)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (547,567)</u>	<u>\$ 268</u>	<u>\$ (547,299)</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 \$50,518 and utilized U.S.D.A. Commodities valued at \$44,442.

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2022	Matured	Balance June 30, 2023
			Date	Amount				
Refunding Bonds of 2016	04/21/16	\$ 6,535,000	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%			
					\$ 4,700,000	\$ 360,000	\$ 4,340,000	
					<u>\$ 4,700,000</u>	<u>\$ 360,000</u>	<u>\$ 4,340,000</u>	

SCHOOL DISTRICT OF THE TOWN OF NEWTON
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Replacement Telephone System and School Bus	3.4178%	\$ 200,000	\$ 82,664	\$ 40,638	\$ 42,026
Energy Savings Improvement Project	2.3810%	2,176,335	<u>2,030,370</u>	<u>239,467</u>	<u>1,790,903</u>
			<u>\$ 2,113,034</u>	<u>\$ 280,105</u>	<u>\$ 1,832,929</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 530,488		\$ 530,488	\$ 530,488	
Total Revenues	530,488		530,488	530,488	
EXPENDITURES:					
Regular Debt Service:					
Interest	170,488		170,488	170,487	\$ 1
Redemption of Principal	360,000		360,000	360,000	
Total Regular Debt Service	530,488		530,488	530,487	1
Total Expenditures	530,488		530,488	530,487	1
Excess/(Deficit) of Revenue Over/(Under) Expenditures	-0-		-0-	1	1
Fund Balance, July 1	-0-		-0-	-0-	
Fund Balance, June 30	-0-	\$ -0-	\$ -0-	\$ 1	\$ 1
<u>Recapitulation:</u>					
Restricted			\$ 1	\$ 1	\$ 1

STATISTICAL SECTION

(UNAUDITED)

This part of the District's annual comprehensive 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 annual comprehensive 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,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 9,061,317
Restricted	526,418	713,095	893,844	1,311,949	1,219,697	1,289,007	2,147,943	2,394,433	2,984,738	3,306,093
Unrestricted/(Deficit)	(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)	(6,728,241)
Total Governmental Activities Net Position	\$ 214,028	\$ 259,400	\$ 394,026	\$ 525,058	\$ 338,794	\$ 515,709	\$ 1,734,468	\$ 2,652,320	\$ 3,761,101	\$ 5,639,169
Business-type Activities										
Investment in Capital Assets	\$ 32,034	\$ 27,890	\$ 36,566	\$ 53,444	\$ 69,083	\$ 60,727	\$ 59,321	\$ 47,837	\$ 36,353	\$ 70,558
Unrestricted	196,848	216,640	208,795	219,302	213,301	236,187	187,067	210,216	587,454	662,184
Total Business-type Activities Net Position	\$ 228,882	\$ 244,530	\$ 245,361	\$ 272,746	\$ 282,384	\$ 296,914	\$ 246,388	\$ 258,053	\$ 623,807	\$ 732,742
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 9,131,875
Restricted	526,418	713,095	893,844	1,311,949	1,219,697	1,289,007	2,147,943	2,394,433	2,984,738	3,306,093
Unrestricted/(Deficit)	(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)	(6,066,057)
Total District Net Position	\$ 442,910	\$ 503,930	\$ 639,387	\$ 797,804	\$ 621,178	\$ 812,623	\$ 1,980,856	\$ 2,910,373	\$ 4,384,908	\$ 6,371,911

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 15,815,812
Special Education	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	3,757,833
Other Special Education	127,874	125,463	99,026	103,252	103,449	142,489	303,636	435,620	505,514	496,578
School Sponsored/Other Instruction	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	1,308,764
Support Services:										
Tuition	901,919	1,067,316	712,627	620,433	914,562	758,033	783,488	847,709	941,628	1,512,480
Student & Instruction Related Services	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	7,336,871
General Administrative Services	628,102	703,523	911,052	861,950	807,091	734,836	682,733	670,152	658,110	628,150
School Administrative Services	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	2,179,427
Central Services	507,888	574,458	624,712	717,780	715,733	697,207	657,880	690,645	591,596	600,336
Administrative Information Technology	386,062	326,491	352,301	353,879	336,929	338,421	316,747	332,027	278,103	296,139
Plant Operations and Maintenance	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	2,953,728
Pupil Transportation	631,442	741,649	631,274	648,838	874,197	922,274	926,303	861,752	1,050,321	1,406,052
Transfer of Funds to Charter School	128,554	110,635	82,665	115,845	157,974	130,055	236,271	159,630	231,323	176,308
Interest on Long-term Debt	341,672	328,495	389,324	177,435	175,215	168,525	161,727	154,832	147,838	137,194
Capital Outlay	39,408	40,189	86,882							
Unallocated Depreciation	278,987	278,987								
Total Governmental Activities Expenses	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	38,605,672
Business-type Activities:										
Food Service	687,208	555,578	544,613	571,900	572,442	565,644	551,521	337,884	716,419	684,732
After Care	52,135	48,318	65,985	58,909	78,670	110,435	96,817	1,300	122,428	1,500
Total Business-type Activities Expense	739,343	603,896	610,598	630,809	651,112	676,079	648,338	339,184	838,847	686,232
Total District Expenses	\$ 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	\$ 39,291,904
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 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	\$ 6,312,905
Student & Instruction Related Services						4,200	1,200	196,413	437,912	583,074
Pupil Transportation			9,000	10,800	4,800	10,471,799	9,681,204	3,600	10,960,826	6,000
Operating Grants and Contributions	3,613,786	6,668,029	7,941,798	10,451,916	12,067,297	84,525				9,521,967
Capital Grants and Contributions					84,525					
Total Governmental Activities Program Revenues	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	16,423,946
Business-type Activities:										
Charges for Services:										
Food Service	385,039	250,004	242,162	251,916	262,880	257,849	166,055	4,782	6,583	160,788
After Care	76,520	65,039	59,900	53,021	57,144	92,485	74,709	829	144,006	1,768
Operating Grants and Contributions - Food Service	332,227	304,121	308,815	352,864	340,323	338,277	355,325	357,056	1,053,182	632,408
Total Business-type Activities Program Revenues	793,786	619,164	610,877	657,801	660,347	688,611	596,089	362,667	1,203,771	794,964
Total District Program Revenues	\$ 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	\$ 17,218,910

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (22,181,726)
Business-type Activities	54,443	15,268	279	26,992	9,235	12,532	(52,249)	23,483	364,924	108,732
Total District-wide Net Expense	\$ (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)	\$ (22,072,994)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 13,326,077
Taxes Levied for Debt Service	597,750	595,374	592,875	604,500	525,542	532,109	533,187	531,338	529,387	530,488
Unrestricted Grants and Contributions	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	9,927,023
Investment Earnings	3,625	4,056	4,919	6,485	6,849	31,490	29,394	9,267	14,880	42,659
Miscellaneous Income	66,545	53,821	102,022	106,981	250,790	64,428	47,670	53,243	187,617	233,547
Cancellation of Lease Purchase Agreement Proceeds								(2,035)		
Total Governmental Activities	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	24,059,794
Business-type Activities:										
Investment Earnings	\$ 346	\$ 380	\$ 362	\$ 393	\$ 403	\$ 1,998	\$ 1,723	\$ 345	\$ 830	\$ 10,798
Cancellation of Prior Year Accounts Receivable				190				(12,163)		(10,595)
Cancellation of Prior Year Accounts Payable										
Total Business-type Activities	346	380	362	393	403	1,998	1,723	(11,818)	830	203
Total District-wide	\$ 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	\$ 24,059,997
Change in Net Position										
Governmental Activities	\$ 193,487	\$ 45,372	\$ 134,626	\$ 131,032	\$ (186,264)	\$ 176,915	\$ 806,210	\$ 917,852	\$ 1,108,781	\$ 1,878,068
Business-type Activities	54,789	15,648	831	27,385	9,638	14,530	(50,526)	11,665	365,754	108,935
Total District	\$ 248,276	\$ 61,020	\$ 135,457	\$ 158,417	\$ (176,626)	\$ 191,445	\$ 755,684	\$ 929,517	\$ 1,474,535	\$ 1,987,003

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 526,417	\$ 713,095	\$ 887,848	\$ 1,303,124	\$ 1,216,867	\$ 1,289,006	\$ 1,735,393	\$ 2,026,242	\$ 2,600,592	\$ 2,906,022
Assigned	229,115	41,468	370,775	446,214	291,405	309,920	530,504	833,185	256,522	693,863
Unassigned				11,412						
Total General Fund	\$ 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	\$ 3,599,885
All Other Governmental Funds										
Restricted	\$ 1		\$ 5,996	\$ 8,825	\$ 2,830	\$ 1	\$ 412,550	\$ 368,191	\$ 384,146	\$ 400,071
Committed			102,254	(10,381)		130,000	3,024,128	1,636,251	347,705	189,185
Unassigned/(Deficit)						(86,928)	(114,817)	(140,923)	(145,972)	(170,653)
Total All Other Governmental Funds/(Deficit)	\$ 1	\$ -0-	\$ 108,250	\$ (1,556)	\$ 2,830	\$ 43,073	\$ 3,321,861	\$ 1,863,519	\$ 585,879	\$ 418,603
Total Governmental Funds	\$ 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	\$ 4,018,488

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	\$ 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	\$ 13,856,565
Tuition Charges	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	6,312,905
Transportation Fees from LEAs			9,000	10,800	4,800	4,200	1,200	3,600		6,000
Rents and Royalties				10,000	10,000	10,000	12,000		30,000	
Miscellaneous	83,535	91,141	108,829	143,007	258,023	136,306	100,012	329,400	684,156	1,048,684
State Sources	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	19,643,825
Federal Sources	692,805	796,691	698,187	767,626	737,454	1,126,565	1,102,952	1,401,559	2,218,243	2,394,049
Total Revenue	28,133,169	29,174,770	30,624,538	31,429,540	32,037,428	33,797,225	34,940,134	36,552,398	40,435,172	43,262,028
Expenditures										
Instruction										
Regular Instruction	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	10,683,177
Special Education Instruction	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	2,447,539
Other Special Instruction	93,016	94,004	70,507	72,001	70,283	87,946	193,770	263,323	298,712	298,157
School-Sponsored/Other Instruction	926,868	1,045,157	999,801	1,134,543	1,129,960	1,062,675	996,459	933,269	1,047,470	952,474
Support Services:										
Tuition	901,919	1,067,316	712,627	620,433	914,562	758,033	783,488	847,709	941,628	1,512,480
Student & Other Instruction Related Services	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	6,147,166
General Administrative Services	530,525	569,883	696,293	632,300	580,413	544,445	553,870	529,027	563,841	548,868
School Administrative Services	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	1,486,747
Central Services	357,474	350,002	364,533	373,249	426,511	385,903	413,408	418,474	415,680	437,219
Administrative Information Technology	323,104	246,897	245,494	199,254	194,609	215,336	240,360	238,868	237,235	249,302
Plant Operations and Maintenance	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	2,501,429
Student Transportation	509,808	582,859	476,519	396,430	611,206	700,709	723,646	516,702	825,671	1,187,861
Unallocated Benefits	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	12,979,526
Transfer of Funds to Charter School	128,554	110,635	82,665	115,845	157,974	130,055	236,271	159,630	231,323	176,308
Capital Outlay	338,759	410,890	253,029	554,016	709,475	472,166	510,987	2,061,468	1,694,783	547,793
Debt Service:										
Principal	255,000	265,000	275,000	440,000	325,000	335,000	340,000	345,000	350,000	360,000
Interest and Other Charges	342,750	330,375	317,875	161,671	206,537	199,938	193,187	186,338	179,388	170,487
Total Expenditures	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	42,686,533
Excess/(Deficit) of Revenues Over/(Under) Expenditures	192,853	(970)	606,314	392,321	(248,092)	(69,103)	511,117	(734,784)	(1,279,953)	575,495

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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			200,000	3,022,093	(130,028)		
Net Change in Fund Balances	\$ 192,853	\$ (970)	\$ 612,310	\$ 392,321	\$ (248,092)	\$ 130,897	\$ 3,533,210	\$ (864,812)	\$ (1,279,953)	\$ 575,495
Debt Service as a Percentage of Noncapital Expenditures	2.17%	2.07%	1.99%	1.96%	1.68%	1.60%	1.57%	1.44%	1.28%	1.25%

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
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
2023	93,849	6,312,905	6,000		182,357	6,595,111

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)
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
2022	11,416,700	371,136,300	376,800	41,100	164,364,000	13,491,100	38,181,500	599,007,500	290,787,000	424	599,007,924	2.31	711,103,446

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100 of assessed value.

** Reassessment became effective in this year.

Source: Municipal Tax Assessor

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

Year Ended December 31,	School District of the Town of Newton Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Debt Service ^b	General Obligation Total Direct	Town of Newton	Sussex County	
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
2022	2.22	0.09	2.31	1.53	0.67	4.51

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	2022		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Martin, Kenneth D & Assoc II, LLC	\$ 10,666,300	1	1.78%
Route 519 & North Park Drive, LLC	8,161,000	2	1.36%
100 Swartswood/SELA Realty Invest.	8,150,000	3	1.36%
Newton 213 LLC c/o Ronetco	7,141,300	4	1.19%
Weis Markets, Inc.	7,100,000	5	1.19%
Barn Hill Prop, LLC/Peace Capital	7,000,000	6	1.17%
The Cobblers Loft, LLC	5,962,700	7	1.00%
Newtonian Associates, LLC	4,850,000	8	0.81%
Holiday Inn Express, c/o Patel	4,740,000	9	0.79%
North Jersey Health Care Properties	4,164,100	10	0.70%
	<u>\$ 67,935,400</u>		<u>11.34%</u>

Taxpayer	2013		
	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	1.61%
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	1.11%
Merriam Gateway Apartments, Inc	6,872,600	7	1.00%
Holiday Inn Express, c/o Patel	5,000,000	8	0.73%
Newtonian Associates, LLC	4,850,000	9	0.71%
Gordon Newton Assoc, LLC	4,820,800	10	0.70%
	<u>\$ 81,290,100</u>		<u>11.83%</u>

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	
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-
2023	13,856,565	13,856,565	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					
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-	-0-	200,000	-0-	-0-	5,935,000	1.21%	746.45	
2020	5,395,000	-0-	-0-	3,182,048	-0-	-0-	8,577,048	1.66%	1,068.52	
2021	5,050,000	-0-	-0-	2,274,984	-0-	-0-	7,324,984	1.35%	918.26	
2022	4,700,000	-0-	-0-	2,113,034	-0-	-0-	6,813,034	1.12%	799.28	
2023	4,340,000	-0-	-0-	1,832,929	-0-	-0-	6,172,929	1.03%	729.14	

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		
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
2023	4,340,000	-0-	4,340,000	0.72%	512.64

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, 2022
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	\$ 13,833,794	100.000%	\$ 13,833,794
Sussex County General Obligation Debt	95,444,925	3.724%	3,554,680
Subtotal, Overlapping Debt			17,388,474
School District of the Town of Newton Direct Debt			4,340,000
Total Direct and Overlapping Debt			\$ 21,728,474

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 2023

Equalized valuation basis:	
2022	\$ 786,408,691
2021	699,363,305
2020	665,200,671
	<u>\$ 2,150,972,667</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 716,990,889</u>
Debt Limit (4% of average equalization value)	
	\$ 28,679,636
	<u>4,340,000</u>
	<u>\$ 24,339,636</u>

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 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	\$ 28,679,636
Total Net Debt Applicable to Limit	<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>	<u>4,340,000</u>
Legal Debt Margin	<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>	<u>\$ 24,339,636</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	28.44%	28.87%	27.39%	25.82%	24.47%	22.92%	20.77%	19.06%	17.45%	15.13%

a Limit set by N.J.S.A. 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
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	605,706,916	71,059	6.30%
2022	8,466	601,585,494 ***	71,059 *	4.00%
2023	8,466 **	601,585,494 ***	71,059 *	N/A

* - Latest Sussex County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

*** - Latest available population data (2022) and latest available Sussex County per capita personal income (2021) 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	2022	
	Employees	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1.34%-6.69%
Crystal Springs Resort	1,000-4,999	1.34%-6.69%
Newton Memorial Center	500-999	0.67%-1.34%
Sussex County Offices	500-999	0.67%-1.34%
Thorlabs	500-999	0.67%-1.34%
Mountain Creek Resort	500-999	0.67%-1.34%
Shop Rite	250-499	0.33%-0.67%
Sussex County Community College	250-499	0.33%-0.67%
United Methodist Community Bristol Glen	250-499	0.33%-0.67%
Andover Subacute & Rehab Center	100-249	0.13%-0.33%
	<u>4,850-15,740</u>	<u>6.77%-21.97%</u>
Total Employment	<u>74,747</u>	
Employer	2013	
	Employees	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	2.66%
Newton Memorial Hospital	1,200	1.59%
Selective Insurance	900	1.20%
County of Sussex	830	1.10%
Mountain Creek Resort	800	1.06%
Ames Rubber Corp	445	0.59%
Shop Rite (Ronetco)	301	0.40%
Andover Subacute & Rehab Center	300	0.40%
Sussex County Community College	300	0.40%
SCARC, Inc.	287	0.38%
	<u>7,363</u>	<u>9.78%</u>
Total Employment	<u>75,252</u>	

Source: County of Sussex

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction	111	112	112	119	119	119	122	116	116	116	116
Regular	40	40	56	50	51	59	59	59	59	59	59
Special education	3	3	3	3	3	3	3	3	3	3	3
Other instruction											
Support Services:											
Student & instruction related services	51	51	52	59	53	56	56	56	56	56	56
School administrative services	13	13	11	10	10	10	11	11	11	11	11
General administrative services	2	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	22	25	22	22	22	20	21	21	21	21	21
Pupil transportation	3	3	3	2	3	3	4	4	4	4	4
Business and other support services	5	5	5	5	5	5	5	5	5	5	5
Food Service	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total	250	254	266	272	268	277	283	277	277	277	277

Source - School District of the Town of Newton Personnel Records

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

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary ^e	Middle School ^f	Senior High School				
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%
2023	1,550	41,608,253	26,844	4.07%	165	1:9.0	1:8.5	1:9.8	1,550	1,414	1.24%	91.23%

Note: Enrollment based on annual October district count.

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

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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 **	561	490	472	475	481	486	472	477	488	516
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 **	221	301	316	334	326	334	357	351	330	320
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	749	778	761	743	728	715	715	707	713	714
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, 2023

- 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
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
2022	142,104	125,683	197,997	12,892	478,676
2023	239,471	111,565	174,270	12,930	538,236

* 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, 2023
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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2023.

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.

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.

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

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 27, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

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

Report on Compliance For Each Major Federal and State Program;
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, 2023. 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, 2023.

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 27, 2023
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, 2023

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022			Cancellation of Prior Years Accounts Receivable	Cancellation of Prior Year Encumbrances	Balance at June 30, 2023		
					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	7/1/22-6/30/23	\$ 50,518								
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	19,060								
COVID-19:						\$ 4,032				\$ 10,108		
School Breakfast Program	10.553	N/A	7/1/22-6/30/23	171,905								
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	265,148								
After School Snack	10.555	N/A	7/1/22-6/30/23	19,844								
COVID-19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	83,165								
COVID-19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	98,260	\$ (74,087)							
COVID-19 - Summer Food Service Program	10.559	N/A	7/1/22-8/31/22	28,513								
COVID-19 - Summer Food Service Program	10.559	N/A	7/1/21-6/30/22	29,286								
Total Child Nutrition Cluster				24,650		4,032						
Child and Adult Care Food Program	10.558	N/A	7/1/19-6/30/20	24,650	\$ 1,364						\$ 1,364	
Total U.S. Department of Agriculture					\$ 1,364						\$ 1,364	
U.S. Department of Education:												
Special Revenue Fund:												
Passed-through State Department of Education:												
Elementary and Secondary Education Act:												
Title I												
Title I	84.010	ESEA359023	7/1/22-9/30/23	228,099								
Title I - SIA	84.010	ESEA359022	7/1/21-9/30/22	197,342	(11,064)						(9,073)	
Title I - SIA	84.010	ESEA359023	7/1/22-9/30/23	31,600								
Title I - SIA	84.010	ESEA359022	7/1/21-9/30/22	10,000	(1,350)						(5,618)	
Total Title I				40,828	(12,414)						(14,691)	
Title IIA	84.367	ESEA359023	7/1/22-9/30/23	41,431	(13,485)						(11,016)	
Title IIA	84.367	ESEA359022	7/1/21-9/30/22	27,900	(13,485)						(651)	
Total Title II				6,188	(490)						(651)	
Title III	84.365	ESEA359023	7/1/22-9/30/23	6,188	(490)						(651)	
Total Title III - Immigrant				6,188	(490)						(651)	
Title IV	84.424	ESEA359023	7/1/22-9/30/23	22,062	(4,189)							
Title IV	84.424	ESEA359022	7/1/21-9/30/22	24,574	(4,189)							
Total Title IV				425,000	(66,178)						(57,232)	
21st Century Community Learning Centers (CCLC)	84.287	22E00079	9/1/22-8/31/23	475,000	(66,178)						(57,232)	
21st Century Community Learning Centers (CCLC)	84.287	21E00079	9/1/21-8/31/22	475,000	(66,178)						(57,232)	
Total 21st CCLC					(66,178)						(57,232)	
Education Stabilization Fund:												
COVID 19 - CRRSA:												
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	721,450	(151,009)						(111,799)	
Learning Acceleration (ESSER)	84.425D	S425D210027	3/13/20-9/30/23	46,299	(10,850)						(17,849)	
Mental Health (ESSER)	84.425D	S425D210027	3/13/20-9/30/23	45,000							(366,649)	
COVID 19 - ARP:											(4,965)	
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	1,621,413	(33,260)						(178)	
Summer Learning and Enrichment	84.425U	S425U210027	3/13/20-9/30/24	40,000							(178)	
Homeless II	84.425W	S425W210031	4/23/21-9/30/24	23,703	(195,119)						(301,262)	

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expend- itures	Cancellation of Prior Years Accounts Receivable	Cancellation of Prior Year Encumbrances	Balance at June 30, 2023		Amounts Provided to Subrecipients	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue		
U.S. Department of Education (Continued)														
Passed-through State Department of Education: (Continued)														
Special Revenue Fund: (Continued)														
Special Education Cluster (IDEA):														
I.D.E.A. Part B, Basic	84.027	IDEA359023	7/1/22-9/30/23	\$ 404,902			\$ 388,698	\$ (402,628)			\$ (13,930)			
I.D.E.A. Part B, Basic	84.027	IDEA359022	7/1/21-9/30/22	395,741			25,520	(357)						
COVID-19 - ARP - I.D.E.A. Part B, Basic	84.027X	IDEA359022	7/1/21-9/30/22	410,623			16,481	(11,008)	\$ 8,108		(367)			
I.D.E.A. Preschool	84.173	IDEA359023	7/1/22-9/30/23	13,696			4,566	(9,743)			(5,177)			
I.D.E.A. Preschool	84.173	IDEA359022	7/1/21-9/30/22	16,109			4,059		212		(297)			
COVID-19 - ARP - I.D.E.A. Preschool	84.173X	IDEA359022	7/1/21-9/30/22	6,480			2,632	(2,112)			(297)			
Total Special Education Cluster (IDEA)							441,956	(425,848)	8,320		(19,771)			
Subtotal - Special Revenue Fund							2,107,590	(2,394,017)	17,878		(604,623)			
Total U.S. Department of Education							2,107,590	(2,394,017)	17,878		(604,623)			
U.S. Department of Health and Human Services:														
Medicaid Cluster:														
Medicaid Assistance Program	93.778	N/A	7/1/22-6/30/23	138,732			138,732	(138,732)						
COVID-19 - Family First Coronavirus Response Act	93.778	N/A	7/1/20-6/30/21	5,575			5,575	(5,575) *						
Total U.S. Department of Health and Human Services/Total Medicaid Cluster							144,307	(144,307)						
Total Federal Awards							\$ 2,917,797	\$ (3,151,341)	\$ 9,319	\$ 17,878	\$ (631,903)	\$ 10,108	\$ 1,364	\$ -0-

N/A - Not Applicable
* - Expended in prior year

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, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Cancellation of Prior Year Encumbrances	Balance at June 30, 2023			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor		GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund State Aid:												
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 9,677,590									
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	596,193									
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	221,598									
School Choice Aid	23-495-034-5120-068	7/1/22-6/30/23	15,912									
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	229,942									
Excess Nonpublic Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	8,112									
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	226,958									
Homeless Tuition Reimbursement	23-495-034-5120-005	7/1/22-6/30/23	492,177									
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	993,296									
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	1,246,041									
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	4,678,347									
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	64,907									
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	1,900									
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	8,276,989	\$ (830,235)								
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	229,942	(23,065)								
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	596,193	(59,802)								
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	221,598	(22,228)								
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	19,132	(1,919)								
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	124,210	(124,210)								
Excess Nonpublic Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	5,110	(5,110)								
Homeless Tuition Reimbursement	22-495-034-5120-005	7/1/21-6/30/22	69,376	(69,376)								
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	994,004	(102,167)								
Securing Our Children's Future Bond Act	N/A	7/1/21-6/30/22	87,252	(87,252)								
Subtotal - General Fund			17,883,015	(1,325,364)								
Special Revenue Fund Aid:												
Preschool Education Aid	23-495-034-5120-086	7/1/22-6/30/23	1,714,740									
Preschool Education Aid	22-495-034-5120-086	7/1/21-6/30/22	1,455,264	(145,972)								
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	1,431,039									
Subtotal - Special Revenue Fund			4,601,043	(145,972)								
Total State Department of Education			22,484,058	(1,471,336)								

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Cancellation of Prior Year Encumbrances	Balance at June 30, 2023			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor		GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Children and Families:												
General Fund:												
Education Services	23-100-016-1600-029	7/1/22-6/30/23	\$ 77,919				\$ (65,751)	\$ (26,792)	\$	\$ (26,792)	\$	65,751
Education Services	22-100-016-1600-029	7/1/21-6/30/22	31,399				(31,399) *					31,399
Subtotal - General Fund							(97,150)	(26,792)				97,150
Total State Department of Children and Families							(97,150)	(26,792)				97,150
State Department of Agriculture:												
Special Revenue Fund:												
Rutgers SNAP Gap Project	N/A	3/1/23-6/2/23	66,000				(63,105)					66,000
Subtotal - Special Revenue Fund							(63,105)					66,000
Food Service Fund:												
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	19,391				(19,391)	(1,218)		(1,218)		19,391
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	14,227				1,039					14,227
COVID 19 - Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	216						\$	103		216
Subtotal - Food Service Fund							(1,039)			103		33,834
Total State Department of Agriculture							(1,039)			103		99,834
Total State Awards							\$(1,472,375)	\$ 255,242	\$ 103	\$ 19,718,669	\$ 795	\$ (1,658,105)
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	(1,246,041)									1,246,041
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	(4,678,347)									4,678,347
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	(64,907)									64,907
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	(1,900)									1,900
Subtotal - On-Behalf TPAF Pension System Contributions												5,991,195
Total State Awards Subject to Single Audit Major Program Determination												\$(13,913,204)

* - Expended in Prior Year

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023. 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 (\$174,323) for the general fund of which (\$42,588) represents a portion of the Education Services grant posted as a refund and (\$211,135) for the special revenue fund (which includes \$125,798 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 EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 144,307	\$ 17,932,840	\$ 18,077,147
Special Revenue Fund	2,249,742	1,710,985	3,960,727
Food Service Fund	<u>613,017</u>	<u>19,391</u>	<u>632,408</u>
Total Awards	<u>\$ 3,007,066</u>	<u>\$ 19,663,216</u>	<u>\$ 22,670,282</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, 2023.

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by 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 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>				
Education Stabilization Fund:				
COVID 19 - CRRSA:				
ESSER II	84.425D	3/13/20-9/30/23	\$ 721,450	\$ 224,784
Mental Health	84.425D	3/13/20-9/30/23	45,000	27,115
COVID 19 - ARP:				
ESSER III	84.425U	3/13/20-9/30/24	1,621,413	1,062,892
Summer Learning and Enrichment	84.425U	3/13/20-9/30/24	40,000	4,965
Homeless II	84.425W	4/23/21-9/30/24	23,703	178
 <u>State:</u>				
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	9,677,590	9,677,590
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	596,193	596,193
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	221,598	221,598
School Choice Aid	23-495-034-5120-068	7/1/22-6/30/23	15,912	15,912
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	993,296	993,296
Preschool Education Aid	23-495-034-5120-086	7/1/22-6/30/23	1,714,740	1,682,789
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	1,431,039	31,951

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

K-6

Summary of Auditors' Results: (Cont'd)

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The District was determined to not be a "low-risk" auditee for both federal and state programs.

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, 2023

Status of Prior Year Findings:

The District had no prior year audit findings.