

**TOWN OF NEWTON  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual  
Financial Report**

**of the**

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

**Newton, New Jersey**

**For the Fiscal Year Ended June 30, 2010**

**Prepared by**

**Town of Newton School District  
Board Office**

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INTRODUCTORY SECTION

# Newton Public Schools

57 Trinity Street  
 Newton, New Jersey 07860-1831  
 973-383-7392 • Fax: 973-383-5378  
 www.newtonnj.org

**Dr. G. Kennedy Greene**  
 Superintendent

**Donna C. Snyder**  
 School Business Administrator

September 20, 2010

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

Dear Board Members:

The comprehensive annual financial report of the Town of Newton School District (the "District") for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial statements, 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 the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey's OMB Circular NJOMB 04-04, *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 Government 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 Kindergarten through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2009-2010 fiscal year with an average daily enrollment of 1,537 students, a slight decrease from the previous year's enrollment.

The table on the following page details the changes in the student enrollment of the District over the last ten years:

***"The Home of Pride"***

The Honorable President and Members of  
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<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2009-2010	1,537	-1.41%
2008-2009	1,559	-1.70%
2007-2008	1,586	-2.34%
2006-2007	1,624	-5.58%
2005-2006	1,720	-1.15%
2004-2005	1,740	0.00%
2003-2004	1,740	2.8%
2002-2003	1,692	1.4%
2001-2002	1,668	5.3%
2000-2001	1,584	3.6%

2) ECONOMIC CONDITION AND OUTLOOK: The Town of Newton continues to have increased numbers of low-income families, as well as a large senior citizen population. The stabilization of the local tax levy remains a constant source of concern for the Board of Education, as well as the municipality. Both entities continue to recognize the importance of offering quality programs and facilities while maintaining fiscal responsibility.

The Town Council was successful in negotiating an agreement with Thorlabs to move their corporate headquarters to Newton. The financial result of having more than 300 new employees in downtown Newton and their families residing in Newton and the surrounding municipalities should have a very positive impact on Newton's economic condition. In addition, the construction of the \$20M, 125,000 square foot facility should generate approximately 250 new construction jobs.

The District also entered into an educational partnership with Thorlabs and Picatinny as they supported the Robotics Team. As Thorlabs reaches its capacity, there should be further opportunities to expand the existing partnerships and develop new ones with the companies that will evolve to meet the needs of the research and development headquarters.

In the 2009-2010 school year, Newton High School received students from Andover Borough, Andover Township and Green Township, which constituted approximately 55% of the high school population, and realized approximately \$4.84 million in tuition revenue for these students.

In order to continue to develop a budget that is both educationally and economically sound, the Board of Education strives to promote effective education while maintaining costs by recruiting tuition students for special programs, returning out-of-district placements to the local schools and constantly seeking cost minimizing ways of providing supplies and services. In addition, the Board and Administration continue to work together to ensure the most effective use of limited resources to deal with the educational needs of the students they serve. The District is also working with Honeywell, Inc. to develop an energy conservation plan.

As the Town of Newton continues its efforts on a Redevelopment Plan, the Board administration and municipal officials will continue to work together to benefit the residents of Newton.

3) MAJOR INITIATIVES: Tri-District Consortium – This group was started in the spring of the 2008-2009 school year. The group is comprised of representatives from the administration and boards of Newton, Andover and Green School Districts; its goal is to focus on ensuring the achievement of the New Jersey Core Curriculum Content Standards through an enriched educational environment for all students through: a common curriculum for each core content area, “three eighth grades become one ninth grade”; a unified professional development plan designed by our combined staffs; cooperative services for all students; and continued exploration of all areas relating to joint/shared services and facilities ensuring fiscal responsibility. Tri-District accomplishments from the 2009-10 school year include:

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### 3) MAJOR INITIATIVES: (Cont'd)

- Shared mission statement
- Joint three-year curriculum plan with an objective of a shared K-12 curriculum in all core content areas with Social Studies completed
- Two collaborative professional development days with 42 training sessions run entirely by staff members from the three districts
- Unified contracts for Applied Behavioral Analysis (ABA), curriculum, and Occupational Therapy (OT) services
- All employment contracts reported total compensation amounts
- Lobbied successfully for districts to be on the same QSAC cycle
- Mutual efforts on technology and professional development plans
- Selected to present our shared services model at NJSBA Convention
- Cover story article in *School Leader* journal

Building Construction - In December 2001, the community voted to support a \$13,950,000 district-wide facilities improvement project. The project is being completed in three phases; (1) A re-roofing of Newton High School during the summer of 2002; (2) Major addition and renovations to Merriam Avenue School, as well as a re-roofing and upgrade of security, HVAC, and technology; renovations to Halsted Middle School, including the media center and offices, as well as a re-roofing and update to fire systems; renovations to Newton High School, including the media center, science labs, technology and fire systems upgrades (Technology upgrades included rewiring and system upgrades in all three schools; security was addressed with the installation of telephones in each classroom and video cameras at all three schools; communication systems including faculty access to voice mail and upgraded e-mail.); and (3) A plan to complete site work and ADA projects at all three schools during the summer of 2004 resulted in rejected bids due to costs, and was re-bid in February 2005. Construction during the summer of 2005 at Newton High School consisted of the demolition of existing bathrooms and the installation of ADA accessible facilities. Chair lifts for the handicapped were installed at each level of the building. Site work occurred at all three schools to improve handicapped access and drainage. The District settled litigation with one of the contractors in July 2007. The summer 2009 asbestos abatement project was completed based on the local portion of the referendum funds. Confirmation with the State that grant funds will be issued will allow the remaining projects to be planned, designed and bid in accordance with the original referendum proposal.

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 are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The Board of Education adopted a comprehensive Standard Operating Procedures Manual and Internal Controls Document at the end of 2009.

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.

The Honorable President and Members of  
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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 the voters of the municipality. 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 reservations of fund balance at June 30, 2010.

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) DEBT ADMINISTRATION:

At June 30, 2010, the District has \$8,635,000 of outstanding bonded debt.

8) 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.

9) 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 School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

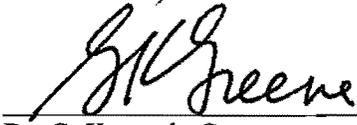
The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members.

10) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company 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 the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey's OMB Circular NJOMB 04-04, *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 are included in the single audit section of this report.

The Honorable President and Members of  
the Board of Education  
Town of Newton School District  
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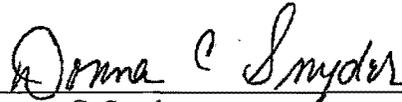
11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Town of Newton School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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,



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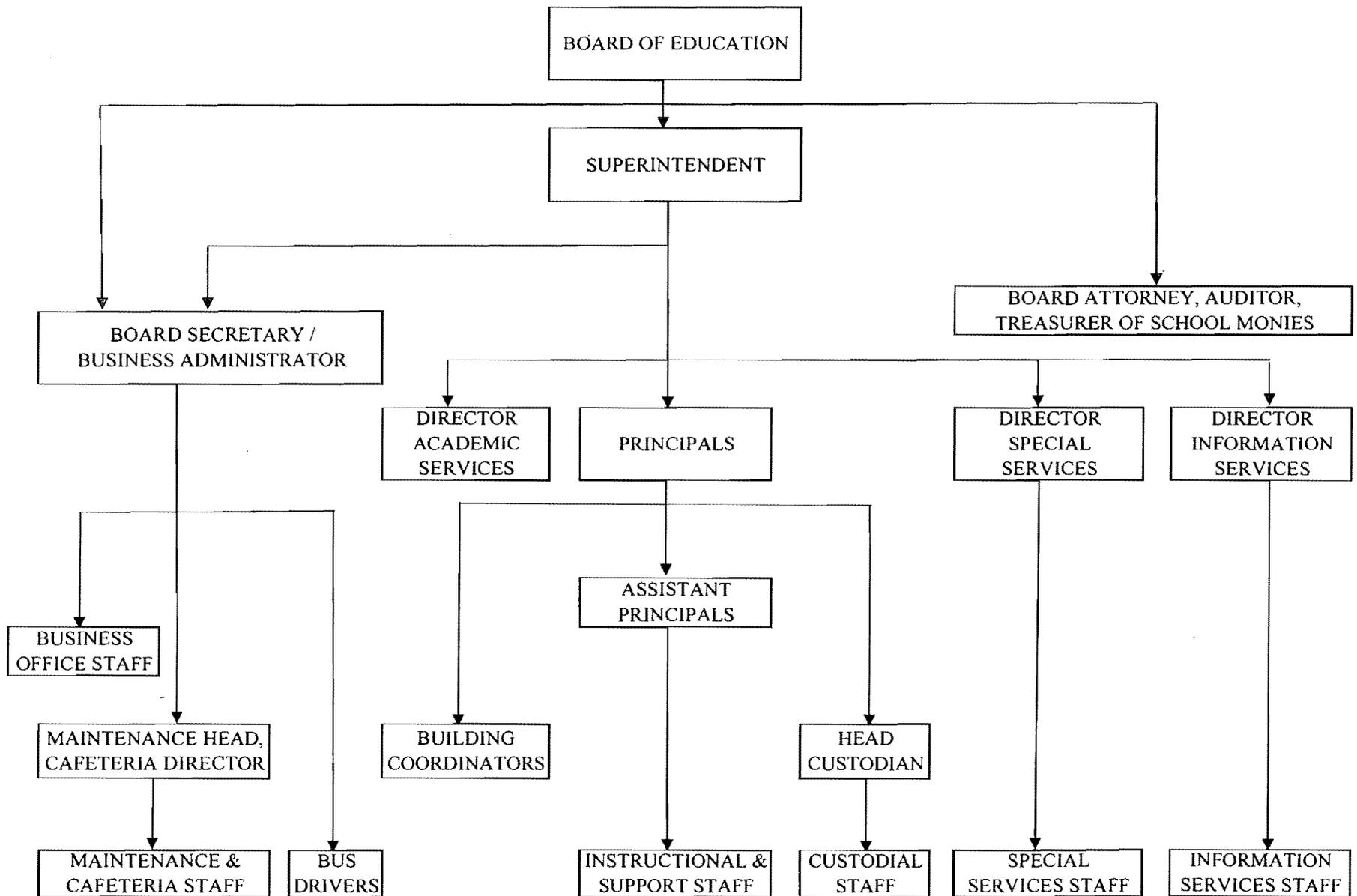
Dr. G. Kennedy Greene  
Superintendent of Schools



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Donna C. Snyder  
Business Administrator/Board Secretary

# NEWTON PUBLIC SCHOOLS ORGANIZATIONAL CHART



**TOWN OF NEWTON SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2010**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ed Caffrey, President	2013
John Jackson, Vice-President	2011
Jessica Egner	2012
Dirk Kelly	2011
Richard Heckman	2012
Percy Mistry	2011
Raymond Morris	2013
Nanette Thomas	2013
Terry Lee VanAuken	2012
Linda Gianni (Andover Regional Representative)	2011
Anne Marie Cooke (Green Township Representative)	2011

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

# TOWN OF NEWTON BOARD OF EDUCATION

Consultants and Advisors

## **Audit Firm**

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

And

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

## **Attorney**

Allan P. Dzwilewski  
Schwartz, Simon, Edelstein, Celso & Kessler LLP  
14 Whippany Road  
Morristown, NJ 07962

## **Architect of Record**

EI Associates  
8 Ridgedale Avenue  
Cedar Knolls, NJ 07927

## **Bond Counsel**

Wilentz, Goldman & Spitzer  
90 Woodbridge Center Drive  
Suite 900, Box 10  
Woodbridge, NJ 07095

## **Official Depositories**

Lakeland Bank  
One Cochran Plaza  
Newton, NJ 07860

State of New Jersey Cash Management Fund  
Division of Investment  
Department of the Treasury  
Trenton, NJ 08625

Municipal Investors Service Corp. (MBIA)  
120 Wood Avenue, Suite 300  
Iselin, NJ 08830

FINANCIAL SECTION



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856-1320  
Phone: 973-328-1825  
Fax: 973-328-0507

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860  
Phone: 973-383-6699  
Fax: 973-383-6555

### 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 the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Town of Newton School District (the "District") in the County of Sussex as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Town of Newton School District in the County of Sussex as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2010 on our consideration of the Board of Education of the Town of Newton School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

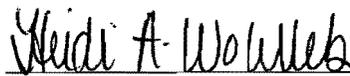
The Honorable President and Members  
of the Board of Education  
Town of Newton School District  
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The Management's Discussion and Analysis and Budgetary Comparison Information listed on Exhibits C-1 to C-3 and I-2 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Town of Newton School District's basic financial statements. The accompanying introductory section, supplementary schedules such as the combining and individual fund financial statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

September 20, 2010  
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP



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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)**

This section of Town of Newton School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

**Financial Highlights**

- The District’s financial status is stable, in spite of relatively level state aid for several years.
- Overall revenue was \$26.39 million.
- Overall expenses were \$26.35 million.
- Enrollment in the District has decreased approximately 1.4%.

**Overview of the Financial Statements**

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

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

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

**Figure A-1**

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

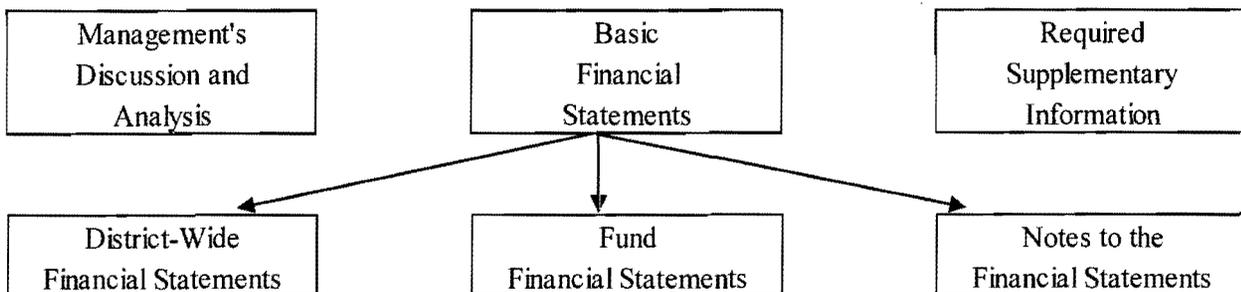


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Figure A-2**

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

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

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

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets 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 assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets 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 is included here.

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

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

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

The District has three kinds of funds:

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

- *Notes to 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 Assets.* The District's combined net assets increased by \$43,327. Net assets from governmental activities increased by \$12,717 and net assets from business-type activities increased by \$30,610. Net assets invested in capital assets increased by \$111,318, restricted net assets decreased by \$275,105, and unrestricted net assets increased by \$207,114.

Figure A-3

#### Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Percentage Change 2009/10
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	
Current and							
Other Assets	\$ 899,534	\$ 1,079,944	\$ 73,287	\$ 68,990	\$ 972,821	\$ 1,148,934	-15.33%
Capital Assets	14,330,187	14,406,305	11,557	15,159	14,341,744	14,421,464	-0.55%
Total Assets	15,229,721	15,486,249	84,844	84,149	15,314,565	15,570,398	-1.64%
Long-Term Debt							
Outstanding	9,076,252	9,304,467		35,175	9,076,252	9,339,642	-2.82%
Other Liabilities	328,602	369,632	11,165	5,905	339,767	375,537	-9.53%
Total Liabilities	9,404,854	9,674,099	11,165	41,080	9,416,019	9,715,179	3.18%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	6,002,364	5,887,444	11,557	15,159	6,013,921	5,902,603	1.89%
Restricted	804,225	1,079,330			804,225	1,079,330	-25.49%
Unrestricted/(Deficit)	(981,722)	(1,154,624)	62,122	27,910	(919,600)	(1,126,714)	18.38%
Total Net Assets	\$ 5,824,867	\$ 5,812,150	\$ 73,679	\$ 43,069	\$ 5,898,546	\$ 5,855,219	0.74%

*Changes in Net Assets.* The District's combined net assets were \$5,898,546 on June 30, 2010, an increase of \$43,327 or 0.74% more than they were the year before. (See Figure A-3). Net Assets Invested in Capital Assets increased primarily due to the current year maturity of serial bonds payable of \$205,000 as well as current year capital assets additions net of deletions of \$311,447 offset by current year depreciation expense of \$391,167. Restricted net assets decreased by \$275,105 primarily due to the expenditure of the balance in the referendum project of \$165,483 as well as the decrease in the tuition reserve of \$96,000. The increase in unrestricted net assets was due primarily to excess local revenue from tuition and miscellaneous sources of approximately \$116,000 as well as excess extraordinary special education costs aid of approximately \$65,000.

Figure A-4

## Changes in Net Assets from Operating Results

	Governmental Activities 2009/10	Business- Type Activities 2009/10	Governmental Activities 2008/09	Business- Type Activities 2008/09	Total School District 2009/10	Total School District 2008/09	Percentage Change 2009/10
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services		\$ 478,009		\$ 470,754	\$ 478,009	\$ 470,754	1.54%
Operating Grants and Contributions	\$ 3,491,209	253,610	\$ 3,228,306	255,342	3,744,819	3,483,648	7.50%
Capital Grants and Contributions			63,851			63,851	100.00%
<b>General Revenue:</b>							
Property Taxes	11,234,824		10,880,825		11,234,824	10,880,825	3.25%
State and Federal Aid	5,605,809		5,206,142		5,605,809	5,206,142	7.68%
Tuition Charges	5,180,176		5,162,763		5,180,176	5,162,763	0.34%
Other	111,737	35,629	108,723	334	147,366	109,057	35.13%
<b>Total Revenue</b>	<b>25,623,755</b>	<b>767,248</b>	<b>24,650,610</b>	<b>726,430</b>	<b>26,391,003</b>	<b>25,377,040</b>	<b>4.00%</b>
<b>Expenses:</b>							
Instruction	15,177,069		13,921,583		15,177,069	13,921,583	9.02%
Pupil and Instruction Services	3,820,272		4,465,252		3,820,272	4,465,252	-14.44%
Administrative and Business	3,030,582		2,793,025		3,030,582	2,793,025	8.51%
Maintenance and Operations	2,377,602		2,333,438		2,377,602	2,333,438	1.89%
Transportation	440,432		457,458		440,432	457,458	-3.72%
Capital Outlay	38,670		34		38,670	34	113635.29%
Other	726,411	736,638	462,169	738,198	1,463,049	1,200,367	21.88%
<b>Total Expenses</b>	<b>25,611,038</b>	<b>736,638</b>	<b>24,432,959</b>	<b>738,198</b>	<b>26,347,676</b>	<b>25,171,157</b>	<b>4.67%</b>
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ 12,717</b>	<b>\$ 30,610</b>	<b>\$ 217,651</b>	<b>\$ (11,768)</b>	<b>\$ 43,327</b>	<b>\$ 205,883</b>	<b>-78.96%</b>

*Revenue Sources.* The District's total revenue for the 2009/10 school year was \$26,391,003. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$11,234,824 of the total, or 42.57 percent. (See Figure A-5). Another 35.43 percent came from state and federal aid and the remainder from tuition, miscellaneous sources and charges for services.

Figure A-5

## Sources of Revenue for Fiscal Year 2010

	Amount	Percentage
<b>Sources of Income:</b>		
Grants and Contributions	\$ 3,744,819	14.19%
Property Taxes	11,234,824	42.57%
Unrestricted Federal and State Aid	5,605,809	21.24%
Charges for Services	478,009	1.81%
Tuition	5,180,176	19.63%
Other	147,366	0.56%
	<b>\$ 26,391,003</b>	<b>100.00%</b>

The total cost of all programs and services was \$26,347,676. The District's expenses are predominantly related to instructing and providing pupil services (72.10 percent). (See Figure A-6). The District's administrative and business activities accounted for 11.50 percent of total costs. The most significant contributor to the high cost of Maintenance and Operations was the increase in energy costs. The Town of Newton School District operates 3 schools, an administration building and a maintenance building which results in high maintenance costs (9.03 percent). It is important to note that expenses for the year include \$391,167 of depreciation.

**Figure A-6****Expenses for Fiscal Year 2010**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 15,177,069	57.60%
Pupil and Instruction Services	3,820,272	14.50%
Administrative and Business	3,030,582	11.50%
Maintenance and Operations	2,377,602	9.03%
Transportation	440,432	1.67%
Capital Outlay	38,670	0.15%
Other	1,463,049	5.55%
	<u>\$ 26,347,676</u>	<u>100.00%</u>

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District remains stable. Maintaining existing programs with a slight decrease in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary, benefits and energy costs, place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year were:

- The maintenance staff does many projects in-house.
- The District is using e-mail for many staff communications instead of printing and distributing, saving both labor and supplies.

It is crucial that the District examine its expenditures carefully. Staff, parental and student demands for salary increases, activities, small class sizes and programs must be evaluated thoroughly. District resources are at their tightest level in a decade. Figure A-7 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, transfer and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7****Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	2009/10	2009/10	2008/09	2008/09
Instruction	\$ 15,177,069	\$ 12,925,060	\$ 13,921,583	\$ 11,840,286
Pupil and Instruction Services	3,820,272	3,021,424	4,465,252	3,602,023
Administrative and Business	3,030,582	2,826,949	2,793,025	2,590,949
Maintenance and Operations	2,377,602	2,274,861	2,333,438	2,283,856
Transportation	440,432	306,454	457,458	361,485
Capital Outlay	38,670	38,670	34	34
Other	726,411	726,411	462,169	462,169
	<u>\$ 25,611,038</u>	<u>\$ 22,119,829</u>	<u>\$ 24,432,959</u>	<u>\$ 21,140,802</u>

### Business-Type Activities

Net assets from the District's business-type activity increased by \$30,610. (Refer to Figure A-4).

- The increase in net assets was due primarily to the cancellation of the prior year compensated absences payable of \$35,175.

### Financial Analysis of the District's Funds

The District's financial position remains relatively stable despite significant decreases in state aid and difficult economic times. The District has utilized creative staffing and scheduling to avoid eliminating educational and co-curricular programs.

All of these factors are likely to continue for the next several years. 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 are due to:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

### Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Percentage Change 2009/10
	Government Activities		Business-Type Activities		Total School District		
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	
Sites and Site Improvements	\$ 220,299	\$ 240,077			\$ 220,299	\$ 240,077	-8.24%
Construction in Progress		13,783,852				13,783,852	-100.00%
Buildings and Building Improvements	13,670,348	8,000			13,670,348	8,000	170779.35%
Machinery and Equipment	439,540	374,376	\$ 11,557	\$ 15,159	451,097	389,535	15.80%
Total Net Assets	<u>\$ 14,330,187</u>	<u>\$ 14,406,305</u>	<u>\$ 11,557</u>	<u>\$ 15,159</u>	<u>\$ 14,341,744</u>	<u>\$ 14,421,464</u>	-0.55%

### Long-term Debt

At year-end, the District had \$8,635,000 in general obligation bonds outstanding – a decrease of \$205,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

## Outstanding Long-Term Debt

	Total School District		Percentage
	2009/10	2008/09	Change 2009/10
General Obligation Bonds (Financed with Property Taxes)	\$ 8,635,000	\$ 8,840,000	
Less: Deferred Amount on Refunding	(307,177)	(321,139)	
	8,327,823	8,518,861	-2.24%
Other Long-Term Debt	748,429	820,781	-8.82%
	<u>\$ 9,076,252</u>	<u>\$ 9,339,642</u>	-2.82%

The District continued to pay down its bonded debt, retiring \$205,000 of outstanding bonds. In fiscal year 2009/10 there was a net retirement of \$72,352 in compensated absences.

#### Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- As enrollment decreases at the elementary and middle schools and the percentage of received students at the high school increases, resource allocation will need special attention.
- There are several staff members with many years of service in education. It is reasonable to expect some changes in the future. Those changes should be viewed as an opportunity to review resource allocation and structure.

#### 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 ASSETS  
JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 515,062	\$ 33,216	\$ 548,278
Receivables from State Government	151,030	700	151,730
Receivables from Federal Government	112,629	12,485	125,114
Receivables from Other Governments	9,293		9,293
Other Receivables	8,401	308	8,709
Inventories		26,578	26,578
Unamortized Bond Issuance Costs	102,992		102,992
Restricted Assets:			
Capital Reserve Account - Cash	127		127
Capital Assets, Net:			
Sites (Land) and Construction in Progress	72,620		72,620
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	14,257,567	11,557	14,269,124
<b>Total Assets</b>	<b>15,229,721</b>	<b>84,844</b>	<b>15,314,565</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	32,003		32,003
Accrued Interest Payable	170,945		170,945
Payable to State Government	14,495		14,495
Deferred Revenue	3,695	11,165	14,860
Unamortized Bond Issuance Premium	107,464		107,464
Noncurrent Liabilities:			
Due Within One Year	196,038		196,038
Due Beyond One Year	8,880,214		8,880,214
<b>Total Liabilities</b>	<b>9,404,854</b>	<b>11,165</b>	<b>9,416,019</b>
<b>NET ASSETS/(Deficit)</b>			
Invested in Capital Assets, Net of Related Debt	6,002,364	11,557	6,013,921
Restricted for:			
Capital Projects	(92,263)		(92,263)
Debt Service	1		1
Other Purposes	896,487		896,487
Unrestricted/(Deficit)	(981,722)	62,122	(919,600)
<b>Total Net Assets</b>	<b>\$ 5,824,867</b>	<b>\$ 73,679</b>	<b>\$ 5,898,546</b>

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, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 11,737,137		\$ 1,205,701	\$ (10,531,436)		\$ (10,531,436)
Special Education	2,329,036		977,463	(1,351,573)		(1,351,573)
Other Special Instruction	122,491		9,468	(113,023)		(113,023)
School Sponsored/Other Instruction	988,405		59,377	(929,028)		(929,028)
<b>Support Services:</b>						
Tuition	738,970		131,340	(607,630)		(607,630)
Student and Instruction Related Services	3,081,302		667,508	(2,413,794)		(2,413,794)
General Administrative Services	595,557		27,355	(568,202)		(568,202)
School Administrative Services	1,672,794		133,004	(1,539,790)		(1,539,790)
Central Services	490,912		34,810	(456,102)		(456,102)
Administrative Information Technology	271,319		8,464	(262,855)		(262,855)
Plant Operations and Maintenance	2,377,602		102,741	(2,274,861)		(2,274,861)
Pupil Transportation	440,432		133,978	(306,454)		(306,454)
Transfer of Funds to Charter School	52,566			(52,566)		(52,566)
Interest on Long-Term Debt	386,858			(386,858)		(386,858)
Capital Outlay	38,670			(38,670)		(38,670)
Unallocated Depreciation	286,987			(286,987)		(286,987)
<b>Total Governmental Activities</b>	<b>25,611,038</b>		<b>3,491,209</b>	<b>(22,119,829)</b>		<b>(22,119,829)</b>
<b>Business-Type Activities:</b>						
Food Service	704,603	\$ 443,792	253,610		\$ (7,201)	(7,201)
After Care	32,035	34,217			2,182	2,182
<b>Total Business-Type Activities</b>	<b>736,638</b>	<b>478,009</b>	<b>253,610</b>		<b>(5,019)</b>	<b>(5,019)</b>
<b>Total Primary Government</b>	<b>\$ 26,347,676</b>	<b>\$ 478,009</b>	<b>\$ 3,744,819</b>	<b>(22,119,829)</b>	<b>(5,019)</b>	<b>(22,124,848)</b>

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Revenues:						
Taxes:						
	Property Taxes, Levied for General Purposes, Net			\$ 10,647,528		\$ 10,647,528
	Taxes Levied for Debt Service			587,296		587,296
	Federal, State and Local Aid not Restricted			5,605,809		5,605,809
	Tuition			5,180,176		5,180,176
	Interest Earnings			16,650	\$ 454	17,104
	Miscellaneous Income			95,087		95,087
	Cancellation of Compensated Absences Payable				35,175	35,175
	<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>			<u>22,132,546</u>	<u>35,629</u>	<u>22,168,175</u>
	Change in Net Assets			12,717	30,610	43,327
	Net Assets - Beginning			<u>5,812,150</u>	<u>43,069</u>	<u>5,855,219</u>
	Net Assets - Ending			<u>\$ 5,824,867</u>	<u>\$ 73,679</u>	<u>\$ 5,898,546</u>

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, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 331,444		\$ 147,090	\$ 36,528	\$ 515,062
Interfund Receivable	417,201		36,527		453,728
Receivables From State Government	83,502	\$ 3,677	63,851		151,030
Receivables From Federal Government		112,629			112,629
Receivables From Other Governments	7,668	1,625			9,293
Other Accounts Receivables		8,401			8,401
Restricted Cash and Cash Equivalents	127				127
<b>Total Assets</b>	<b>\$ 839,942</b>	<b>\$ 126,332</b>	<b>\$ 247,468</b>	<b>\$ 36,528</b>	<b>\$ 1,250,270</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable		\$ 77,343	\$ 339,858	\$ 36,527	\$ 453,728
Accounts Payable	\$ 1,204	30,799			32,003
Payable to State Government		14,495			14,495
Deferred Revenue		3,695			3,695
<b>Total Liabilities</b>	<b>1,204</b>	<b>126,332</b>	<b>339,858</b>	<b>36,527</b>	<b>503,921</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Encumbrances	109,594				109,594
Tuition Reserve Designated for:					
2010-2011 Budget	450,000				450,000
2011-2012 Budget	250,000				250,000
Capital Reserve Account	127				127
Waiver Offset Reserve - Designated for					
Subsequent Year's Expenditures	82,161				82,161
Excess Surplus	4,732				4,732
<b>Unreserved/(Deficit), Reported in:</b>					
<b>General Fund:</b>					
Undesignated	(93,529)				(93,529)
Designated for Subsequent Year's Expenditures	35,653				35,653
Special Revenue Fund					
Capital Projects Fund			(92,390)		(92,390)
Debt Service Fund:					
Designated for Subsequent Year's Expenditures				1	1
<b>Total Fund Balances</b>	<b>838,738</b>		<b>(92,390)</b>	<b>1</b>	<b>746,349</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 839,942</b>	<b>\$ 126,332</b>	<b>\$ 247,468</b>	<b>\$ 36,528</b>	

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

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$20,287,430 and the Accumulated Depreciation is \$5,957,243.	14,330,187
Bond Issuance Costs are Reported as Expenditures in the Governmental Funds. The Cost is \$121,716 and the Accumulated Amortization is \$18,724.	102,992
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$146,542 and the Accumulated Amortization is \$39,078.	(107,464)

TOWN OF NEWTON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>Total Governmental Funds</u>
Deferred Interest Costs are not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure.	\$ 307,177
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(170,945)
Long-Term Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(9,383,429)</u>
Net Assets of Governmental Activities	<u>\$ 5,824,867</u>

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 10,647,528			\$ 587,296	\$ 11,234,824
Tuition	5,180,176				5,180,176
Miscellaneous	111,737	\$ 24,219			135,956
Total - Local Sources	15,939,441	24,219		587,296	16,550,956
State Sources	6,936,745	135,631			7,072,376
Federal Sources	998,667	1,001,756			2,000,423
Total Revenues	23,874,853	1,161,606		587,296	25,623,755
EXPENDITURES:					
Current:					
Regular Instruction	8,530,121	348,820			8,878,941
Special Education Instruction	1,522,707	202,548			1,725,255
Other Special Instruction	91,046				91,046
School-Sponsored/Other Instruction	760,356				760,356
Support Services and Undistributed Costs:					
Tuition	607,630	131,340			738,970
Student and Other Instruction Related Services	1,973,161	473,770			2,446,931
General Administrative Services	466,034				466,034
School Administrative Services	1,225,826				1,225,826
Central Services	348,754				348,754
Administrative Information Technology	238,309				238,309
Plant Operations and Maintenance	1,811,220				1,811,220
Student Transportation	355,228				355,228
Unallocated Benefits	5,695,686				5,695,686
Debt Service:					
Principal				205,000	205,000
Interest and Other Charges				382,297	382,297
Capital Outlay	179,506	5,128	\$ 165,483		350,117
Transfer of Funds to Charter School	52,566				52,566
Total Expenditures	23,858,150	1,161,606	165,483	587,297	25,772,536
Excess/(Deficit) of Revenue Over/(Under) Expenditures	16,703		(165,483)	(1)	(148,781)
Fund Balance - July 1	822,035		73,093	2	895,130
Fund Balance/(Deficit) - June 30	\$ 838,738	\$ -0-	\$ (92,390)	\$ 1	\$ 746,349

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, 2010

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (148,781)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and the net deletion of capital assets exceeded capital outlays in the period.

Depreciation Expense	\$ (387,565)	
Capital Outlays	<u>311,447</u>	(76,118)

The governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (4,681)

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 (+). 4,313

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. 205,000

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. (-) 9,769

The governmental funds report the effect of deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (13,962)

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, 2010

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 (+).

\$ 37,177

Change in Net Assets of Governmental Activities

\$ 12,717

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	Business-type Activities - <u>Enterprise Funds</u> <u>Non-Major Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 33,216
Intergovernmental Accounts Receivable:	
State	700
Federal	12,485
Other Accounts Receivable	308
Inventories	<u>26,578</u>
Total Current Assets	<u>73,287</u>
Non-Current Assets:	
Capital Assets	185,178
Less: Accumulated Depreciation	<u>(173,621)</u>
Total Non-Current Assets	<u>11,557</u>
Total Assets	<u>84,844</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Deferred Revenue	<u>11,165</u>
Total Current Liabilities	<u>11,165</u>
<u>NET ASSETS:</u>	
Investment in Capital Assets Net of Related Debt	11,557
Unrestricted	<u>62,122</u>
Total Net Assets	<u>\$ 73,679</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 FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds <hr/> Non-Major Funds
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 318,923
Daily Sales - Non-Reimbursable Programs	114,986
Other Income	38,865
Special Events	5,235
	<hr/>
Total Operating Revenue	478,009
Operating Expenses:	
Cost of Sales	293,011
Salaries, Benefits & Payroll Taxes	424,817
Other Purchased Services and Supplies	15,208
Depreciation Expense	3,602
	<hr/>
Total Operating Expenses	736,638
Operating Loss	(258,629)
Non-Operating Income:	
Local Sources:	
Interest Income	454
State Sources:	
State School Lunch Program	9,639
State School Breakfast Program	2,275
Federal Sources:	
National School Lunch Program	178,148
School Breakfast Program	31,961
Food Distribution Program	31,587
	<hr/>
Total Non-Operating Income	254,064
Change in Net Assets Before Cancellation of Compensated Absences Payable	(4,565)
Cancellation of Compensated Absences Payable	35,175
	<hr/>
Change in Net Assets	30,610
Net Assets - Beginning of Year	43,069
	<hr/>
Net Assets - End of Year	\$ 73,679
	<hr/> <hr/>

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, 2010

	Business-type Activities - Enterprise Funds <u>Non-Major Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 479,356
Payments for Salaries, Payroll Taxes and Benefits	(398,642)
Payments for Supplies, Food and Miscellaneous Purchases	<u>(304,921)</u>
Net Cash Used for Operating Activities	<u>(224,207)</u>
Cash Flows by Financing Activities:	
Interest Income	<u>454</u>
Net Cash Provided by Financing Activities	<u>454</u>
Cash Flows by Noncapital Financing Activities:	
State Sources	11,214
Federal Sources	<u>201,409</u>
Net Cash Provided by Noncapital Financing Activities	<u>212,623</u>
Net Decrease in Cash and Cash Equivalents	(11,130)
Cash and Cash Equivalents, July 1	<u>44,346</u>
Cash and Cash Equivalents, June 30	<u>\$ 33,216</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (258,629)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	3,602
Food Distribution Program	31,587
Changes in Assets and Liabilities:	
Increase in Deferred Revenue	5,260
Decrease in Other Accounts Receivable	1,345
(Increase) in Inventory	<u>(7,372)</u>
Net Cash Used for Operating Activities	<u>\$ (224,207)</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 \$36,847 and utilized U.S.D.A. Commodities valued at \$31,587.

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

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	Agency	Private Purpose Scholarship Trust
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 445,893	\$ 8,798
Investments	13,000	83,216
Total Assets	458,893	92,014
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	13,367	
Due to Student Groups	206,603	
Accrued Salaries and Wages	238,923	
Total Liabilities	458,893	
<u>NET ASSETS:</u>		
Reserved for Scholarships		92,014
Total Net Assets	\$ -0-	\$ 92,014

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

TOWN OF NEWTON SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:	
Investment Earnings:	
Interest	\$ 3,649
Net Investment Earnings	<u>3,649</u>
Total Additions	<u>3,649</u>
DEDUCTIONS:	
Scholarships Awarded	<u>7,091</u>
Total Deductions	<u>7,091</u>
Change in Net Assets	(3,442)
Net Assets - Beginning of the Year	<u>95,456</u>
Net Assets - End of the Year	<u>\$ 92,014</u>

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

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Town of Newton School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school, a middle school as well as a high school located in the Town of Newton. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other on exchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

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 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 to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (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.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria operations and after care program. The Food Service Fund and After Care Program are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
 (Continued)

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

B. Basis of Presentation (Cont'd)

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and the Private Purpose Scholarship Trust.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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 assets 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.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

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 budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

The capital projects fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. Grants are recognized in full in the year the grants are awarded on the budgetary basis; but, are not recognized on the GAAP basis until they are expended and submitted for reimbursement.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 23,889,753	\$ 1,262,679
Differences - Budget 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		(114,095)
Cancellation of Prior Year Encumbrances		(3,011)
Prior Year Encumbrances		16,033
Prior Year State Aid Payments Recognized for GAAP Statements	592,213	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(607,113)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 23,874,853</u>	<u>\$ 1,161,606</u>

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 23,858,150	\$ 1,262,679
Differences - Budget 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		(114,095)
Cancellation of Prior Year Encumbrances		(3,011)
Prior Year Encumbrances		16,033
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 23,858,150</u>	<u>\$ 1,161,606</u>
		<u>Capital Projects Fund</u>
Unreserved Fund Balance		<u>\$ -0-</u>
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis		<u>(92,390)</u>
Fund Balance per Governmental Funds (GAAP)		<u>\$ (92,390)</u>

E. Cash and Cash Equivalents and Investments

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

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

E. Cash and Cash Equivalents and Investments (Cont'd)

N.J.S.A 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/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 assets, 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 reservations of 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 deferred 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.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

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, 2010.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. 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	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and the related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable 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, governmental fund types recognize bond issuance costs as expenditures in the current period. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

M. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2010, the amount earned by these employees but not disbursed was \$238,923.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee contracts/agreements.

In the district-wide *Statement of Net Assets*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$838,738 General Fund fund balance at June 30, 2010, \$109,594 is reserved for encumbrances; \$127 is reserved in the capital reserve account; \$450,000 has been legally reserved for tuition adjustment for the fiscal year ended June 30, 2011 and \$250,000 has been legally reserved for tuition adjustment for the fiscal year ended June 30, 2012 in accordance with N.J.A.C. 6A:23A-3.1(f)(8); \$4,732 is reserved for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the year ended June 30, 2012; \$82,161 is the prior year waiver offset reserve which has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011; \$35,653 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011; and there is a deficit of \$93,529 in unreserved and undesignated fund balance.

Capital Projects Fund: The (\$92,390) deficit in Capital Projects Fund fund balance at June 30, 2010 is unreserved and undesignated and does not include \$92,390 of SDA Grants receivable which are not recognized on a GAAP Basis.

Debt Service Fund: The \$1 Debt Service Fund fund balance at June 30, 2010 is unreserved-designated for subsequent year's expenditures.

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 Reserved 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 reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus as noted above.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

Q. Deficit Fund Balances/Net Assets

Unreserved and Undesignated fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amount of \$607,113 as of June 30, 2010 as reported in the fund statements (modified accrual basis). 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 state aid payments in the subsequent fiscal year, the school district cannot recognize these last 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 state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments noted above. The deficit in the General Fund fund balance at June 30, 2010 is due to the last state aid payments as identified above.

The District also has a deficit in unrestricted net assets of \$1,017,375 in governmental activities, which is due to the deficit in unreserved undesignated General Fund fund balance of \$93,529 as well as unamortized bond issuance costs of \$102,992, accrued interest payable of \$170,945, \$748,429 of compensated absences payable and an unamortized bond premium of \$107,464. The District has a deficit in Capital Projects Fund fund balance of \$92,390 as well as a deficit in restricted net assets of \$92,263 for Capital Projects, which is due to the \$92,390 of SDA Grants receivable not recognized on a GAAP Basis. These deficits do not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, a tuition reserve, a waiver offset reserve, a capital reserve and excess surplus as defined by State law.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

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

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, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

Investments: (Cont'd)

- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	Capital Reserve Account	Cash and Cash Equivalents	Investments	Total
Checking Accounts	\$ 127	\$ 1,002,969		\$ 1,003,096
Certificates of Deposit			\$ 96,216	96,216
	\$ 127	\$ 1,002,969	\$ 96,216	\$ 1,099,312

During the period ended June 30, 2010, 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, 2010, was \$1,099,312 and the bank balance was \$1,725,460.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$100 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2009	\$	126
Interest Earnings		1
Ending Balance, June 30, 2010	\$	127

The balance in the capital reserve account at June 30, 2010 does not exceed the LRFPP balance of local support costs of uncompleted capital projects.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>Capital Assets not Being Depreciated:</b>				
Sites (Land)	\$ 72,620			\$ 72,620
Construction in Progress	13,783,852	\$ 165,483	\$ (13,949,335)	
Total Capital Assets Not Being Depreciated	13,856,472	165,483	(13,949,335)	72,620
<b>Capital Assets Being Depreciated:</b>				
Site Improvements	401,830			401,830
Buildings and Building Improvements	3,350,000	13,949,335		17,299,335
Machinery and Equipment	2,378,713	145,964	(11,032)	2,513,645
Total Capital Assets Being Depreciated	6,130,543	14,095,299	(11,032)	20,214,810
<b>Governmental Activities Capital Assets</b>	19,987,015	14,260,782	(13,960,367)	20,287,430
<b>Less Accumulated Depreciation for:</b>				
Site Improvements	(234,373)	(19,778)		(254,151)
Buildings and Building Improvements	(3,342,000)	(286,987)		(3,628,987)
Machinery and Equipment	(2,004,337)	(80,800)	11,032	(2,074,105)
	(5,580,710)	(387,565)	11,032	(5,957,243)
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	\$ 14,406,305	\$ 13,873,217	\$ (13,949,335)	\$ 14,330,187
<b>Business Type Activities:</b>				
<b>Capital Assets Being Depreciated:</b>				
Machinery and Equipment	\$ 185,178			\$ 185,178
Less: Accumulated Depreciation	(170,019)	\$ (3,602)		(173,621)
<b>Business Type Activities Capital Assets, Net of Accumulated Depreciation</b>	\$ 15,159	\$ (3,602)	\$ -0-	\$ 11,557

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 20,455
School Sponsored/Other Instruction	28,920
Student and Instruction Related Services	3,223
General Administration	417
School Administration	4,705
Central Services	2,086
Operations and Maintenance of Plant	21,539
Student Transportation	19,233
Unallocated	286,987
	<u>\$ 387,565</u>

NOTE 6. OPERATING LEASES

The District has a commitment to lease copying equipment under an operating lease which expires in 2012. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2011	\$ 41,064
June 30, 2012	27,376
Total future minimum lease payments	<u>\$ 68,440</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2009</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2010</u>
Serial Bonds Payable	\$ 8,840,000		\$ 205,000	\$ 8,635,000
Less: Deferred Amount on Refunding	(321,139)		(13,962)	(307,177)
Net Serial Bonds Payable	8,518,861		191,038	8,327,823
Compensated Absences Payable	820,781	\$ 116,556	188,908	748,429
	<u>\$ 9,339,642</u>	<u>\$ 116,556</u>	<u>\$ 379,946</u>	<u>\$ 9,076,252</u>

A. 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, 2010  
(Continued)

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

A. Bonds Payable: (Cont'd)

On March 30, 2006, the District issued refunding school bonds of \$8,230,000 with interest rates ranging from 3.375% to 5.0% to advance refund \$7,961,000 of school bonds with interest rates ranging from 4.625% to 5.0%. The bonds mature on July 15, 2006 through 2032 and July 15, 2016 is the first optional redemption date at 100% of par. 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 school bonds are called on July 15, 2011. The advance 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 advance refunding, the School reduced its total debt service requirement by \$369,106 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$268,656.

The District had bonds outstanding as of June 30, 2010 as follows:

Final Maturity Date	<u>Serial Bonds</u> Interest Rate	Amount
7/15/2011	4.625%	\$ 425,000
7/15/2032	3.375%-5.000%	8,210,000
		\$ 8,635,000

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

Year Ending June 30,	<u>Bonds</u>		
	Principal	Interest	Total
2011	\$ 210,000	\$ 372,888	\$ 582,888
2012	235,000	367,301	602,301
2013	245,000	352,941	597,941
2014	255,000	342,750	597,750
2014	265,000	330,375	595,375
Thereafter 5 Years (2015-2019)	1,550,000	1,452,494	3,002,494
Thereafter 5 Years (2020-2024)	1,905,000	1,086,925	2,991,925
Thereafter 5 Years (2025-2029)	2,325,000	637,806	2,962,806
Thereafter 5 Years (2030-2032)	1,645,000	112,612	1,757,612
	\$ 8,635,000	\$ 5,056,092	\$ 13,691,092

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

B. Bonds Authorized But Not Issued:

As of June 30, 2010, the Board had no bonds authorized but not issued.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

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

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$748,429.

The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

There is no liability for Compensated Absences Payable in either the Food Service or After Care Program Enterprise Funds.

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. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

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 each of the above systems. 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.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

Three-Year Trend for PERS			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 240,229	100.00%	\$ 240,229
2009	209,200	100.00%	209,200
2008	202,973	80.00%	162,378

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$-0- to the TPAF for normal pension benefits on behalf of the District.

Three-Year Trend for TPAF (Paid on-behalf of District)			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ -0-	100.00%	\$ -0-
2009	-0-	100.00%	-0-
2008	876,829	100.00%	876,829

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$706,247, \$740,566 and \$1,002,625 for 2010, 2009 and 2008, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(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 health benefit coverage through CIGNA.

Property and Liability Insurance

The Town of Newton School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2010 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2009 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 33,656,794
Net Assets	\$ 14,417,326
Total Revenue	\$ 28,042,089
Total Expenses	\$ 25,015,943
Change in Net Assets	\$ 3,026,146
Net Assets Distribution to Participating Members	\$ 3,005,614

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

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

New Jersey Unemployment Compensation Insurance

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

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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 RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 417,201	
Special Revenue Fund		\$ 77,343
Capital Projects Fund	36,527	339,858
Debt Service Fund		36,527
	<u>\$ 453,728</u>	<u>\$ 453,728</u>

The interfund payable in the Capital Projects Fund due to the General Fund of \$339,858 and the interfund receivable in the Capital Projects Fund due from the Debt Service Fund of \$36,527 represent prior year interfunds that have not been liquidated. The interfund receivable in the Special Revenue Fund due to the General Fund is the amount of the cash deficit in the Special Revenue Fund due to a timing lag in reimbursement of federal grant funds from the state.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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)	Lincoln Investment Planning
Equitable Life Assurance	Lincoln National Life
Metropolitan Life Insurance Company	American Express
Vanguard	Sun America

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

NOTE 14. TAX CALENDAR

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

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
 (Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2010 were:

	<u>Governmental Activities</u>		Total Governmental Funds
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Vendors	\$ 1,204	\$ 30,799	\$ 32,003

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2010 the District transferred \$164,432 to the capital outlay accounts. Transfers of \$147,335 were made for equipment and therefore did not require approval from the County Superintendent. There was a transfer of \$17,097 to construction services for which the District obtained the necessary approval from the County Superintendent.

**BUDGETARY COMPARISON SCHEDULES**

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 10,647,528		\$ 10,647,528	\$ 10,647,528	
Tuition	5,132,162		5,132,162	5,180,176	\$ 48,014
Transportation Fees from LEA's	2,500		2,500		(2,500)
Unrestricted Miscellaneous Revenue	41,527		41,527	111,737	70,210
<b>Total - Local Sources</b>	<b>15,823,717</b>		<b>15,823,717</b>	<b>15,939,441</b>	<b>115,724</b>
<b>State Sources:</b>					
Extraordinary Special Education Costs Aid	15,000		15,000	80,311	65,311
Excess Nonpublic School Transportation Costs				3,191	3,191
Special Education Aid	535,168		535,168	535,168	
Equalization Aid	5,410,666	\$ (981,744)	4,428,922	4,428,922	
Security Aid	176,849		176,849	176,849	
Transportation Aid	123,201		123,201	123,169	(32)
TPAF Non-Contributory Insurance (Non-Budgeted)				37,604	37,604
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				706,247	706,247
TPAF Social Security (Reimbursed - Non-Budgeted)				860,184	860,184
<b>Total State Sources</b>	<b>6,260,884</b>	<b>(981,744)</b>	<b>5,279,140</b>	<b>6,951,645</b>	<b>1,672,505</b>
<b>Federal Sources:</b>					
Medicaid Assistance Program	18,473		18,473	16,923	(1,550)
<b>ARRA Equalization Aid:</b>					
Education Stabilization Fund		945,156	945,156	945,156	
Government Services Fund		36,588	36,588	36,588	
<b>Total - Federal Sources</b>	<b>18,473</b>	<b>981,744</b>	<b>1,000,217</b>	<b>998,667</b>	<b>(1,550)</b>
<b>Total Revenues</b>	<b>22,103,074</b>		<b>22,103,074</b>	<b>23,889,753</b>	<b>1,786,679</b>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
<b>REGULAR PROGRAMS - INSTRUCTION:</b>					
Kindergarten - Salaries of Teachers	\$ 375,313	\$ 2,437	\$ 377,750	\$ 374,632	\$ 3,118
Grades 1-5 - Salaries of Teachers	1,859,958	(11,270)	1,848,688	1,848,418	270
Grades 6-8 - Salaries of Teachers	1,487,358	(72,741)	1,414,617	1,414,425	192
Grades 9-12 - Salaries of Teachers	4,086,917	(382)	4,086,535	4,086,535	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	34,041	(4,787)	29,254	29,093	161
Purchased Professional-Educational Services	15,850	36,204	52,054	52,054	
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	160,664	(44,153)	116,511	116,127	384
Purchased Professional - Educational Services		495	495	495	
Purchased Technical Services	39,694	(5,799)	33,895	33,894	1
Other Purchased Services	71,832	3,608	75,440	74,186	1,254
General Supplies	283,760	206,453	490,213	426,655	63,558
Textbooks	81,964	(10,319)	71,645	70,157	1,488
Other Objects		3,450	3,450	3,450	
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>8,497,351</u>	<u>103,196</u>	<u>8,600,547</u>	<u>8,530,121</u>	<u>70,426</u>
<b>SPECIAL EDUCATION - INSTRUCTION:</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers		92,435	92,435	91,935	500
<b>Total Learning and/or Language Disabilities</b>		<u>92,435</u>	<u>92,435</u>	<u>91,935</u>	<u>500</u>
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	119,910	(63,845)	56,065	56,065	
General Supplies	2,557	(1,800)	757		757
<b>Total Behavioral Disabilities</b>	<u>122,467</u>	<u>(65,645)</u>	<u>56,822</u>	<u>56,065</u>	<u>757</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
SPECIAL EDUCATION - INSTRUCTION:					
Multiple Disabilities:					
Salaries of Teachers	\$ 73,355	\$ 41,834	\$ 115,189	\$ 115,188	\$ 1
Other Salaries for Instruction	7,875	(4,216)	3,659	3,659	
General Supplies	2,014	(410)	1,604	1,346	258
<b>Total Multiple Disabilities</b>	<b>83,244</b>	<b>37,208</b>	<b>120,452</b>	<b>120,193</b>	<b>259</b>
Resource Room/Resource Center:					
Salaries of Teachers	716,423	83,258	799,681	799,679	2
Other Salaries for Instruction	89,660	209,560	299,220	296,076	3,144
General Supplies	2,493		2,493	2,094	399
<b>Total Resource Room/Resource Center</b>	<b>808,576</b>	<b>292,818</b>	<b>1,101,394</b>	<b>1,097,849</b>	<b>3,545</b>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	95,698	22,871	118,569	118,569	
Other Salaries for Instruction	42,681	(5,585)	37,096	37,096	
General Supplies	1,000		1,000	1,000	
<b>Total Preschool Disabilities - Part-Time</b>	<b>139,379</b>	<b>17,286</b>	<b>156,665</b>	<b>156,665</b>	
Home Instruction:					
Salaries of Teachers	3,392	(3,392)			
Purchased Professional Services	2,190	(2,190)			
<b>Total Home Instruction</b>	<b>5,582</b>	<b>(5,582)</b>			
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>1,159,248</b>	<b>368,520</b>	<b>1,527,768</b>	<b>1,522,707</b>	<b>5,061</b>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Basic Skills/Remedial - Instruction:					
General Supplies	\$ 4,413	\$ (2,036)	\$ 2,377	\$ 2,372	\$ 5
<b>Total Basic Skills/Remedial - Instruction</b>	<u>4,413</u>	<u>(2,036)</u>	<u>2,377</u>	<u>2,372</u>	<u>5</u>
Bilingual Education - Instruction:					
Salaries of Teachers	83,110	4,133	87,243	87,243	
General Supplies	1,000	919	1,919	1,431	488
<b>Total Bilingual Education - Instruction</b>	<u>84,110</u>	<u>5,052</u>	<u>89,162</u>	<u>88,674</u>	<u>488</u>
School Sponsored Cocurricular Activities:					
Salaries	149,559	(5,671)	143,888	143,888	
Purchased Services (300-500 Series)	4,140	4,047	8,187	7,540	647
Supplies and Materials	2,850	(1,130)	1,720	1,345	375
Other Objects	1,541	4,905	6,446	1,165	5,281
<b>Total School-Sponsored Cocurricular Activities</b>	<u>158,090</u>	<u>2,151</u>	<u>160,241</u>	<u>153,938</u>	<u>6,303</u>
School-Sponsored Athletics:					
Salaries	420,206	(16,515)	403,691	403,246	445
Purchased Services (300-500 Series)	41,964	(5,914)	36,050	35,964	86
Supplies and Materials	69,630	4,170	73,800	71,700	2,100
Other Objects	19,800	763	20,563	20,377	186
Transfers to Cover Deficit (Agency Funds)	25,000	5,500	30,500	30,500	
<b>Total School-Sponsored Athletics</b>	<u>576,600</u>	<u>(11,996)</u>	<u>564,604</u>	<u>561,787</u>	<u>2,817</u>
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Reading Specialists	55,000	(10,369)	44,631	44,631	
<b>Total Other Supplemental/ At-Risk Programs - Instruction</b>	<u>55,000</u>	<u>(10,369)</u>	<u>44,631</u>	<u>44,631</u>	

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010.

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Total Instruction	\$ 10,534,812	\$ 454,518	\$ 10,989,330	\$ 10,904,230	\$ 85,100
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	13,000	38,701	51,701	48,828	2,873
Tuition to Private Schools for the Handicapped Within State	552,147	(109,792)	442,355	410,767	31,588
Tuition to Private Schools for the Handicapped Outside State	86,750	2,493	89,243	86,086	3,157
Tuition - State Facilities	61,949		61,949	61,949	
Total Undistributed Expenditures - Instruction	<u>713,846</u>	<u>(68,598)</u>	<u>645,248</u>	<u>607,630</u>	<u>37,618</u>
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	38,155	1,295	39,450	39,185	265
Other Purchased Services	100		100		100
Total Undistributed Expenditures - Attendance and Social Work Services	<u>38,255</u>	<u>1,295</u>	<u>39,550</u>	<u>39,185</u>	<u>365</u>
Undistributed Expenditures - Health Services:					
Salaries	180,607	6,030	186,637	186,602	35
Purchased Professional and Technical Services	20,217	(4,068)	16,149	14,958	1,191
Supplies and Materials	3,620	413	4,033	3,509	524
Total Undistributed Expenditures - Health Services	<u>204,444</u>	<u>2,375</u>	<u>206,819</u>	<u>205,069</u>	<u>1,750</u>
Undist. Expend. - Speech, OT, PT and Related Services:					
Salaries	118,479	(8,925)	109,554	109,554	
Purchased Professional - Educational Services	89,788	(12,031)	77,757	77,757	
Supplies and Materials	1,000		1,000	566	434
Total Undist. Expend. - Speech, OT, PT and Related Services	<u>209,267</u>	<u>(20,956)</u>	<u>188,311</u>	<u>187,877</u>	<u>434</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services:</b>					
Salaries	\$ 248,839	\$ (125,453)	\$ 123,386	\$ 120,066	\$ 3,320
Purchased Professional - Educational Services	23,200	(706)	22,494	15,229	7,265
Supplies and Materials	4,000		4,000	754	3,246
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services</b>	<b>276,039</b>	<b>(126,159)</b>	<b>149,880</b>	<b>136,049</b>	<b>13,831</b>
<b>Undist. Expend. - Guidance:</b>					
Salaries of Other Professional Staff	528,535	(52,450)	476,085	476,082	3
Salaries of Secretarial and Clerical Assistants	70,210	(1,225)	68,985	68,984	1
Other Purchased Professional and Technical Services	7,850	10,323	18,173	18,073	100
Other Purchased Services	10,000	(2,531)	7,469	7,357	112
Supplies and Materials	6,053	517	6,570	6,478	92
Other Objects	50	12,200	12,250	12,250	
<b>Total Undist. Expend. - Guidance</b>	<b>622,698</b>	<b>(33,166)</b>	<b>589,532</b>	<b>589,224</b>	<b>308</b>
<b>Undist. Expend. - Child Study Teams:</b>					
Salaries of Other Professional Staff	343,172	(3,463)	339,709	339,709	
Salaries of Secretarial and Clerical Assistants	98,305	(607)	97,698	97,698	
Other Salaries	764	(516)	248	248	
Purchased Professional - Educational Services	4,500		4,500	4,500	
Other Purchased Professional and Technical Services	3,000	(250)	2,750	2,745	5
Miscellaneous Purchased Services	7,781	1,203	8,984	8,984	
Supplies and Materials	6,000	324	6,324	6,304	20
Other Objects	900	75	975	975	
<b>Total Undist. Expend. - Child Study Teams</b>	<b>464,422</b>	<b>(3,234)</b>	<b>461,188</b>	<b>461,163</b>	<b>25</b>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Improvement of Instructional Services:</b>					
Salaries of Supervisors of Instruction	\$ 63,668	\$ (4,400)	\$ 59,268	\$ 57,915	\$ 1,353
Salaries of Other Professional Staff	28,886	(2,867)	26,019	23,022	2,997
Salaries of Secretarial and Clerical Assistants	1,312		1,312		1,312
<b>Total Undist. Expend. - Improvement of Instructional Services</b>	<u>93,866</u>	<u>(7,267)</u>	<u>86,599</u>	<u>80,937</u>	<u>5,662</u>
<b>Undist. Expend. - Educational Media Services/School Library:</b>					
Salaries	296,030	(41,808)	254,222	245,393	8,829
Supplies and Materials	26,066		26,066	24,520	1,546
<b>Total Undist. Expend. - Educational Media Services/School Library</b>	<u>322,096</u>	<u>(41,808)</u>	<u>280,288</u>	<u>269,913</u>	<u>10,375</u>
<b>Undist. Expend. - Instructional Staff Training Services:</b>					
Purchased Professional - Educational Services	2,500	(1,000)	1,500		1,500
Other Purchased Services	15,400	(2,750)	12,650	3,344	9,306
Supplies and Materials	400		400	400	
<b>Total Undist. Expend. - Instructional Staff Training Services</b>	<u>18,300</u>	<u>(3,750)</u>	<u>14,550</u>	<u>3,744</u>	<u>10,806</u>
<b>Undist. Expend. - Support Services - General Administration:</b>					
Salaries	226,651	25,408	252,059	217,113	34,946
Legal Services	53,625	(11,714)	41,911	19,660	22,251
Audit Fees	40,000	(2,379)	37,621	37,621	
Other Purchased Professional Services	7,796	2,174	9,970	7,580	2,390
Communications/Telephone	76,625	33,702	110,327	97,846	12,481
BOE Other Purchased Services	6,800	(3,553)	3,247	3,247	
Other Purchased Services	58,930	(2,005)	56,925	56,869	56
General Supplies	7,500	1,139	8,639	8,639	
BOE In-House Training/Meeting Supplies	4,500	(3,832)	668	505	163

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Support Services - General Administration (Continued):</b>					
Miscellaneous Expenditures	\$ 6,000	\$ (872)	\$ 5,128	\$ 5,119	\$ 9
BOE Membership Dues and Fees	12,444	(609)	11,835	11,835	
<b>Total Undist. Expend. - Support Services - General Administration</b>	<u>500,871</u>	<u>37,459</u>	<u>538,330</u>	<u>466,034</u>	<u>72,296</u>
<b>Undist. Expend. - Support Serv. - School Administration:</b>					
Salaries of Principals/Assistant Principals	580,391	94,036	674,427	674,427	
Salaries of Other Professional Staff	216,195	29,154	245,349	245,349	
Salaries of Secretarial and Clerical Assistants	270,986	7,338	278,324	277,990	334
Other Purchased Services	4,360	(2,301)	2,059	1,565	494
Supplies and Materials	20,500	(6,050)	14,450	14,450	
Other Objects	13,725	(1,625)	12,100	12,045	55
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<u>1,106,157</u>	<u>120,552</u>	<u>1,226,709</u>	<u>1,225,826</u>	<u>883</u>
<b>Undist. Expend. - Central Services:</b>					
Salaries	345,219	(24,466)	320,753	320,753	
Purchased Professional Services	500	1,784	2,284	2,284	
Miscellaneous Purchased Services	11,318	1,737	13,055	13,055	
Supplies and Materials	5,838	5,261	11,099	6,787	4,312
Miscellaneous Expenditures	4,215	1,660	5,875	5,875	
<b>Total Undist. Expend. - Central Services</b>	<u>367,090</u>	<u>(14,024)</u>	<u>353,066</u>	<u>348,754</u>	<u>4,312</u>
<b>Undist. Expend. - Administrative Information Technology:</b>					
Salaries	91,091	(13,100)	77,991	77,991	
Purchased Technical Services	91,521	(2,028)	89,493	89,493	
Supplies and Materials	23,000	49,531	72,531	70,825	1,706
<b>Total Undist. Expend. - Administrative Information Technology</b>	<u>205,612</u>	<u>34,403</u>	<u>240,015</u>	<u>238,309</u>	<u>1,706</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Allowable Maintenance for School Facilities:</b>					
Salaries	\$ 212,238	\$ 14,636	\$ 226,874	\$ 226,776	\$ 98
Cleaning, Repair and Maintenance Services	78,426	39,216	117,642	113,113	4,529
General Supplies	55,208	51,386	106,594	102,467	4,127
Other Objects	135	328	463	190	273
<b>Total Allowable Maintenance for School Facilities</b>	<u>346,007</u>	<u>105,566</u>	<u>451,573</u>	<u>442,546</u>	<u>9,027</u>
<b>Undist. Expend. - Custodial Services:</b>					
Salaries	665,975	6,907	672,882	672,882	
Purchased Professional and Technical Services	8,800	8,613	17,413	17,413	
Cleaning, Repair and Maintenance Services	38,670	(14,315)	24,355	24,255	100
Other Purchased Property Services	40,500	1,250	41,750	40,760	990
Insurance	51,536		51,536	51,536	
General Supplies	111,000	(36,530)	74,470	58,336	16,134
Energy (Natural Gas)	343,393	(183,337)	160,056	157,502	2,554
Energy (Electricity)	290,000	(38,950)	251,050	250,563	487
Energy (Oil)	5,148	(2,504)	2,644	1,510	1,134
Other Objects	1,000	724	1,724	1,724	
<b>Total Undist. Expend. - Custodial Services</b>	<u>1,556,022</u>	<u>(258,142)</u>	<u>1,297,880</u>	<u>1,276,481</u>	<u>21,399</u>
<b>Undist. Expend. - Care and Upkeep of Grounds:</b>					
Salaries	49,418	(2,363)	47,055	47,054	1
Cleaning, Repair, and Maintenance Services	9,800	36,005	45,805	45,139	666
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>	<u>59,218</u>	<u>33,642</u>	<u>92,860</u>	<u>92,193</u>	<u>667</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Student Transportation Services:</b>					
<b>Salaries for Pupil Transportation:</b>					
Between Home and School - Regular	\$ 46,782	\$ (4,551)	\$ 42,231	\$ 42,231	
Between Home and School - Special Education	44,863	(3,738)	41,125	41,125	
Other than Between Home and School	25,396	17,594	42,990	42,990	
Management Fees - ESC Transportation Programs	10,000	(2,755)	7,245	7,245	
Cleaning, Repair and Maintenance Services	12,500	35,209	47,709	47,709	
<b>Contracted Services:</b>					
Aid in Lieu of Payments for Nonpublic School Students	8,500	(2,312)	6,188	6,188	
Other than Between Home and School - Vendors	22,650	(2,580)	20,070	20,070	
Between Home and School - Joint Agreements	65,000	(23,146)	41,854	41,854	
Special Education Students - Vendors	115,000	(29,134)	85,866	80,123	\$ 5,743
Miscellaneous Purchased Services - Transportation	9,462		9,462	9,462	
General Supplies	15,000	(327)	14,673	14,673	
Miscellaneous Expenditures	2,000	(442)	1,558	1,558	
<b>Total Undist. Expend. - Student Transportation Services</b>	<u>377,153</u>	<u>(16,182)</u>	<u>360,971</u>	<u>355,228</u>	<u>5,743</u>
<b>Unallocated Benefits:</b>					
Social Security Contributions	328,256	(17,652)	310,604	309,940	664
Other Retirement Contribution - Regular	258,420	(18,191)	240,229	240,229	
Unemployment Compensation	36,387	3,195	39,582	39,582	
Workmen's Compensation	159,343	(2,512)	156,831	154,545	2,286
Health Benefits	3,637,800	(354,587)	3,283,213	3,275,372	7,841
Tuition Reimbursement	28,000		28,000	28,000	
Other Employee Benefits	12,000	34,946	46,946	43,983	2,963
<b>Total Unallocated Benefits</b>	<u>4,460,206</u>	<u>(354,801)</u>	<u>4,105,405</u>	<u>4,091,651</u>	<u>13,754</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
<b>ON-BEHALF CONTRIBUTIONS:</b>					
TPAF Non-Contributory Insurance (non-budgeted)				\$ 37,604	\$ (37,604)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				706,247	(706,247)
Reimbursed TPAF Social Security Contributions (non-budgeted)				860,184	(860,184)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<u>1,604,035</u>	<u>(1,604,035)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>\$ 4,460,206</u>	<u>\$ (354,801)</u>	<u>\$ 4,105,405</u>	<u>5,695,686</u>	<u>(1,590,281)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>11,941,569</u>	<u>(612,795)</u>	<u>11,328,774</u>	<u>12,721,848</u>	<u>(1,393,074)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>22,476,381</u>	<u>(158,277)</u>	<u>22,318,104</u>	<u>23,626,078</u>	<u>(1,307,974)</u>
<b>CAPITAL OUTLAY:</b>					
Equipment:					
School Administration	15,000	31,279	46,279	43,316	2,963
School-Sponsored/Athletics		22,374	22,374	5,664	16,710
Undistributed:					
Instruction		13,710	13,710	13,710	
Operation & Maintenance of Plant Services		15,513	15,513	15,513	
School Buses - Special	19,747	64,459	84,206	84,206	
<b>Total Equipment</b>	<u>34,747</u>	<u>147,335</u>	<u>182,082</u>	<u>162,409</u>	<u>19,673</u>
Facilities Acquisition and Construction Services:					
Construction Services		17,097	17,097	17,097	
<b>Total Facilities Acquisition and Construction Services</b>		<u>17,097</u>	<u>17,097</u>	<u>17,097</u>	
<b>TOTAL CAPITAL OUTLAY</b>	<u>34,747</u>	<u>164,432</u>	<u>199,179</u>	<u>179,506</u>	<u>19,673</u>
<b>Transfer of Funds to Charter Schools</b>	<u>65,894</u>	<u>(6,155)</u>	<u>59,739</u>	<u>52,566</u>	<u>7,173</u>

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
TOTAL EXPENDITURES	\$ 22,577,022		\$ 22,577,022	\$ 23,858,150	\$ (1,281,128)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(473,948)		(473,948)	31,603	505,551
Fund Balance, July 1	1,414,248		1,414,248	1,414,248	
Fund Balance, June 30	\$ 940,300	\$ -0-	\$ 940,300	\$ 1,445,851	\$ 505,551
Recapitulation:					
Reserve for Encumbrances				\$ 109,594	
Reserve for Excess Surplus				4,732	
Capital Reserve				127	
Waiver Offset Reserve - Designated for Subsequent Year's Expenditures				82,161	
Tuition Reserve Designated for 2010-11 school year				450,000	
Tuition Reserve Designated for 2011-12 school year				250,000	
Unreserved - Designated for Subsequent Year's Expenditures				35,653	
Unreserved/Undesignated Fund Balance				513,584	
				1,445,851	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(607,113)	
Fund Balance per Governmental Funds (GAAP)				\$ 838,738	

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources		\$ 24,623	\$ 24,623	\$ 24,576	\$ (47)
State Sources	\$ 77,120	94,999	172,119	134,150	(37,969)
Federal Sources	663,258	671,475	1,334,733	1,103,953	(230,780)
<b>Total Revenues</b>	<u>740,378</u>	<u>791,097</u>	<u>1,531,475</u>	<u>1,262,679</u>	<u>(268,796)</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	230,805	33,566	264,371	236,283	28,088
Other Salaries for Instruction	34,800	125,354	160,154	158,241	1,913
Purchased Professional and Technical Services	57,495	(23,156)	34,339	17,310	17,029
Other Purchased Services		1,000	1,000		1,000
Tuition	149,219	(12,833)	136,386	131,340	5,046
General Supplies	85,978	86,281	172,259	127,449	44,810
Textbooks	11,985	189	12,174	12,126	48
Other Objects		11,130	11,130	2,977	8,153
<b>Total Instruction</b>	<u>570,282</u>	<u>221,531</u>	<u>791,813</u>	<u>685,726</u>	<u>106,087</u>
<b>Support Services:</b>					
Salaries of Other Professional Staff	25,000	25,359	50,359	42,727	7,632
Salaries of Secretarial and Clerical Assistants		12,145	12,145	7,710	4,435
Other Salaries	6,300	19,800	26,100	25,461	639
Personal Services - Employee Benefits	12,909	46,301	59,210	46,232	12,978
Purchased Professional and Technical Services	53,891	108,039	161,930	90,700	71,230

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Support Services:					
Purchased Professional-Educational Services	\$ 39,356	\$ 137,890	\$ 177,246	\$ 154,848	\$ 22,398
Other Purchased Services	15,000	35,389	50,389	39,540	10,849
Supplies and Materials	17,640	75,231	92,871	62,324	30,547
Total Support Services	<u>170,096</u>	<u>460,154</u>	<u>630,250</u>	<u>469,542</u>	<u>160,708</u>
Facilities Acquisition:					
Instructional Equipment		4,878	4,878	2,877	2,001
Non-Instructional Equipment		104,534	104,534	104,534	
Total Facilities Acquisition		<u>109,412</u>	<u>109,412</u>	<u>107,411</u>	<u>2,001</u>
Total Expenditures	<u>\$ 740,378</u>	<u>\$ 791,097</u>	<u>\$ 1,531,475</u>	<u>\$ 1,262,679</u>	<u>\$ 268,796</u>

TOWN OF NEWTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
 GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 23,889,753	\$ 1,262,679
Difference - Budget 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		(114,095)
Cancellation of Prior Year Encumbrances		(3,011)
Prior Year Encumbrances		16,033
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	592,213	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(607,113)	
	<u>\$ 23,874,853</u>	<u>\$ 1,161,606</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 23,858,150	\$ 1,262,679
Differences - Budget 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		(114,095)
Cancellation of Prior Year Encumbrances		(3,011)
Prior Year Encumbrances		16,033
	<u>\$ 23,858,150</u>	<u>\$ 1,161,606</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

TOWN OF NEWTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last state aid payments for the current year. Since the State is recording the last 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, 2010

	Private Donations	I.D.E.A.		Even Start Family Literacy		
		Basic 2009-10	Basic Carryover	Preschool 2009-10	2009-10	Carryover
<b>REVENUES</b>						
Local Sources	\$ 24,576					
State Sources						
Federal Sources		\$ 321,352	\$ 2,432	\$ 6,526	\$ 79,945	\$ 43,397
<b>Total Revenues</b>	<b>24,576</b>	<b>321,352</b>	<b>2,432</b>	<b>6,526</b>	<b>79,945</b>	<b>43,397</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers				4,090	15,005	6,140
Other Salaries for Instruction		98,976			6,562	1,163
Other Purchased Services						
Tuition		129,250				
General Supplies	24,576	1,316		1,858	181	6,237
Textbooks						
Other Objects					746	206
<b>Total Instruction</b>	<b>24,576</b>	<b>229,542</b>		<b>5,948</b>	<b>22,494</b>	<b>13,746</b>
<b>Support Services:</b>						
Salaries of Other Professional Staff					31,654	11,073
Salaries of Secretarial and Clerical Assistants					615	585
Other Salaries		3,000				
Personal Services - Employee Benefits		7,801		578	5,041	1,450
Purchased Professional and Technical Services		28,525	626		13,400	4,288
Purchased Professional - Educational Services		42,491	1,806		5,631	7,781
Other Purchased Services		9,725			1,023	3,327
Supplies and Materials		268			87	1,147
<b>Total Support Services</b>		<b>91,810</b>	<b>2,432</b>	<b>578</b>	<b>57,451</b>	<b>29,651</b>
<b>Facilities Acquisition:</b>						
Instructional Equipment						
Non-Instructional Equipment						
<b>Total Facilities Acquisition</b>						
<b>Total Expenditures</b>	<b>\$ 24,576</b>	<b>\$ 321,352</b>	<b>\$ 2,432</b>	<b>\$ 6,526</b>	<b>\$ 79,945</b>	<b>\$ 43,397</b>

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Carl D. Perkins - Secondary 2009-10	Nonpublic		Municipal Alliance	
		Nursing	Textbooks	2009-10	2008-09
<b>REVENUES:</b>					
Local Sources					
State Sources					
Federal Sources					
	\$ 22,652				
<b>Total Revenues</b>	<b>22,652</b>	<b>14,436</b>	<b>12,126</b>	<b>1,625</b>	<b>17,002</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	14,350				
Other Salaries for Instruction					
Purchased Professional and Technical Services				1,625	10,285
Tuition					
General Supplies	1,711				4,311
Textbooks			12,126		
Other Objects	2,025				
<b>Total Instruction</b>	<b>18,086</b>		<b>12,126</b>	<b>1,625</b>	<b>14,596</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff					
Salaries of Secretarial and Clerical Assistants					
Other Salaries					2,406
Personal Services - Employee Benefits	1,099				
Purchased Professional and Technical Services					
Purchased Professional - Educational Services					
Other Purchased Services	105	14,436			
Supplies and Materials	3,362				
<b>Total Support Services</b>	<b>4,566</b>	<b>14,436</b>			<b>2,406</b>
<b>Facilities Acquisition:</b>					
Instructional Equipment					
Non-Instructional Equipment					
<b>Total Facilities Acquisition</b>					
<b>Total Expenditures</b>	<b>\$ 22,652</b>	<b>\$ 14,436</b>	<b>\$ 12,126</b>	<b>\$ 1,625</b>	<b>\$ 17,002</b>

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Nonpublic Auxiliary Services</u>		<u>Nonpublic Handicapped Services</u>		
	<u>English As a Second Language</u>	<u>Compensatory Education</u>	<u>Supplementary Instruction</u>	<u>Examination and Classification</u>	<u>Corrective Speech</u>
<b>REVENUES:</b>					
Local Sources					
State Sources	\$ 1,218	\$ 28,665	\$ 12,638	\$ 16,405	\$ 12,862
Federal Sources					
<b>Total Revenues</b>		<u>28,665</u>	<u>12,638</u>	<u>16,405</u>	<u>12,862</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers					
Other Salaries for Instruction					
Purchased Professional and Technical Services					
Tuition					
General Supplies					
Textbooks					
Other Objects					
<b>Total Instruction</b>					
<b>Support Services:</b>					
Salaries of Other Professional Staff					
Salaries of Secretarial and Clerical Assistants					
Other Salaries					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services				16,405	12,862
Purchased Professional - Educational Services		28,665	12,638		
Other Purchased Services	1,218				
Supplies and Materials					
<b>Total Support Services</b>	<u>1,218</u>	<u>28,665</u>	<u>12,638</u>	<u>16,405</u>	<u>12,862</u>
<b>Facilities Acquisition:</b>					
Instructional Equipment					
Non-Instructional Equipment					
<b>Total Facilities Acquisition</b>					
<b>Total Expenditures</b>	<u>\$ 1,218</u>	<u>\$ 28,665</u>	<u>\$ 12,638</u>	<u>\$ 16,405</u>	<u>\$ 12,862</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, 2010

	New Jersey Coordinated School Health Demonstration Project		ARRA		
	2008-09	2009-10	Title I	I.D.E.A. Preschool	I.D.E.A. Basic
<b>REVENUES:</b>					
Local Sources					
State Sources	\$ 12,500	\$ 3,673			
Federal Sources			\$ 42,256	\$ 7,916	\$ 234,108
<b>Total Revenues</b>	<u>12,500</u>	<u>3,673</u>	<u>42,256</u>	<u>7,916</u>	<u>234,108</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	2,505	900			
Other Salaries for Instruction					51,540
Purchased Professional and Technical Services					
Tuition					
General Supplies			36,921	7,916	40,343
Textbooks					
Other Objects					
<b>Total Instruction</b>	<u>2,505</u>	<u>900</u>	<u>36,921</u>	<u>7,916</u>	<u>91,883</u>
<b>Support Services:</b>					
Salaries of Other Professional Staff					
Salaries of Secretarial and Clerical Assistants					
Other Salaries					
Personal Services - Employee Benefits					3,943
Purchased Professional and Technical Services					14,594
Purchased Professional - Educational Services					
Other Purchased Services	30	2,773			
Supplies and Materials	7,088		5,335		19,154
<b>Total Support Services</b>	<u>7,118</u>	<u>2,773</u>	<u>5,335</u>		<u>37,691</u>
<b>Facilities Acquisition:</b>					
Instructional Equipment	2,877				
Non-Instructional Equipment					104,534
<b>Total Facilities Acquisition</b>	<u>2,877</u>				<u>104,534</u>
<b>Total Expenditures</b>	<u>\$ 12,500</u>	<u>\$ 3,673</u>	<u>\$ 42,256</u>	<u>\$ 7,916</u>	<u>\$ 234,108</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, 2010

	No Child Left Behind				REBEL
	Title I Carryover	Title IIA Carryover	Title IID Carryover	Title IV Carryover	
REVENUES:					
Local Sources					
State Sources					
Federal Sources					\$ 1,000
Total Revenues	\$ 80,078	\$ 11,662	\$ 1,684	\$ 2,090	1,000
EXPENDITURES:					
Instruction:					
Salaries of Teachers	35,742				1,000
Other Salaries for Instruction					
Purchased Professional and Technical Services					
Tuition				2,090	
General Supplies	929				
Textbooks					
Other Objects					
Total Instruction	36,671			2,090	1,000
Support Services:					
Salaries of Other Professional Staff					
Salaries of Secretarial and Clerical Assistants	3,240				
Other Salaries	390	3,390			
Personal Services - Employee Benefits	2,985	259			
Purchased Professional and Technical Services					
Purchased Professional - Educational Services	16,979	3,295	1,684		
Other Purchased Services	4,680				
Supplies and Materials	15,133	4,718			
Total Support Services	43,407	11,662	1,684		
Facilities Acquisition:					
Instructional Equipment					
Non-Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	\$ 80,078	\$ 11,662	\$ 1,684	\$ 2,090	\$ 1,000

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	No Child Left Behind				Totals
	Title I	Title IIA	Title IID	Title IV	2010
REVENUES:					
Local Sources					\$ 24,576
State Sources					134,150
Federal Sources	\$ 200,387	\$ 45,855	\$ 388	\$ 1,225	1,103,953
Total Revenues	200,387	45,855	388	1,225	1,262,679
EXPENDITURES:					
Instruction:					
Salaries of Teachers	156,551				236,283
Other Salaries for Instruction					158,241
Purchased Professional and Technical Services	5,400				17,310
Tuition					131,340
General Supplies		985		165	127,449
Textbooks					12,126
Other Objects					2,977
Total Instruction	161,951	985		165	685,726
Support Services:					
Salaries of Other Professional Staff					42,727
Salaries of Secretarial and Clerical Assistants	3,270				7,710
Other Salaries	2,955	12,960	360		25,461
Personal Services - Employee Benefits	22,057	991	28		46,232
Purchased Professional and Technical Services					90,700
Purchased Professional - Educational Services	7,985	25,893			154,848
Other Purchased Services	1,163			1,060	39,540
Supplies and Materials	1,006	5,026			62,324
Total Support Services	38,436	44,870	388	1,060	469,542
Facilities Acquisition:					
Instructional Equipment					2,877
Non-Instructional Equipment					104,534
Total Facilities Acquisition					107,411
Total Expenditures	\$ 200,387	\$ 45,855	\$ 388	\$ 1,225	\$ 1,262,679

TOWN OF NEWTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOT APPLICABLE

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, 2010

Expenditures:	
Construction Services	\$ 165,483
Total Expenditures	165,483
Deficit of Revenue Under Expenditures	(165,483)
Fund Balance - Beginning of Year	\$ 165,483
Fund Balance - End of Year	-0-
<u>Recapitulation:</u>	
Unreserved Fund Balance	\$ -0-
Total Fund Balance - Budgetary Basis	-0-
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on the GAAP Basis	(92,390)
Fund Balance per Governmental Funds (GAAP)	\$ (92,390)

TOWN OF NEWTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
RENOVATIONS AND ADDITIONS TO THE SCHOOL DISTRICT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenue:</b>				
State Sources - SDA Grant	\$ 4,503,335		\$ 4,503,335	\$ 4,503,335
Bond Proceeds	9,446,000		9,446,000	9,446,000
<b>Total Revenue</b>	<b>13,949,335</b>		<b>13,949,335</b>	<b>13,949,335</b>
<b>Expenditures:</b>				
Legal Services	117,507		117,507	117,507
Purchased Professional and Technical Services	1,211,706		1,211,706	1,211,706
Construction Services	11,689,263	\$ 165,483	11,854,746	11,854,746
General Supplies	34,748		34,748	34,748
Other Objects	53,436		53,436	53,436
Equipment	677,192		677,192	677,192
<b>Total Expenditures</b>	<b>13,783,852</b>	<b>165,483</b>	<b>13,949,335</b>	<b>13,949,335</b>
<b>Excess/(Deficit) of Revenue Over/(Under) Expenditures</b>	<b>\$ 165,483</b>	<b>\$ (165,483)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

Additional Project Information:

Project Numbers	SP202141; SP202142; SP202143
Grant Date	04/09/02
Bond Authorization Date	12/11/01
Bonds Authorized	\$ 9,446,000
Bonds Issued	07/01/02
Original Authorized Cost	\$ 13,950,000
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 13,950,000

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	09/01/05
Revised Target Completion Date	11/30/09

PROPRIETARY FUNDS

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Food Service	After Care Program	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 25,436	\$ 7,780	\$ 33,216
Intergovernmental Accounts Receivable:			
State	700		700
Federal	12,485		12,485
Other Accounts Receivable	193	115	308
Inventories	26,578		26,578
Total Current Assets	65,392	7,895	73,287
Non-Current Assets:			
Capital Assets	185,178		185,178
Less: Accumulated Depreciation	(173,621)		(173,621)
Total Non-Current Assets	11,557		11,557
Total Assets	76,949	7,895	84,844
<u>LIABILITIES:</u>			
Current Liabilities:			
Deferred Revenue	11,165		11,165
Total Current Liabilities	11,165		11,165
<u>NET ASSETS:</u>			
Investment in Capital Assets Net of Related Debt	11,557		11,557
Unrestricted	54,227	7,895	62,122
Total Net Assets	\$ 65,784	\$ 7,895	\$ 73,679

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Service	After Care Program	Total
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 318,923		\$ 318,923
Daily Sales - Non-Reimbursable Programs	114,986		114,986
Other Income	4,648	\$ 34,217	38,865
Special Events	5,235		5,235
Total Operating Revenue	443,792	34,217	478,009
Operating Expenses:			
Cost of Sales	293,011		293,011
Salaries, Benefits & Payroll Taxes	395,318	29,499	424,817
Other Purchased Services and Supplies	12,672	2,536	15,208
Depreciation Expense	3,602		3,602
Total Operating Expenses	704,603	32,035	736,638
Operating Income/(Loss)	(260,811)	2,182	(258,629)
Non-Operating Income:			
Local Sources:			
Interest Income	373	81	454
State Sources:			
State School Lunch Program	9,639		9,639
State School Breakfast Program	2,275		2,275
Federal Sources:			
National School Lunch Program	178,148		178,148
School Breakfast Program	31,961		31,961
Food Distribution Program	31,587		31,587
Total Non-Operating Income	253,983	81	254,064
Change in Net Assets Before Cancellation of Compensated Absences Payable	(6,828)	2,263	(4,565)
Cancellation of Compensated Absences Payable	35,175		35,175
Change in Net Assets	28,347	2,263	30,610
Net Assets - Beginning of Year	37,437	5,632	43,069
Net Assets - End of Year	\$ 65,784	\$ 7,895	\$ 73,679

TOWN OF NEWTON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Food Service</u>	<u>After Care Program</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 445,254	\$ 34,102	\$ 479,356
Payments for Salaries, Payroll Taxes and Benefits	(369,143)	(29,499)	(398,642)
Payments for Supplies and Food and Miscellaneous Purchases	(302,385)	(2,536)	(304,921)
Net Cash Provided by/(Used for) Operating Activities	<u>(226,274)</u>	<u>2,067</u>	<u>(224,207)</u>
Cash Flows by Financing Activities:			
Interest Income	373	81	454
Net Cash Provided by Financing Activities	<u>373</u>	<u>81</u>	<u>454</u>
Cash Flows by Noncapital Financing Activities:			
State Sources	11,214		11,214
Federal Sources	201,409		201,409
Net Cash Provided by Noncapital Financing Activities	<u>212,623</u>		<u>212,623</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(13,278)	2,148	(11,130)
Cash and Cash Equivalents, July 1	<u>38,714</u>	<u>5,632</u>	<u>44,346</u>
Cash and Cash Equivalents, June 30	<u>\$ 25,436</u>	<u>\$ 7,780</u>	<u>\$ 33,216</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for)			
Operating Activities:			
Operating Income/(Loss)	\$ (260,811)	\$ 2,182	\$ (258,629)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for)			
Operating Activities:			
Depreciation	3,602		3,602
Food Distribution Program	31,587		31,587
Changes in Assets and Liabilities:			
Increase in Deferred Revenue	5,260		5,260
(Increase)/Decrease in Other Accounts Receivable	1,460	(115)	1,345
(Increase) in Inventory	(7,372)		(7,372)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (226,274)</u>	<u>\$ 2,067</u>	<u>\$ (224,207)</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 \$36,847 and utilized U.S.D.A. Commodities valued at \$31,587.

FIDUCIARY FUNDS

TOWN OF NEWTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<u>Agency</u>		<u>Totals</u>	<u>Private Purpose Scholarship Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>		
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 193,603	\$ 252,290	\$ 445,893	\$ 8,798
Investments	13,000		13,000	83,216
Total Assets	<u>206,603</u>	<u>252,290</u>	<u>458,893</u>	<u>92,014</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings		13,367	13,367	
Due to Student Groups	206,603		206,603	
Accrued Salaries and Wages		238,923	238,923	
Total Liabilities	<u>206,603</u>	<u>252,290</u>	<u>458,893</u>	
<u>NET ASSETS:</u>				
Reserved for Scholarships				<u>92,014</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 92,014</u>

TOWN OF NEWTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Scholarship Trust</u>
<b>ADDITIONS:</b>	
Investment Earnings:	
Interest	\$ 3,649
Net Investment Earnings	<u>3,649</u>
Total Additions	<u>3,649</u>
<b>DEDUCTIONS:</b>	
Scholarships Awarded	<u>7,091</u>
Total Deductions	<u>7,091</u>
Change in Net Assets	(3,442)
Net Assets - Beginning of the Year	<u>95,456</u>
Net Assets - End of the Year	<u>\$ 92,014</u>

TOWN OF NEWTON SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 183,510	\$ 345,027	\$ 334,934	\$ 193,603
Investments	13,000			13,000
Total Assets	<u>\$ 196,510</u>	<u>\$ 345,027</u>	<u>\$ 334,934</u>	<u>\$ 206,603</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	<u>\$ 196,510</u>	<u>\$ 345,027</u>	<u>\$ 334,934</u>	<u>\$ 206,603</u>
Total Liabilities	<u>\$ 196,510</u>	<u>\$ 345,027</u>	<u>\$ 334,934</u>	<u>\$ 206,603</u>

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

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 233,750	\$ 27,468,954	\$ 27,450,414	\$ 252,290
Total Assets	<u>\$ 233,750</u>	<u>\$ 27,468,954</u>	<u>\$ 27,450,414</u>	<u>\$ 252,290</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 18,612	\$ 27,230,031	\$ 27,235,276	\$ 13,367
Accrued Salaries and Wages	<u>215,138</u>	<u>238,923</u>	<u>215,138</u>	<u>238,923</u>
Total Liabilities	<u>\$ 233,750</u>	<u>\$ 27,468,954</u>	<u>\$ 27,450,414</u>	<u>\$ 252,290</u>

LONG-TERM DEBT

TOWN OF NEWTON SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2009	Retired or Matured	Balance June 30, 2010
			Date	Amount				
Construct, Furnish and Equip Renovations and Additions to the School System Entailing the Physical Plant and Educational Renovation/ Modernization of its Elementary, Middle and High Schools, the Reconfiguration of its Middle School to House Grades 6-8 and the Expansion of its Elementary School to House Grades PreK through 5	07/15/02	\$ 9,446,000	07/15/10	\$ 205,000	4.625%	\$ 625,000	\$ 200,000	\$ 425,000
			07/15/11	220,000	4.625%			
Refunding Bonds	3/30/06	8,230,000	07/15/10	5,000	3.375%			
			07/15/11	15,000	3.375%			
			07/15/12	245,000	3.625%			
			07/15/13	100,000	3.750%			
			07/15/13	155,000	5.000%			
			07/15/14	265,000	5.000%			
			07/15/15	200,000	4.000%			
			07/15/15	75,000	5.000%			
			07/15/16	300,000	5.000%			
			07/15/17	310,000	4.250%			
			07/15/18	325,000	4.250%			
			07/15/19	340,000	4.250%			
			07/15/20	355,000	4.250%			
			07/15/21	365,000	4.000%			
			07/15/22	380,000	4.000%			
			07/15/23	395,000	4.250%			
			07/15/24	410,000	4.250%			
			07/15/25	430,000	4.250%			
07/15/26	445,000	4.250%						
07/15/27	465,000	4.500%						
07/15/28	480,000	4.500%						

TOWN OF NEWTON SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2009	Retired or Matured	Balance June 30, 2010
			Date	Amount				
Refunding Bonds	3/30/06	\$ 8,230,000	07/15/29	\$ 505,000	4.500%			
			07/15/30	530,000	4.500%			
			07/15/31	550,000	4.500%			
			07/15/32	565,000	4.500%			
					\$ 8,215,000	\$ 5,000	\$ 8,210,000	
					\$ 8,840,000	\$ 205,000	\$ 8,635,000	

TOWN OF NEWTON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 587,296		\$ 587,296	\$ 587,296	
Total Revenues	<u>587,296</u>		<u>587,296</u>	<u>587,296</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	382,297		382,297	382,297	
Redemption of Principal	<u>205,000</u>		<u>205,000</u>	<u>205,000</u>	
Total Regular Debt Service	<u>587,297</u>		<u>587,297</u>	<u>587,297</u>	
Total Expenditures	<u>587,297</u>		<u>587,297</u>	<u>587,297</u>	
Deficit of Revenues Under Expenditures	(1)		(1)	(1)	
Fund Balance, July 1	<u>2</u>		<u>2</u>	<u>2</u>	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -0-</u>
<b>Recapitulation:</b>					
Unreserved - Designated for Subsequent Year's Expenditures				<u>\$ 1</u>	
				<u>\$ 1</u>	

**STATISTICAL SECTION**

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

**Contents**

	<b><u>Exhibit</u></b>
<p><b>Financial Trends</b></p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p><b>Revenue Capacity</b></p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p><b>Debt Capacity</b></p> <p>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.</p>	J-10 thru J-13
<p><b>Demographic and Economic Information</b></p> <p>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.</p>	J-14 thru J-15
<p><b>Operating Information</b></p> <p>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.</p>	J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

TOWN OF NEWTON SCHOOL DISTRICT  
NET ASSETS BY COMPONENT,  
LAST SIX FISCAL YEARS  
ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>						
Invested in Capital Assets, Net of Related Debt	\$ 3,493,863	\$ 5,428,579	\$ 5,563,884	\$ 5,733,564	\$ 5,887,444	\$ 6,002,364
Restricted	2,116,926	749,082	1,061,875	751,932	1,079,330	804,225
Unrestricted/(Deficit)	(603,075)	(810,111)	(774,702)	(890,997)	(1,154,624)	(981,722)
<b>Total Governmental Activities Net Assets</b>	<u>\$ 5,007,714</u>	<u>\$ 5,367,550</u>	<u>\$ 5,851,057</u>	<u>\$ 5,594,499</u>	<u>\$ 5,812,150</u>	<u>\$ 5,824,867</u>
<b>Business-type Activities</b>						
Invested in Capital Assets, Net of Related Debt	\$ 24,462	\$ 28,374	\$ 23,317	\$ 19,069	\$ 15,159	\$ 11,557
Unrestricted	36,762	33,756	52,958	35,768	27,910	62,122
<b>Total Business-type Activities Net Assets</b>	<u>\$ 61,224</u>	<u>\$ 62,130</u>	<u>\$ 76,275</u>	<u>\$ 54,837</u>	<u>\$ 43,069</u>	<u>\$ 73,679</u>
<b>District-wide</b>						
Invested in Capital Assets, Net of Related Debt	\$ 3,518,325	\$ 5,456,953	\$ 5,587,201	\$ 5,752,633	\$ 5,902,603	\$ 6,013,921
Restricted	2,116,926	749,082	1,061,875	751,932	1,079,330	804,225
Unrestricted/(Deficit)	(566,313)	(776,355)	(721,744)	(855,229)	(1,126,714)	(919,600)
<b>Total District Net Assets</b>	<u>\$ 5,068,938</u>	<u>\$ 5,429,680</u>	<u>\$ 5,927,332</u>	<u>\$ 5,649,336</u>	<u>\$ 5,855,219</u>	<u>\$ 5,898,546</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 10,339,392	\$ 10,786,992	\$ 11,345,284	\$ 11,778,827	\$ 11,197,600	\$ 11,737,137
Special Education	1,956,909	1,990,555	1,902,675	1,879,618	1,744,093	2,329,036
Other Special Education	220,726	309,288	97,384	93,852	105,494	122,491
School Sponsored/Other Instruction	816,806	750,722	894,954	911,009	874,396	988,405
<b>Support Services:</b>						
Tuition	336,797	336,612	394,809	482,719	728,472	738,970
Student & Instruction Related Services	3,445,918	3,765,488	3,615,156	3,858,181	3,736,780	3,081,302
General Administrative Services	596,644	553,167	549,854	578,516	521,785	595,557
School Administrative Services	1,567,958	1,500,529	1,745,403	1,796,326	1,637,845	1,672,794
Central Services	431,750	450,794	453,551	500,129	473,319	490,912
Administrative Information Technology	233,967	231,243	156,722	173,656	160,076	271,319
Plant Operations and Maintenance	1,996,061	2,111,084	2,376,187	2,526,960	2,333,438	2,377,602
Pupil Transportation	362,570	332,976	365,636	395,559	457,458	440,432
Transfer of Funds to Charter School	27,674	41,061	60,275	46,261	40,904	52,566
Interest on Long-term Debt	462,002	544,939	176,354	412,591	396,343	386,858
Capital Outlay	6,008	4,566	20,710	14,854	34	38,670
Unallocated Depreciation	69,515	69,515	69,515	69,515	24,922	286,987
<b>Total Governmental Activities Expenses</b>	<u>22,870,697</u>	<u>23,779,531</u>	<u>24,224,469</u>	<u>25,518,573</u>	<u>24,432,959</u>	<u>25,611,038</u>
<b>Business-type Activities:</b>						
Food Service	608,319	652,529	642,569	696,853	725,784	704,603
After Care					12,414	32,035
<b>Total Business-type Activities Expense</b>	<u>608,319</u>	<u>652,529</u>	<u>642,569</u>	<u>696,853</u>	<u>738,198</u>	<u>736,638</u>
<b>Total District Expenses</b>	<u>\$ 23,479,016</u>	<u>\$ 24,432,060</u>	<u>\$ 24,867,038</u>	<u>\$ 26,215,426</u>	<u>\$ 25,171,157</u>	<u>\$ 26,347,676</u>
<b>Program Revenues:</b>						
<b>Governmental Activities:</b>						
<b>Charges for Services:</b>						
Pupil Transportation	\$ 4,554					
Operating Grants and Contributions	4,713,362	\$ 4,895,959	\$ 5,538,685	\$ 5,577,206	\$ 3,228,306	\$ 3,491,209
Capital Grants and Contributions					63,851	
<b>Total Governmental Activities Program Revenues</b>	<u>4,717,916</u>	<u>4,895,959</u>	<u>5,538,685</u>	<u>5,577,206</u>	<u>3,292,157</u>	<u>3,491,209</u>
<b>Business-type Activities:</b>						
<b>Charges for Services:</b>						
Food Service	468,173	462,939	470,059	464,863	453,227	443,792
After Care					18,044	34,217
Operating Grants and Contributions - Food Service	161,942	180,984	186,475	210,375	255,342	253,610
<b>Total Business-type Activities Program Revenues</b>	<u>630,115</u>	<u>643,923</u>	<u>656,534</u>	<u>675,238</u>	<u>726,613</u>	<u>731,619</u>
<b>Total District Program Revenues</b>	<u>\$ 5,348,031</u>	<u>\$ 5,539,882</u>	<u>\$ 6,195,219</u>	<u>\$ 6,252,444</u>	<u>\$ 4,018,770</u>	<u>\$ 4,222,828</u>
<b>Net (Expense)/Revenue:</b>						
Governmental Activities	\$(18,152,781)	\$(18,883,572)	\$(18,685,784)	\$(19,941,367)	\$(21,140,802)	\$(22,119,829)
Business-type Activities	21,796	(8,606)	13,965	(21,615)	(11,585)	(5,019)
<b>Total District-wide Net Expense</b>	<u>\$(18,130,985)</u>	<u>\$(18,892,178)</u>	<u>\$(18,671,819)</u>	<u>\$(19,962,982)</u>	<u>\$(21,152,387)</u>	<u>\$(22,124,848)</u>
<b>General Revenues and Other Changes in Net Assets:</b>						
<b>Governmental Activities:</b>						
Property Taxes Levied for General Purposes, Net	\$ 8,159,439	\$ 8,812,255	\$ 9,529,621	\$ 9,910,806	\$ 10,247,124	\$ 10,647,528
Taxes Levied for Debt Service	659,886	660,158	560,558	634,723	633,701	587,296
Unrestricted Grants and Contributions	3,569,925	3,907,148	3,588,656	3,726,278	5,206,142	5,605,809
Tuition	5,416,146	5,640,271	5,316,942	5,324,462	5,162,763	5,180,176
Investment Earnings	71,018	76,580	95,002	53,631	21,705	16,650

TOWN OF NEWTON SCHOOL DISTRICT  
CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS  
ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED  
(Continued)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets						
Governmental Activities: (Cont'd)						
Miscellaneous Income	\$ 81,540	\$ 156,321	\$ 78,512	\$ 34,909	\$ 87,018	\$ 95,087
Transfers	(10,000)	(9,325)				
Total Governmental Activities	<u>17,947,954</u>	<u>19,243,408</u>	<u>19,169,291</u>	<u>19,684,809</u>	<u>21,358,453</u>	<u>22,132,546</u>
Business-type Activities:						
Investment Earnings	166	187	180	177	334	454
Transfers	10,000	9,325				
Cancellation of Prior Year Accounts Receivable					(517)	
Cancellation of Compensated Absences Payable						35,175
Total Business-type Activities	<u>10,166</u>	<u>9,512</u>	<u>180</u>	<u>177</u>	<u>(183)</u>	<u>35,629</u>
Total District-wide	<u>\$ 17,958,120</u>	<u>\$ 19,252,920</u>	<u>\$ 19,169,471</u>	<u>\$ 19,684,986</u>	<u>\$ 21,358,270</u>	<u>\$ 22,168,175</u>
Change in Net Assets						
Governmental Activities	\$ (204,827)	\$ 359,836	\$ 483,507	\$ (256,558)	\$ 217,651	\$ 12,717
Business-type Activities	31,962	906	14,145	(21,438)	(11,768)	30,610
Total District	<u>\$ (172,865)</u>	<u>\$ 360,742</u>	<u>\$ 497,652</u>	<u>\$ (277,996)</u>	<u>\$ 205,883</u>	<u>\$ 43,327</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$ 742,801	\$ 761,011	\$ 975,611	\$ 759,395	\$ 1,006,235	\$ 896,614
Unreserved:						
Designated for Subsequent Year's Expenditures	80,877	155,495				35,653
Undesignated	179,671	49,881	174,133	186,849	(184,200)	(93,529)
<b>Total General Fund</b>	<b>\$ 1,003,349</b>	<b>\$ 966,387</b>	<b>\$ 1,149,744</b>	<b>\$ 946,244</b>	<b>\$ 822,035</b>	<b>\$ 838,738</b>
All Other Governmental Funds						
Reserved	\$ 1,564,984	\$ 231,152	\$ 54,000			
Unreserved/(Deficit), Reported in:						
Special Revenue Fund	(19,215)	(11,930)	(18,065)	\$ (16,707)		
Capital Projects Fund	(171,645)	(126,825)	50,327	9,242	\$ 73,093	(92,390)
Debt Service Fund	1	1	2	2	2	1
<b>Total All Other Governmental Funds</b>	<b>\$ 1,374,125</b>	<b>\$ 92,398</b>	<b>\$ 86,264</b>	<b>\$ (7,463)</b>	<b>\$ 73,095</b>	<b>\$ (92,389)</b>
<b>Total Governmental Funds</b>	<b>\$ 2,377,474</b>	<b>\$ 1,058,785</b>	<b>\$ 1,236,008</b>	<b>\$ 938,781</b>	<b>\$ 895,130</b>	<b>\$ 746,349</b>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Revenues</b>						
Tax Levy	\$ 8,819,325	\$ 9,472,413	\$ 10,090,179	\$ 10,545,529	\$ 10,880,825	\$ 11,234,824
Tuition Charges	5,416,146	5,640,271	5,316,942	5,324,462	5,162,763	5,180,176
Transportation Fees from Individuals	4,554					
Miscellaneous	157,558	236,401	176,514	91,780	108,823	135,956
State Sources	7,170,827	7,696,785	8,089,588	8,557,641	7,706,076	7,072,376
Federal Sources	1,107,460	1,102,822	1,034,753	742,603	792,123	2,000,423
<b>Total Revenue</b>	<u>22,675,870</u>	<u>24,148,692</u>	<u>24,707,976</u>	<u>25,262,015</u>	<u>24,650,610</u>	<u>25,623,755</u>
<b>Expenditures</b>						
<b>Instruction</b>						
Regular Instruction	8,081,554	8,346,671	8,321,766	8,618,676	8,616,301	8,878,941
Special Education Instruction	1,466,024	1,528,041	1,389,855	1,412,434	1,336,172	1,725,255
Other Special Instruction	176,850	153,982	71,876	66,757	79,969	91,046
School-Sponsored/Other Instruction	643,370	644,350	650,439	671,559	674,299	760,356
<b>Support Services:</b>						
Tuition	336,797	336,612	394,809	482,719	728,472	738,970
Student & Other Instruction Related Services	2,791,021	2,934,990	2,729,255	2,861,233	2,857,821	2,446,931
General Administrative Services	520,676	466,101	447,895	467,798	447,225	466,034
School Administrative Services	1,128,557	1,061,846	1,167,281	1,194,807	1,220,145	1,225,826
Central Services	322,180	329,167	310,048	336,025	334,651	348,754
Administrative Information Technology	165,558	174,079	119,686	136,449	118,704	238,309
Plant Operations and Maintenance	1,569,063	1,659,012	1,844,739	1,955,723	1,810,873	1,811,220
Student Transportation	283,393	259,562	289,206	319,810	382,635	355,228
Allocated Benefits	2,918,146	3,176,227				
Unallocated Benefits	1,719,994	1,924,778	5,998,889	6,178,661	5,349,162	5,695,686
Transfer of Funds to Charter School	27,674	41,061	60,275	46,261	40,904	52,566
Capital Outlay	846,386	1,730,712	144,880	147,720	36,750	350,117
<b>Debt Service:</b>						
Principal	225,000	235,000	245,000	255,000	265,000	205,000
Interest and Other Charges	467,003	455,865	344,854	407,610	395,178	382,297
<b>Total Expenditures</b>	<u>23,689,246</u>	<u>25,458,056</u>	<u>24,530,753</u>	<u>25,559,242</u>	<u>24,694,261</u>	<u>25,772,536</u>
<b>Excess/(Deficit) of Revenues</b>						
Over/(Under) Expenditures	<u>(1,013,376)</u>	<u>(1,309,364)</u>	<u>177,223</u>	<u>(297,227)</u>	<u>(43,651)</u>	<u>(148,781)</u>
<b>Other Financing Sources/(Uses)</b>						
Long Term Debt Issued		8,230,000				
Payment to Bond Escrow Agent		(8,230,000)				
Transfers out	(10,000)	(9,325)				
<b>Total Other Financing Sources/(Uses)</b>	<u>(10,000)</u>	<u>(9,325)</u>				
<b>Net Change in Fund Balances</b>	<u>\$ (1,023,376)</u>	<u>\$ (1,318,689)</u>	<u>\$ 177,223</u>	<u>\$ (297,227)</u>	<u>\$ (43,651)</u>	<u>\$ (148,781)</u>
<b>Debt Service as a Percentage of</b>						
Noncapital Expenditures	<u>3.03%</u>	<u>2.91%</u>	<u>2.42%</u>	<u>2.61%</u>	<u>2.68%</u>	<u>2.31%</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Miscellaneous</u>	<u>Total</u>
2001	\$ 74,209	\$ 4,203,567	\$ 2,868	\$ 28,112	\$ 4,308,756
2002	47,262	4,403,881	1,555	50,294	4,502,992
2003	39,043	5,238,387	1,200	10,763	5,289,393
2004	29,940	5,353,024	1,200	33,079	5,417,243
2005	31,798	5,416,146	4,554	81,540	5,534,038
2006	76,580	5,640,271		156,321	5,873,172
2007	95,002	5,316,942		78,512	5,490,456
2008	53,808	5,324,462		34,732	5,413,002
2009	21,705	5,162,763		87,018	5,271,486
2010	16,650	5,180,176		95,087	5,291,913

TOWN OF NEWTON SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST SIX YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2004	\$ 5,741,500	\$ 241,687,900	\$ 313,300	\$ 51,000	\$ 90,968,500	\$ 10,202,900	\$ 22,971,900	\$ 371,937,000	\$ 115,703,400	\$ 4,455,139	\$ 376,392,139	\$ 2.34	\$ 496,968,903
2005	4,386,700	245,341,000	313,300	57,400	91,956,700	10,204,400	23,285,100	375,544,600	115,712,700	4,088,023	379,632,623	2.41	563,766,767
2006	4,616,700	247,236,500	313,300	48,600	93,488,500	10,204,400	23,214,400	379,122,400	118,639,200	4,543,336	383,665,736	2.54	663,627,256
2007	4,424,200	249,313,600	313,300	48,600	98,160,600	10,126,000	20,714,400	383,100,700	117,976,600	4,919,871	388,020,571	2.67	736,448,311
2008	* 14,008,800	533,542,800	543,600	39,800	206,779,300	22,616,900	46,204,800	823,736,000	250,504,000	10,701,330	834,437,330	1.28	835,648,931
2009	9,589,500	529,966,300	543,600	39,800	204,963,800	22,134,000	44,068,000	811,305,000	249,616,700	9,794,954	821,099,954	1.35	815,797,272

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessor

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

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

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

\* Revaluation became effective in this year.

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

Year Ended December 31,	School District of the Town of Newton Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Town of Newton	Sussex County	
2001	\$ 2.01	\$ 0.02	\$ 2.03	\$ 0.68	\$ 0.62	\$ 3.33
2002	2.14	0.02	2.16	0.71	0.65	3.52
2003	2.20	0.08	2.28	0.76	0.66	3.70
2004	2.20	0.14	2.34	0.95	0.66	3.95
2005	2.23	0.18	2.41	1.14	0.68	4.23
2006	2.39	0.15	2.54	1.28	0.76	4.58
2007	2.51	0.16	2.67	1.39	0.77	4.83
2008	* 1.21	0.07	1.28	0.76	0.38	2.42
2009	1.28	0.07	1.35	0.84	0.38	2.56

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Collector and School Business Administrator

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

\* Revaluation became effective in this year.

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

Taxpayer	2009*		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Kenneth D. Martin & Assoc. II, LLC (Home Depot)	\$ 13,770,700	1	1.68%
Sussex Nine Inc. (Barnhill)	11,063,100	2	1.35%
Merriam Gateway Apartments	10,456,400	3	1.27%
PECD Realty (Shoprite)	10,273,300	4	1.25%
United Telephone Company of NJ	9,793,674	5	1.19%
Newton West LTD (Landmark)	9,300,000	6	1.13%
Weis Markets, Inc.	8,647,200	7	1.05%
Gordon Newton Assoc, LLC	6,404,800	8	0.78%
Holiday Inn Express	6,396,200	9	0.78%
Newtonian Associates, LLC	5,980,000	10	0.73%
Total	<u>\$ 92,085,374</u>		<u>11.21%</u>

Taxpayer	2000		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Sussex County State Bank	\$ 7,479,100	1	2.05%
Newton West LTD (Landmark)	6,000,000	2	1.65%
United Telephone Company of NJ	5,831,705	3	1.60%
Merriam Gateway Apartments	5,635,300	4	1.55%
PECD Realty (Ronetco)	4,940,600	5	1.36%
Sussex Nine Inc. (Barnhill)	4,405,200	6	1.21%
Weis Markets, Inc.	4,031,900	7	1.11%
Newtonian Gardens	3,450,500	8	0.95%
Holiday Inn Express	6,396,200	9	1.76%
Newton Medical Building	2,482,200	10	0.68%
Total	<u>\$ 50,652,705</u>		<u>13.90%</u>

\* - Revaluation became effective in 2008.

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 7,336,842	\$ 7,336,842	100.00%	\$ -0-
2002	7,501,643	7,501,643	100.00%	-0-
2003	8,015,859	8,015,859	100.00%	-0-
2004	8,605,803	8,605,803	100.00%	-0-
2005	8,819,325	8,819,325	100.00%	-0-
2006	9,472,413	9,472,413	100.00%	-0-
2007	10,090,179	10,090,179	100.00%	-0-
2008	10,545,529	10,545,529	100.00%	-0-
2009	10,880,825	10,880,825	100.00%	-0-
2010	11,234,824	11,234,824	100.00%	-0-

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 SIX FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Capital Leases	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Bond Anticipation Notes (BANs)				
2005	\$ 9,571,000	\$ -0-	\$ 70,836	\$ -0-	\$ -0-	\$ 9,641,836	2.85%	\$ 1,161.95
2006	9,605,000	-0-	33,211	-0-	-0-	9,638,211	2.73%	1,159.97
2007	9,360,000	-0-	-0-	-0-	-0-	9,360,000	2.50%	1,134.68
2008	9,105,000	-0-	-0-	-0-	-0-	9,105,000	2.29%	1,109.96
2009	8,840,000	-0-	-0-	-0-	-0-	8,840,000	2.18%	1,084.13
2010	8,635,000	-0-	-0-	-0-	-0-	8,635,000	2.14%	1,062.90

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

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

TOWN OF NEWTON SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST SIX FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 9,571,000	\$ -0-	\$ 9,571,000	2.54%	\$ 1,153.41
2006	9,605,000	-0-	9,605,000	2.53%	1,155.98
2007	9,360,000	-0-	9,360,000	2.44%	1,134.68
2008	9,105,000	-0-	9,105,000	2.35%	1,109.96
2009	8,840,000	-0-	8,840,000	1.06% *	1,084.13
2010	8,635,000	-0-	8,635,000	1.05%	1,062.90

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

\* Revaluation became effective in 2008.

TOWN OF NEWTON SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2009  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Town of Newton	\$ 19,690,408	100.000%	\$ 19,690,408
Sussex County General Obligation Debt	91,743,407	3.923%	<u>3,598,745</u>
Subtotal, Overlapping Debt			23,289,153
School District of the Town of Newton Direct Debt			<u>8,635,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 31,924,153</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Newton. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

<sup>a</sup> 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 2010

	<u>Equalized valuation basis</u>
2009	\$ 806,065,574
2008	807,821,908
2007	804,495,380
	<u>\$ 2,418,382,862</u>
Average Equalized Valuation of Taxable Property	\$ 806,127,621
Debt Limit (4% of average equalization value)	32,245,105 <sup>a</sup>
Net Bonded School Debt	<u>8,635,000</u>
Legal Debt Margin	<u>\$ 23,610,105</u>

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$14,424,523	\$15,086,843	\$15,979,876	\$17,286,352	\$19,259,269	\$22,166,967	\$25,405,452	\$28,848,815	\$31,028,041	\$ 32,245,105
Total Net Debt Applicable to Limit	<u>560,000</u>	<u>490,000</u>	<u>9,866,000</u>	<u>9,796,000</u>	<u>9,571,000</u>	<u>9,605,000</u>	<u>9,360,000</u>	<u>9,105,000</u>	<u>8,840,000</u>	<u>8,635,000</u>
Legal Debt Margin	<u>\$13,864,523</u>	<u>\$14,596,843</u>	<u>\$ 6,113,876</u>	<u>\$ 7,490,352</u>	<u>\$ 9,688,269</u>	<u>\$12,561,967</u>	<u>\$16,045,452</u>	<u>\$19,743,815</u>	<u>\$22,188,041</u>	<u>\$ 23,610,105</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	3.88%	3.25%	61.74%	56.67%	49.70%	43.33%	36.84%	31.56%	28.49%	26.78%

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

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

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

Year	Population <sup>a</sup>	Town of Newton Income Personal Income <sup>b</sup>	Sussex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2001	8,275	\$ 319,224,675	\$ 38,577	4.30%
2002	8,305	321,594,515	38,723	6.10%
2003	8,315	327,078,840	39,336	6.50%
2004	8,298	338,716,062	40,819	4.90%
2005	8,309	352,717,050	42,450	3.30%
2006	8,249	374,900,552	45,448	3.80%
2007	8,203	397,632,222	48,474	3.70%
2008	8,154	405,767,502	49,763	4.70%
2009	8,124	404,274,612	49,763 *	7.90%
2010	8,124 **	647,994,612	79,763 *	N/A

\* - Latest Sussex County per capita personal income available (2008) was used for calculation purposes.

\*\* - Latest population data available (2009) was used for calculation purposes.

N/A - Information not available

Sources:

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

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

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

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

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

Employer	2009		Percentage of Total Employment
	Employees	Rank	
Crystal Springs Golf and Spa Resort	2,000	1	N/A
Newton Memorial Hospital	1,200	2	N/A
Selective Insurance	900	3	N/A
County of Sussex	830	4	N/A
Mountain Creek/Intrawest	800	5	N/A
Ames Rubber Corp.	445	6	N/A
Shop Rite (Ronetco Supermarkets, Inc.)	301	7	N/A
Andover Sub Acute & Rehab Center	300	8	N/A
Sussex County Community College	300	9	N/A
Newton Memorial Hospital	290	10	N/A
	7,366		

Employer	2000		Percentage of Total Employment
	Employees	Rank (Optional)	

INFORMATION NOT AVAILABLE

N/A - Total amount of employment is not available in order to do the percentage calculation

Source: Sussex County Chamber of Commerce

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction						
Regular	132	133	133	135	130	129
Special education	29	34	24	23	22	23
Other instruction	7	5	5	5	3	1
Support Services:						
Student & instruction related services	59	56	57	58	51	28
School administrative services	14	16	16	16	14	14
General administrative services	2	2	2	2	2	2
Plant operations and maintenance	21	23	22	20	19	20
Pupil transportation	2	2	2	2	2	2
Business and other support services	6	5	5	5	6	6
Food Service	1	1	1	1	1	1
Total	<u>273</u>	<u>277</u>	<u>267</u>	<u>267</u>	<u>250</u>	<u>226</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District of the Town of Newton Personnel Records

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

Fiscal Year End June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2005	1,740	\$ 22,150,857	\$ 12,730	6.53%	189	1:11.6	1:9.2	1:12.6	1,740	1,633	0.00%	93.85%
2006	1,720	23,036,479	13,393	5.21%	193	1:10.4	1:8.2	1:12.6	1,720	1,605	-1.15%	93.31%
2007	1,624	23,796,019	14,653	9.40%	164	1:16.7	1:13	1:16.3	1,624	1,521	-5.58%	93.66%
2008	1,586	24,748,912	15,605	6.50%	158	1:11.7	1:10.2	1:12.5	1,586	1,496	-2.34%	94.33%
2009	1,559	23,997,333	15,393	-1.36%	148	1:10.8	1:8.7	1:11.0	1,559	1,467	-1.70%	94.10%
2010	1,547	24,835,122	16,054	4.29%	135	1:13.5	1:10.9	1:14.9	1,537	1,453	-1.41%	94.53%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District of the Town of Newton records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

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

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Merriam Avenue School						
Square Feet	77,154	77,154	77,154	77,154	77,154	77,151
Capacity (students) - *	601; 693	601; 693	601; 693	601; 693	601; 693	601; 693
Enrollment	548	537	494	469	463	484
Halsted Street School						
Square Feet	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
Enrollment	307	295	270	269	269	262
Newton High School						
Square Feet	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
Enrollment	867	877	860	849	827	801
Board Office						
Square Feet	3,102	3,102	3,102	3,102	3,102	3,102
Number of Schools at June 30, 2010						
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 2005 Long Range Facility Plan.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District of the Town of Newton Facilities Office

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
2001	\$ 47,706	\$ 73,325	\$ 122,675	\$ 1,693	\$ 245,399
2002	49,782	76,516	128,013	1,767	256,078
2003	53,890	75,300	153,749	4,351	287,290
2004	82,739	88,771	182,625	31,695	385,830
2005	71,969	78,559	156,189	9,412	316,129
2006	83,126	74,361	172,649	20,797	350,933
2007	86,976	68,411	198,880	14,061	368,328
2008	96,932	80,887	270,606	24,686	473,111
2009	82,879	72,010	154,995	5,798	315,682
2010	104,153	98,963	225,315	14,115	442,546

\* 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  
AS OF JUNE 30, 2010  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund (SAIF):		
Property - Blanket Building and Contents Including Boiler and Machinery, Inland Marine and schedules (Blanket Fund Limit)	\$ 250,000,000 (Fund Aggregate)	\$ 1,000
Extra Expense	Included in fund limit	
School Board Legal Liability	5,000,000	
Excess Liability	5,000,000	
Casualty Coverage Including General Liability, Auto Liability, Employee Benefits Liability	5,000,000	
Comprehensive Crime Coverage:		
Theft, Disappearance and Destruction - Inside & Outside	50,000	1,000
Employee Dishonesty and Faithful Performance	500,000 per person	1,000
Computer Fraud	50,000	1,000
Forgery and Alteration	50,000	1,000
Workers' Compensation SAIF	As Required by State of NJ	
Workers' Compensation Supplement	As Required by State of NJ	
Public Officials' Bonds - Selective Insurance Company of America:		
Treasurer of School Monies	225,000	
School Business Administrator/Board Secretary	225,000	

Source: School District of the Town of Newton records.

SINGLE AUDIT SECTION



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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*

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

We have audited 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 School District, in the County of Sussex (the "Board") as of, and for the fiscal year ended, June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter that we have reported to the Board in a separate report, the *Auditors' Management Report on Administrative Findings – Financial, Compliance, and Performance*, dated September 20, 2010.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

September 20, 2010  
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP



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



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Town of Newton School District in the County of Sussex (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

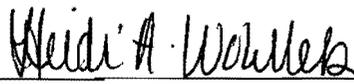
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

September 20, 2010  
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP



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

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Budgetary Expendi- tures	Cancellation of Prior Year Encum- brances	Balance at June 30, 2010	
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Cash Received			Budgetary Accounts Receivable	Budgetary Deferred Revenue
<u>U.S. Department of Agriculture:</u>											
Passed-through State Department of Education:											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/09-6/30/10	\$ 36,847			\$ 36,847	\$ (25,682)		\$ 11,165	
Food Distribution Program	10.555	N/A	7/1/08-6/30/09	25,199		\$ 5,905		(5,905)			
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	178,148			168,118	(178,148)	\$ (10,030)		
School Breakfast Program	10.553	N/A	7/1/09-6/30/10	31,961			29,506	(31,961)	(2,455)		
Fresh Fruits and Vegetable Program	10.582	N/A	10/1/08-6/30/09	31,784	\$ (3,785)		3,785				
Total Child Nutrition Cluster					(3,785)	5,905	238,256	(241,696)		(12,485) 11,165	
Total U.S. Department of Agriculture					(3,785)	5,905	238,256	(241,696)		(12,485) 11,165	
<u>U.S. Department of Education:</u>											
<u>General Fund:</u>											
ARRA - SFSF (State Fiscal Stabilization Fund):											
ESF (Education State Grants)	84.394	N/A	7/1/09-6/30/10	945,156			945,156	(945,156)			
GSF (Government Services)	84.394	N/A	7/1/09-6/30/10	36,588			36,588	(36,588)			
Total SFSF Cluster							981,744	(981,744)			
<u>Special Revenue Fund:</u>											
Passed-through State Department of Education:											
No Child Left Behind:											
Title I	84.010	NCLB359010	9/1/09-8/31/10	271,724			185,822	(200,387)		(14,565)	
Title I	84.010	NCLB359009	9/1/08-8/31/09	230,567	(54,398)		119,466	(80,078)	\$ 3,011	(11,999)	
ARRA - Title I	84.389	NCLB359010	7/1/09-8/31/11	65,267			42,156	(42,256)		(100)	
Total Title I Cluster					(54,398)		347,444	(322,721)	3,011	(26,664)	
Title IIA	84.367	NCLB359010	9/1/09-8/31/10	58,453			41,729	(45,855)		(4,126)	
Title IIA	84.367	NCLB359009	9/1/08-8/31/09	55,334	(34,669)		46,331	(11,662)			
Total Title II					(34,669)		88,060	(57,517)		(4,126)	
Title IV	84.186	NCLB359010	9/1/09-8/31/10	5,105			1,225	(1,225)			
Title IV	84.186	NCLB359009	9/1/08-8/31/09	5,386			2,090	(2,090)			
Total Title IV							3,315	(3,315)			
Title IID	84.318	NCLB359010	9/1/09-8/31/10	2,356			360	(388)		(28)	
Title IID	84.318	NCLB359009	9/1/08-8/31/09	1,897	(213)		1,897	(1,684)			
Total Title IID					(213)		2,257	(2,072)		(28)	
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA359010	9/1/09-8/31/10	338,512			264,632	(321,352)		(56,720)	
I.D.E.A. Part B, Basic	84.027	IDEA359009	9/1/08-8/31/09	341,383	(77,013)		79,445	(2,432)			
I.D.E.A. Preschool	84.173	IDEA359010	9/1/09-8/31/10	6,604			5,948	(6,526)		(578)	
I.D.E.A. Preschool	84.173	IDEA359009	9/1/08-8/31/09	6,619	(1,905)		1,905				
ARRA - I.D.E.A. Part B, Basic	84.391	IDEA359010	7/1/09-8/31/11	306,251			115,482	(234,108)		(118,626)	
ARRA - I.D.E.A. Preschool	84.392	IDEA359010	7/1/09-8/31/11	11,044			7,916	(7,916)			
Total Special Education Cluster					(78,918)		475,328	(572,334)		(175,924)	

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010.

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009		Cash Received	Budgetary Expendi- tures	Cancellation of Prior Year Encum- brances	Balance at June 30, 2010	
					Budgetary Accounts Receivable	Budgetary Deferred Revenue				Budgetary Accounts Receivable	Budgetary Deferred Revenue
<u>U.S. Department of Education:</u>											
Passed-through State Department of Education:											
Carl D. Perkins - Secondary	84.048	PERK359010	7/1/09-6/30/10	\$ 22,652			\$ 22,652	\$ (22,652)			
Carl D. Perkins - Secondary	84.048	PERK359009	7/1/08-6/30/09	21,239	\$ (21,239)		21,239				
Total Carl D. Perkins - Secondary					(21,239)		43,891	(22,652)			
Even Start Family Literacy	84.213	EvenStart359010	10/1/09-9/30/10	103,250			61,569	(79,945)		\$ (18,376)	
Even Start Family Literacy	84.213	08B523G03	10/1/08-9/30/09	116,659		\$ 1,099	42,298	(43,397)			
Total Even Start Family Literacy						1,099	103,867	(123,342)		(18,376)	
Total U.S. Department of Education					(189,437)	1,099	2,045,906	(2,085,697)	\$ 3,011	(225,118)	
<u>U.S. Department of Health and Human Services:</u>											
Medicaid Assistance Program	93.778	N/A	7/1/09-6/30/10	16,923			16,923	(16,923)			
Total Federal Awards					\$ (193,222)	\$ 7,004	\$ 2,301,085	\$ (2,344,316)	\$ 3,011	\$ (237,603)	\$ 11,165

N/A - Not Applicable

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, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2010		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>												
General Fund State Aid:												
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	\$ 4,428,922			\$ 3,918,131	\$ (4,428,922)			\$ (510,791)	\$ 4,428,922	
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	123,169			108,964	(123,169)			(14,205)	123,169	
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	535,168			473,447	(535,168)			(61,721)	535,168	
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	176,849			156,453	(176,849)			(20,396)	176,849	
Extraordinary Special Education Costs Aid	10-100-034-5120-473	7/1/09-6/30/10	80,311				(80,311)		\$ (80,311)	(80,311)	80,311	
Excess Nonpublic Transportation Costs	N/A	7/1/09-6/30/10	3,191				(3,191)		(3,191)	(3,191)	3,191	
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	860,184			860,184	(860,184)				860,184	
Equalization Aid	09-495-034-5120-078	7/1/08-6/30/09	5,374,542	\$ (516,973)		516,973					5,374,542	
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	84,319	(8,111)		8,111					84,319	
Special Education Aid	09-495-034-5120-089	7/1/08-6/30/09	535,863	(51,544)		51,544					535,863	
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	162,026	(15,585)		15,585					162,026	
Extraordinary Special Education Costs Aid	09-100-034-5120-473	7/1/08-6/30/09	25,969	(25,969)		25,969					25,969	
Excess Nonpublic Transportation Costs	N/A	7/1/08-6/30/09	5,742	(5,742)		5,742					5,742	
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/08-6/30/09	845,493	(41,846)		41,846					845,493	
Subtotal - General Fund				(665,770)		6,182,949	(6,207,794)		(83,502)	(690,615)	13,241,748	
<b>Special Revenue Fund Aid:</b>												
Nonpublic Auxiliary Services:												
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	29,750			29,750	(28,665)		\$ 1,085		28,665	
Compensatory Education	09-100-034-5120-067	7/1/08-6/30/09	35,832		\$ 9,158			\$ (9,158)			26,674	
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	2,446			2,446	(1,218)			1,228	1,218	
Nonpublic Handicapped Services:												
Supplementary Instruction	10-100-034-5120-066	7/1/09-6/30/10	14,336			14,336	(12,638)			1,698	12,638	
Supplementary Instruction	09-100-034-5120-066	7/1/08-6/30/09	16,190		1,900			(1,900)			14,290	
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	17,037			17,037	(12,862)			4,175	12,862	
Corrective Speech	09-100-034-5120-066	7/1/08-6/30/09	16,740		9,393			(9,393)			7,347	
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	22,666			22,666	(16,405)			6,261	16,405	
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	24,080		1,031			(1,031)			23,049	
N.J. Nonpublic Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	12,174			12,174	(12,126)			48	12,126	
N.J. Nonpublic Textbook Aid	09-100-034-5120-064	7/1/08-6/30/09	11,838		3,193			(3,193)			8,645	
N.J. Nonpublic Nursing Aid	10-100-034-5120-070	7/1/09-6/30/10	14,436			14,436	(14,436)				14,436	
N.J. Nonpublic Nursing Aid	09-100-034-5120-070	7/1/08-6/30/09	15,981		1,004			(1,004)			14,977	
N.J. Nonpublic Technology Initiative	09-100-034-5120-373	7/1/08-6/30/09	8,280		520			(520)			7,760	
Subtotal - Special Revenue Fund					26,199	112,845	(98,350)	(26,199)		14,495	201,092	
<b>State Department of Education:</b>												
Food Service Fund:												
State School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	9,639			9,102	(9,639)		(537)	(537)	9,639	
State School Breakfast Program	10-100-010-3350-021	7/1/09-6/30/10	2,275			2,112	(2,275)		(163)	(163)	2,275	
Subtotal - Food Service Fund						11,214	(11,914)		(700)	(700)	11,914	
<b>Total State Department of Education</b>				(665,770)	26,199	6,307,008	(6,318,058)	(26,199)	(84,202)	14,495	(691,315)	13,454,754

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2010		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of the Treasury:												
Special Revenue Fund:												
(Passed thru the County of Sussex to the Town of Newton)												
of Newton):												
Governor's Council on Alcohol and Drug Abuse - Municipal Alliance	100-082-2000-044-995120	1/1/10-12/31/10	\$ 18,772				\$ (1,625)		\$ (1,625)		\$ (1,625)	\$ 1,625
Governor's Council on Alcohol and Drug Abuse - Municipal Alliance	100-082-2000-044-995120	1/1/09-12/31/09	19,996	\$ (2,994)		\$ 19,996	(17,002)					19,996
Governor's Council on Alcohol and Drug Abuse - Municipal Alliance	100-082-2000-044-995120	1/1/07-12/31/07	19,577		\$ 727			\$ (727)				
Total State Department of the Treasury				(2,994)	727	19,996	(18,627)	(727)	(1,625)		(1,625)	21,621
State Department of Health and Senior Services:												
Special Revenue Fund:												
REBEL School Based Tobacco Prevention Initiative												
	N/A	9/1/09-5/31/10	1,000			1,000	(1,000)					1,000
New Jersey Coordinated School Health Demonstration Project												
	N/A	3/1/10-2/28/11	10,000				(3,673)		(3,673)		(3,673)	
New Jersey Coordinated School Health Demonstration Project												
	N/A	5/1/09-2/28/10	12,500			12,496	(12,500)		(4)		(4)	
Total State Department of Health and Senior Services:						13,496	(17,173)		(3,677)		(3,677)	1,000
NJ Schools Development Authority:												
Capital Projects Fund:												
Educational Facilities Construction and Financing Act:												
Merriam Avenue Elementary School	SP202142	N/A	2,610,635									2,610,635
Halsted Middle School	SP202143	N/A	473,796	(92,390)							(92,390)	381,406
Newton High School	SP202141	N/A	1,418,904	(63,851)					(63,851)		(63,851)	1,418,904
Total NJ Schools Development Authority				(156,241)					(63,851)		(156,241)	4,410,945
Total State Awards				\$ (825,005)	\$ 26,926	\$ 6,340,500	\$ (6,353,858)	\$ (26,926)	\$ (153,355)	\$ 14,495	\$ (852,858)	\$ 17,888,320

N/A - Not Applicable/Available

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include all of the federal and state award activity of the Board of Education, Town of Newton School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that 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 (\$14,900) for the general fund and (\$101,073) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the TPAF Non-Contributory Insurance and on-behalf TPAF Post Retirement Contributions revenue of \$37,604 and \$706,247 respectively. Revenue from federal and state awards is reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 998,667	\$ 6,936,745	\$ 7,935,412
Special Revenue Fund	1,001,756	135,631	1,137,387
Food Service Fund	241,696	11,914	253,610
Total Awards	<u>\$ 2,242,119</u>	<u>\$ 7,084,290</u>	<u>\$ 9,326,409</u>

TOWN OF NEWTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 4. 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 5. 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, 2010.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The district has been awarded grants totaling \$4,503,335 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2010, the District has expended \$4,410,945 and drawn down \$4,410,945 of the grant funds. In the Capital Projects Fund, the District realized the full amount of the grant funds as revenue on a budgetary basis in the year awarded and is realizing the grant funds as revenue on a GAAP basis when grant funds expended are submitted for reimbursement.

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's major federal and state programs for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	9/1/09-8/31/10	\$ 338,512	\$ 321,352
I.D.E.A. Part B, Basic	84.027	9/1/08-8/31/09	341,383	2,432
I.D.E.A. Preschool	84.173	9/1/09-8/31/10	6,604	6,526
ARRA - I.D.E.A. Part B, Basic	84.391	7/1/09-8/31/11	306,251	234,108
ARRA - I.D.E.A. Preschool	84.392	7/1/09-8/31/11	11,044	7,916
Title I Cluster:				
Title I	84.010	9/1/09-8/31/10	271,724	200,387
Title I	84.010	9/1/08-8/31/09	230,567	80,078
ARRA - Title I	84.389	7/1/09-8/31/11	65,267	42,256
State Fiscal Stabilization Fund Cluster:				
Education State Grants	84.394	7/1/09-6/30/10	945,156	945,156
Government Services	84.394	7/1/09-6/30/10	36,588	36,588
<u>State:</u>				
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	4,428,922	4,428,922
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	535,168	535,168
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	176,849	176,849

- The threshold for distinguishing federal and state Type A and Type B programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

Summary of Auditors' Results: (Cont'd)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circular NJOMB 04-04.

TOWN OF NEWTON SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

The District had no prior year audit findings.