

**Quinton Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

QUINTON TOWNSHIP SCHOOL DISTRICT

QUINTON, NEW JERSEY 08072

**Quinton Township School Board of Education
Quinton, New Jersey 08072**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Of the

**Quinton Township School Board of Education
Quinton, New Jersey 08072**

For the Fiscal Year Ended June 30, 2012

Prepared by:

**Quinton Township School
Board of Education Administration**

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INTRODUCTORY SECTION

Quinton Township School District

8 Robinson Street, P.O. Box 365
Quinton, NJ 08072

Heather M. Mayhew
Business Administrator

Phone: (856) 935-2379
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August 30, 2012

Honorable President and
Members of the Board of Education
Quinton Township School District
8 Robinson Street
Quinton, New Jersey 08072

Dear Board Members:

The comprehensive annual financial report of the Quinton Township School District for the fiscal year ending June 30, 2012, 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. 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 financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, MD&A and the basic financial statements including the District-wide statements fund statements, notes to the financial statements, required supplementary information other than MD&A including budgetary comparison schedules and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Quinton Township School 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 State and Local Governments," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's reports on the internal control and compliance with applicable laws and regulations and findings and recommendations, if any, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The District provides a full range of educational services appropriate to grade levels pre-K to 8. Approximately fifty percent of Quinton Township high school students attend Salem High School through a sending/receiving relationship, for which the Quinton School District pays tuition. The remaining fifty percent attend high school in the academy programs offered through the Salem County Vocational Technical School. These services include regular, as well as special education for handicapped students. Some special education students are also enrolled in programs outside the District for which tuition is paid.

2. ECONOMIC CONDITIONS AND OUTLOOK

Growth of businesses and employment levels are not expected in Quinton Township. Quinton Township has also received several monetary reductions over the 2009-2010 and 2010-2011 school years in the amount of \$775,148. These state aid reductions resulted in numerous cuts to programs and services for the students. Quinton Township received an increase of \$58,591 in the 2011-2012 budget year and an increase of \$93,682 for the 2012-2013 school year due to Choice funding; therefore previous programs were reinstated.

The future outlook for the District finances continues to depend primarily upon the ability and willingness of the Governor and State Legislature to provide funding for education in an equitable manner, as well as the District's residents to tax themselves for the support of education to the extent of the tax levy cap.

3. MAJOR INITIATIVES

The District has continued its commitment toward offering a quality education.

For the year ended June 30, 2012, the District directed its efforts and resources toward the following goals and initiatives:

Pupil Performance Objectives

1. By June 2012, less than 15% of the students in grades Kindergarten through four will be identified as eligible for basic skills in the area of language arts as a result of the implementation of a Response to Intervention Program.

This objective was not attained as 16.9% of the students in grades kindergarten through four were identified as eligible for basic skills in the area of language arts. Improvement was noted however, and this objective will be continued in 2012-2013.

2. By June 2012, 79% of the students in grades 3, 4, and 5 will attain a score of 200 or above on the New Jersey Assessment of Skills and Knowledge in the area of language arts.

This objective was not attained with 60.2% of the students in grades 3, 4, and 5 attaining a score of 200 or above on the language arts section of the NJASK. This objective will be continued in the 2012-2013 school year with a desired percentage of 85%.

3. By June 2012, 80% of the students in grades 6, 7, and 8 will attain a score of 200 or above on the New Jersey Assessment of Skills and Knowledge in the area of mathematics.

This objective was not attained with 76.7% of the students in grades 6, 7, and 8 attaining a score of 200 or above on the mathematics section of the NJASK. This objective will be continued with a desired percentage of 85%

As always, all initiatives are based on a complete program of professional development and support. Many in-service programs were offered to the teaching staff that addressed the needs of the teachers. Teachers also attended out-of-district workshops that addressed a variety of topics. Major professional development initiatives included balanced literacy and implementation strategies for the Connected Math Program. All staff development activities were focused on the school mission and goals, the pupil performance objectives and the professional development plans of the certificated staff.

4. MAJOR ACHIEVEMENT

The Quinton Township School was selected as a Governor's School of Excellence for the 2004-2005 school year and received a \$25,000 award. Areas of excellence for which the school was selected include literacy, technology integration, professional development, multi-age early childhood program and parental involvement.

Additionally, the Quinton Township School District was certified for a period of three years by the New Jersey State Board of Education during the 2009-2010 school year and was identified as "high performing." Five major areas were evaluated that included personnel, instruction and program, fiscal management, operations and governance. Quinton Township received 100% in the areas of personnel, fiscal management, and operations. In the areas of instruction and program and governance, 89% and 88% were received respectively.

5. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles (G.A.A.P.). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As a part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

6. 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 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, though not applicable, would be approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of the fund balance at year end.

7. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the G.A.S.B. The accounting system of the District is organized on the basis of funds and account groups which are converted from governmental fund balances to net assets.

8. DEBT ADMINISTRATION

At June 30, 2012, the District's outstanding debt issues included \$3,056,000 of general obligation bonds.

9. CASH MANAGEMENT

The investment policy of the District is guided in large part by the state statutes as detailed in "Notes to the Financial Statements," Note 2. 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 (G.U.D.P.A.). G.U.D.P.A. 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.

10. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, comprehensive/collision, hazard and theft insurance on property and contents, school board liability, workman's compensation and fidelity bonds.

11. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates

LLC 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 of 1996, and the revised OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB.

The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Quinton Township Board of Education 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 our financial and accounting staff.

Respectfully submitted,

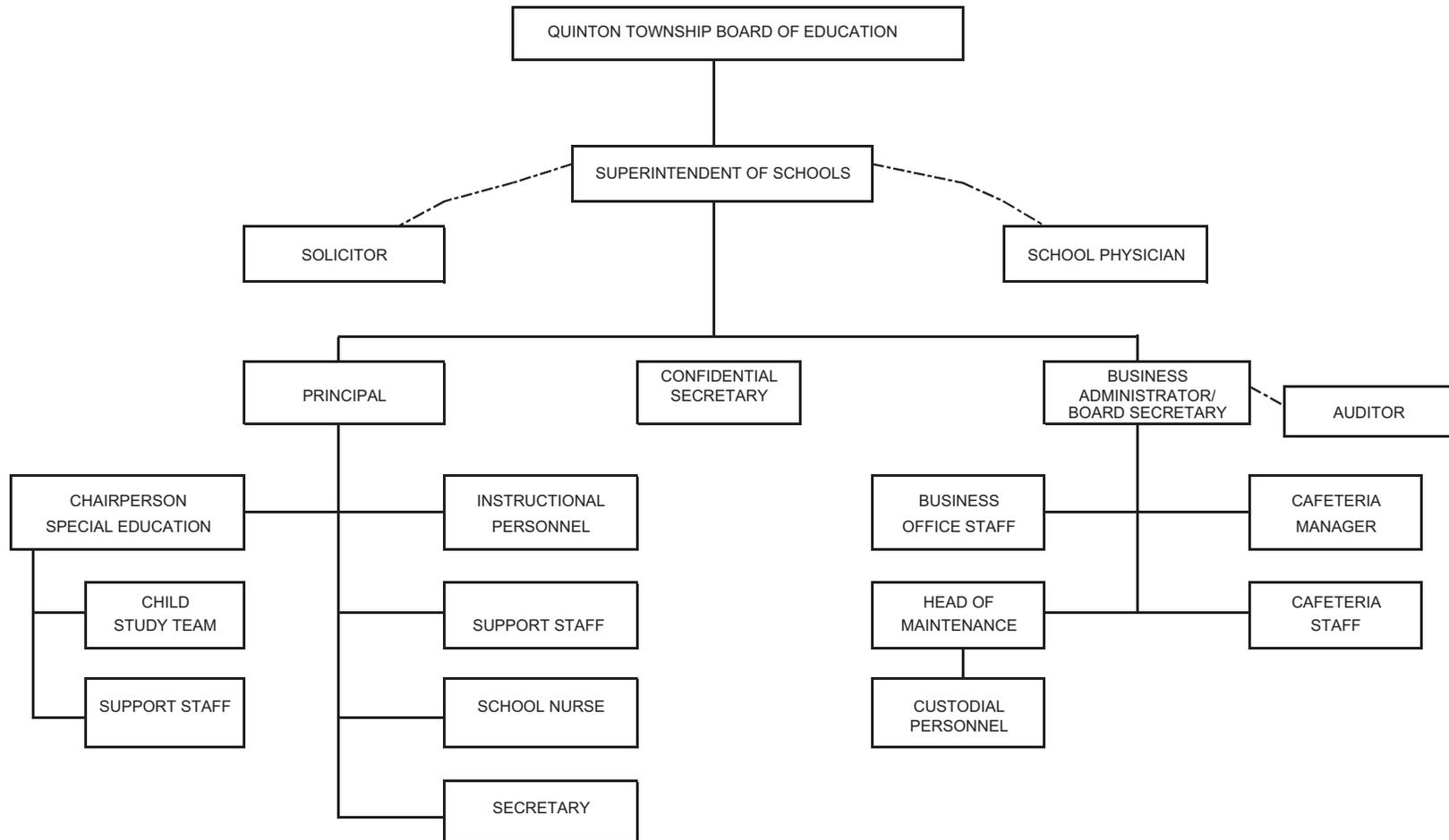
Donna M. Agnew

Donna M. Agnew
Superintendent

Heather M. Mayhew

Heather M. Mayhew
Business Administrator/Board Secretary

QUINTON TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL STRUCTURE



**QUINTON TOWNSHIP BOARD OF EDUCATION
QUINTON, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Mary Layman, President	2013
Marjorie Wentzell, Vice President	2013
Imogene Brown	2013
Pam DeWilde	2012
Arianne Hegeman	2014
Alice Moore	2012
Tracy Scull	2014
Stacey B. Sickler	2012
Conni Stockton	2014

OTHER OFFICIALS

Dr. Donna Agnew, Superintendent

Stewart Potter, Principal

Heather M. Mayhew, Business Administrator/Board Secretary

QUINTON TOWNSHIP BOARD OF EDUCATION
Quinton, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Petroni & Associates LLC
Certified Public Accountants
102 West High Street, Suite 100
P. O. Box 279
Glassboro, NJ 08028

ATTORNEY

George Rosenberger
Butler, Butler and Rosenberger
18 North Main Street
Woodstown, NJ 08098

NEGOTIATOR

Parker McCay P.A.
7001 Lincoln Drive West
P.O. Box 974
Marlton, NJ 08053

FISCAL AGENT

Wachovia Bank
230 South Tryon Street, CMCII
Charlotte, NC 28288-1153

OFFICIAL DEPOSITORIES

Fulton Bank of New Jersey
East Avenue
Woodstown, NJ 08098

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 W. High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Quinton Township School District
8 Robinson Street
Quinton, New Jersey 08072

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 Quinton Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Quinton Township School 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, business-type activities, each major fund, and the aggregate remaining fund information of the Quinton Township School Board of Education, in the County of Salem, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the 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 October 11, 2012, on our consideration of the Quinton Township School Board of Education's internal control over financial reporting and our test 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 our audit performed

in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information referenced in the outline of C.A.F.R. be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Quinton Township School Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and are also not a required part of the basic financial statements. The combining and individual fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 11, 2012

Required Supplementary Information – Part I

**Quinton Township School District
Management Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

This section of the Quinton Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2012. Comparative financial data between the current year (2011-2012) and the prior year (2010-2011) is included as required by GASB No. 34. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term and long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental funds statements* tell how *basic* services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Proprietary funds statements* offer *short-term* and *long-term* financial information about activities the District operates *like businesses*.
- *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.

Table 1 below 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 the structure and contents of each of the statements.

**Quinton Township School District
Management Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

Table 1: Major Features of the District-wide and Fund Financial Statements Fund Financial Statements

	District-wide 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 is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and 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 revenues and expenses during the year, regardless of when cash is received or paid	Revenues 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 revenues 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

**Quinton Township School District
Management Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

District-wide Financial 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 revenues 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 - are one way to measure the District's overall 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 overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

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 and state 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 program would be 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 completing approved capital projects) or to show that it is properly using certain revenues (such as federal grants).

The District has four 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 the reader 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 differences) between them.

**Quinton Township School District
Management Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

- **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. In fact, 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 flow.
- **Internal service funds** - (the other kind of proprietary fund) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently has one internal service fund.
- **Fiduciary funds** - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. 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 the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Assets - The District's combined total assets are \$8,449,518 on June 30, 2012. Approximately .75% of the total net assets are from business-type activities, while the balance of the total net assets is 99.25%, attributable to governmental activities (see Exhibit A-1).

Table 2

	Quinton Township School District's Net Assets					
	FY 2012		FY 2011		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2012	FY 2011
Assets						
Current and Other Assets	1,442,752	48,991	3,972,098	47,979	1,491,743	4,020,077
Capital Assets	6,943,080	14,695	4,454,641	16,551	6,957,775	4,471,192
Total Assets	8,385,832	63,686	8,426,739	64,530	8,449,518	8,491,269
Liabilities						
Current Liabilities	60,664		166,456		60,664	166,456
Noncurrent Liabilities	3,626,756		3,342,490		3,626,756	3,342,490
Total Liabilities	3,687,420		3,508,946		3,687,420	3,508,946
Net Assets						
Invested in Capital Assets, Net of Related Debt	3,887,080	14,695	1,208,641	16,551	3,901,775	1,225,192
Restricted	932,017		3,821,716	7	932,017	3,821,723
Unrestricted	(120,685)	48,991	(112,564)	47,972	(71,694)	(64,592)
Total Net Assets	4,698,412	63,686	4,917,793	64,530	4,762,098	4,982,323

The District's combined net assets were \$4,762,098 on June 30, 2012. This was a decrease of \$220,225 due to a capital projects expenditures.

**Quinton Township School District
Management Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

Table 3 Shows changes in net assets for fiscal year 2012

Changes in net asset - The District's total revenues are \$6,637,888 for the fiscal period ended June 30, 2012, (see Table 3). Property taxes and state grants and entitlements accounted for 91.3% of the District's revenue, 6% is derived from state and federal aid for specific programs, and the remainder, 2.7% from fees charged for services and miscellaneous resources (see Exhibit A-2).

Table 3

	FY 2012		FY 2011		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2012	FY 2011
Revenues:						
Program Revenues						
Charges for services		68,856	55,568	63,042	68,856	118,610
Federal & State categorical grants	296,606	101,660	326,664	91,488	398,266	418,152
General Revenues						
Property taxes	2,393,786		2,245,525		2,393,786	2,245,525
Grants and Entitlements	3,668,869		6,099,451		3,668,869	6,099,451
Other	108,111		211,634		108,111	211,634
Total Revenues	6,467,372	170,516	8,938,842	154,530	6,637,888	9,093,372
Expenses:						
Instruction-related	2,098,423		2,135,269		2,098,423	2,135,269
Tuition and student support services	1,871,925		1,423,069		1,871,925	1,423,069
General administration	249,069		225,433		249,069	225,433
School administration	105,679		101,315		105,679	101,315
Central services	159,119		126,528		159,119	126,528
Administrative information tech.	710		2,407		710	2,407
Plant operations & maintenance	473,675		450,026		473,675	450,026
Security	11,718		11,466		11,718	
Pupil transportation	358,172		348,761		358,172	348,761
Employee benefits	1,049,975		966,144		1,049,975	966,144
Interest on debt	153,286		62,450		153,286	62,450
Capital outlay	552		671		552	671
Food service		171,360		149,157	171,360	149,157
Depreciation	154,450		99,647		154,450	99,647
Total Expenses	6,686,753	171,360	5,953,186	149,157	6,858,113	6,102,343
Increase (decrease) in Net Assets	(219,381)	(844)	2,985,656	5,373	(220,225)	2,991,029

The District's predominant expenses are related to instruction and student support services, which is approximately 57.9%. Employee benefits made up 15.3% of the District's expenses. Another 7.5% is related to Administrative and Business departments, 5.2% for transportation expenses and 6.9% is related to Maintenance & Operations. Interest on debt made up 2.2% and food service, 2.5% of the overall expenditures. The remaining 2.5% is depreciation and capital outlay.

**Quinton Township School District
Management Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

Governmental Activities

Revenues for governmental activities (Exhibit B-2) were \$6,467,372 while total expenses amounted to \$9,360,926. This resulted in a decrease in net assets in governmental activities of \$2,893,554 for FY 2012.

Overall, the District's financial position can be credited to capital projects expenditures of \$2,662,160, which was an increase of \$894,250, increased interest costs of \$90,836 due to a grant anticipation note, offset by increased revenue of \$110,656 for Education Jobs Funds, increased debt service tax levy and state aid of \$155,837, and controlling expenses due to the impending state budget crisis, and the District securing grants to supplement local and state funding.

Business-Type Activities

Revenues of the District's business-type activities (food and nutrition services) were comprised of charges for services, federal and state reimbursements and investment earnings.

- Business-type activities expenses exceeded revenues by \$844 (Exhibit B-5).
- Charges for services represent \$68,856 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursements for meals (which includes payments for free and reduced lunches and breakfast), and donated commodities was \$101,660.

Financial Analysis of the District's Funds

The strong financial performance of the District as a whole is primarily reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$900,505 (See Exhibit B-2). Funds gained from being selected as a School Choice District amounted to \$162,168. The District also controlled expenditures resulting in increased fund balance as well.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fell into two categories:

- Transfers between budgetary line accounts to prevent overruns.
- Transfers from capital reserve to capital projects account.

The District's final budget anticipated utilizing \$384,218 in fund balance and \$4,945 of prior year encumbrances and legal reserves to fund the appropriation plan for this fiscal period. Due to the impending State budget crisis, actual expenditures in the last quarter of the fiscal year were minimal; this lead to a decrease of \$2,893,554 in fund balance of which \$2,662,160 is attributable to capital projects.

Capital Asset and Debt Administration

Capital Assets

The Quinton Township School District's investment in capital assets for its governmental and business type activities as of June 30, 2012, amounts to \$6,957,775 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture (see Table 4) (more detailed information about capital assets can be found in Note 6 to

**Quinton Township School District
Management Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

Capital Assets (Continued)

the financial statements). The total increase in capital assets for the current fiscal year was 55% due to capital projects being completed.

Table 4

	Quinton Township School District's Capital Assets						Total	
	FY 2012			FY 2011				
	Governmental	Fiduciary	Business- Type	Governmental	Fiduciary	Business- Type	FY 2012	FY 2011
Land	8,757			8,757			8,757	8,757
Construction in progress	3,386,102			723,942			3,386,102	723,942
Site improvements	54,170			62,217			54,170	62,217
Buildings	3,381,269			3,522,371			3,381,269	3,522,371
Machinery & equipment	112,782	2,200	14,695	137,354	216	16,551	129,677	154,121
Total	6,943,080	2,200	14,695	4,454,641	216	16,551	6,959,975	4,471,408

Long-Term Debt

At year-end, the District had \$3,656,756 of outstanding debt. Of this amount, \$3,056,000 is serial bonds outstanding. During fiscal year 1999-2000, the District sold \$2.31 million in general obligation bonds to help finance facilities construction and improvements throughout the District. During fiscal year 2007-2008, the District initiated a debt service refinancing during fiscal year 2010-2011, the District sold 1.821 million in general obligation bonds to help finance facilities construction and improvements including air conditioning throughout the District. A grant anticipation note has a balance of \$470,000. The balance of \$100,756 is for compensated absences.

Factors Bearing on the District's Future

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

- The collective bargaining contract expired on June 30, 2012. The settlement may be difficult to fund with a 2% tax levy cap.
- The District's special revenue and state aid are unpredictable revenue source. The District avails itself of every grant opportunity to increase educational opportunities for the students.
- Special Education costs are highly unpredictable and continue to increase. Several unanticipated out of district special education placements have created a financial burden.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Heather M. Mayhew, Business Administrator, Quinton Township School District, P.O. Box 365, 8 Robinson Street, Quinton, NJ 08072.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total Governmental Funds FY 2012
ASSETS			
Cash and cash equivalents	400,752	40,560	441,312
Receivables, net	679,623	2,077	681,700
Inventory		6,354	6,354
Restricted assets:			
Cash and cash equivalents	315,607		315,607
Capital reserve account - cash	46,770		46,770
Capital assets:			
Non-depreciable assets	3,394,859		3,394,859
Assets net of depreciation	3,548,221	14,695	3,562,916
Total Assets	8,385,832	63,686	8,449,518
LIABILITIES			
Cash overdraft	33,552		33,552
Accounts payable	21,203		21,203
Accrued interest on bonds	5,909		5,909
Noncurrent liabilities:			
Due within one year	670,000		670,000
Due beyond one year	2,956,756		2,956,756
Total liabilities	3,687,420		3,687,420
NET ASSETS			
Invested in capital assets, net of related debt	3,887,080	14,695	3,901,775
Restricted for:			
Capital projects	284,614		284,614
Debt service	1		1
Other purposes	647,402		647,402
Unrestricted	(120,685)	48,991	(71,694)
Total net assets	4,698,412	63,686	4,762,098

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	1,650,055			(1,650,055)		(1,650,055)
Special education	378,334		261,557	(116,777)		(116,777)
Other special education	57,929			(57,929)		(57,929)
Other instruction	12,105			(12,105)		(12,105)
Support services:						
Tuition	1,444,631			(1,444,631)		(1,444,631)
Student & instructional related services	427,294		26,211	(401,083)		(401,083)
General administrative services	249,069			(249,069)		(249,069)
School administrative services	105,679			(105,679)		(105,679)
Central services	159,119			(159,119)		(159,119)
Administration information technology	710			(710)		(710)
Plant operations & maintenance	473,675			(473,675)		(473,675)
Security	11,718			(11,718)		(11,718)
Pupil transportation	358,172			(358,172)		(358,172)
Employee benefits	1,049,975		8,838	(1,041,137)		(1,041,137)
Interest on long-term debt	153,286			(153,286)		(153,286)
Capital outlay	552			(552)		(552)
Unallocated depreciation	154,450			(154,450)		(154,450)
Total governmental activities	6,686,753		296,606	(6,390,147)		(6,390,147)
Business-type activities:						
Food service	171,360	68,856	101,660		(844)	(844)
Total business-type activities	171,360	68,856	101,660		(844)	(844)
Total primary government	6,858,113	68,856	398,266	(6,390,147)	(844)	(6,390,991)
General revenues:						
Taxes:						
Property taxes, levied for general purpose				2,154,507		2,154,507
Taxes levied for debt service				239,279		239,279
Federal and State aid not restricted				3,558,213		3,558,213
Federal aid restricted				110,656		110,656
Tuition charges				75,874		75,874
Investment Earnings				4,553		4,553
Miscellaneous Income				27,684		27,684
Total general revenues, special items, extraordinary items and transfers				6,170,766		6,170,766
Change in net assets				(219,381)	(844)	(220,225)
Net assets - beginning				4,917,793	64,530	4,982,323
Net assets - end				4,698,412	63,686	4,762,098

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

QUINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds FY 2012
ASSETS					
Cash and cash equivalents	389,151			315,607	704,758
Tax levy receivable	179,539		19,940		199,479
Receivables	74,557	13,350		392,237	480,144
Restricted cash and cash equivalents	46,770				46,770
Total assets	690,017	13,350	19,940	707,844	1,431,151
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft		13,613	19,939		33,552
Accounts payable	16,240	4,945			21,185
Loans payable				470,000	470,000
Accrued interest on bonds	5,909				5,909
Total liabilities	22,149	18,558	19,939	470,000	530,646
Fund balances:					
Restricted for:					
Capital reserve account	46,770				46,770
Excess surplus - current year	263,184				263,184
Excess surplus - prior year designated for subsequent year's expenditures	373,318				373,318
Capital projects fund				237,844	237,844
Assigned to:					
Designated by the B.O.E. for subsequent year's expenditures	10,900				10,900
Unassigned:					
General fund	(26,304)				(26,304)
Special revenue fund		(5,208)			(5,208)
Debt service fund			1		1
Total fund balances	667,868	(5,208)	1	237,844	900,505
Total liabilities and fund balances	690,017	13,350	19,940	707,844	

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

	<u>FY 2012</u>
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 assets is \$9,503,999 and the accumulated depreciation is \$2,560,919 (see Note 6).	6,943,080
Internal Service Funds are used by management to charge the costs of certain activities, such as transportation and food service to other governments. Assets and liabilities of the Internal Service Funds of \$11,583 are included in governmental activities in the Statement of Net Assets.	11,583
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 (see Note 7).	<u>(3,156,756)</u>
Net assets of governmental activities	<u><u>4,698,412</u></u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds FY 2012
REVENUES					
Local tax levy	2,154,507		239,279		2,393,786
Tuition charges	75,874				75,874
Interest earned on investments	4,436				4,436
Interest earned on capital reserve funds	117				117
Miscellaneous	27,684	3,852			31,536
	2,262,618	3,852	239,279		2,505,749
State sources	3,454,205	60,171	104,008		3,618,384
Federal sources	110,656	232,583			343,239
Total revenues	5,827,479	296,606	343,287		6,467,372
EXPENDITURES					
Current:					
Regular instruction	1,645,602				1,645,602
Special education instruction	121,952	261,557			383,509
Other special instruction	57,929				57,929
Other instruction	12,105				12,105
Support services & undistributed costs:					
Tuition	1,444,631				1,444,631
Student & instruction related services	394,567	22,318			416,885
General administrative services	239,213				239,213
School administrative services	105,679				105,679
Central services	159,119				159,119
Administration information technology	710				710
Plant operations and maintenance	469,681				469,681
Security	11,718				11,718
Pupil transportation	358,172				358,172
Employee benefits	1,041,137	8,838			1,049,975
Debt service:					
Principal			190,000		190,000
Interest and other charges			153,286		153,286
Capital outlay	552			2,662,160	2,662,712
Total expenditures	6,062,767	292,713	343,286	2,662,160	9,360,926
Excess (deficiency) of revenues over expenditures	(235,288)	3,893	1	(2,662,160)	(2,893,554)
Other financing sources (uses)					
Transfers from Capital reserve	(965)			965	
Total other financing sources (uses)	(965)			965	
Net change in fund balances	(236,253)	3,893	1	(2,661,195)	(2,893,554)
Fund balance - July 1	904,121	(9,101)		2,899,039	3,794,059
Fund balance - June 30	667,868	(5,208)	1	237,844	900,505

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Total net change in fund balances - governmental funds (from B-2) (2,893,554)

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

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

Capital outlays 2,662,160
Depreciation expense (173,721)

Repayment of debt principal 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.

Bond principal payments 190,000

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 a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.

(4,266)

Change in net assets of governmental activities (219,381)

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities - Food Service Fund FY 2012	Governmental Activities - Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	40,560	11,601
Accounts receivable	2,077	
Inventories	6,354	
Total current assets	<u>48,991</u>	<u>11,601</u>
Noncurrent assets:		
Furniture, machinery & equipment	83,140	
Less: accumulated depreciation	<u>(68,445)</u>	
Total noncurrent assets	<u>14,695</u>	
Total assets	<u><u>63,686</u></u>	<u><u>11,601</u></u>
LIABILITIES		
Accounts payable		18
Total liabilities		<u>18</u>
NET ASSETS		
Invested in capital assets net of related debt	14,695	
Unrestricted	48,991	11,583
Total net assets	<u><u>63,686</u></u>	<u><u>11,583</u></u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2012

	Business-type Activities - Food Service Fund	Governmental Activities - Internal Service Fund
OPERATING REVENUES:		
Local sources:		
Daily sales-reimbursable programs:	47,922	
Daily sales non-reimbursable programs	20,934	
Total operating revenue	68,856	
OPERATING EXPENSES:		
Salaries	50,845	
Employee benefits	3,890	
Purchased professional technical services	4,912	
Supplies and materials	2,573	
Other purchased services (400-500 series)	25	
Cost of sales	107,259	
Depreciation	1,856	
Total operating expenses	171,360	
Operating income (loss)	(102,504)	
NON-OPERATING REVENUES:		
State sources:		
National school lunch program - state	2,152	
Federal sources:		
National school lunch program	68,989	
National school breakfast program	18,158	
Food distribution program	12,361	
Total non-operating revenues (expenses)	101,660	
Income (loss) before operating transfers	(844)	
Net income (loss)	(844)	
Total net assets - beginning	64,530	11,583
Total net assets - ending	63,686	11,583

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - <u>Food</u> <u>Service Fund</u>	Governmental Activities - <u>Internal</u> <u>Service Fund</u>
Cash flows from operating activities:		
Receipts from customers	68,856	1,575
Payments to suppliers	(102,871)	
Payments to employees	(50,845)	
Payments for employee benefits	(3,890)	
Net cash provided (used) by operating activities	<u>(88,750)</u>	<u>1,575</u>
Cash flows from non-capital financing activities:		
Cash received from state & federal reimbursements	<u>87,321</u>	
Net cash provided by non-capital financing activities	<u>87,321</u>	
Net increase in cash and cash equivalents	(1,429)	1,575
Cash and cash equivalents - July 1	<u>41,989</u>	<u>10,026</u>
Cash and cash equivalents - June 30	<u><u>40,560</u></u>	<u><u>11,601</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(102,504)	
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	1,856	
Food distribution program	12,361	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		1,557
(Increase) decrease in inventory	(463)	
Increase in accounts payable		18
	<u>(88,750)</u>	<u>1,575</u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Technology Trust	Unemployment Compensation Trust	Agency Funds	FY 2012
ASSETS				
Current assets:				
Cash and cash equivalents	48,179	3,326	21,532	73,037
Noncurrent assets:				
Capital assets, net	2,200			2,200
Total assets	<u>50,379</u>	<u>3,326</u>	<u>21,532</u>	<u>75,237</u>
LIABILITIES				
Current liabilities:				
Due to student groups			17,062	17,062
Payroll deductions and withholdings			4,470	4,470
Total current liabilities			<u>21,532</u>	<u>21,532</u>
NET ASSETS				
Invested in capital assets net of of related debt	2,200			2,200
Held in trust for:				
Unemployment claims		3,326		3,326
Technology expenditures	48,179			48,179
Total net assets	<u>50,379</u>	<u>3,326</u>		<u>53,705</u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2012

	Trust Funds		FY 2012
	Technology Trust	Unemployment Compensation Trust	
ADDITIONS:			
Contributions:			
Plan members		4,814	4,814
Others	15,966		15,966
Total contributions	15,966	4,814	20,780
Investment earnings:			
Interest	138	24	162
Total investment earnings	138	24	162
Total additions	16,104	4,838	20,942
DEDUCTIONS:			
General supplies	2,895		2,895
Equipment	18,286		18,286
Unemployment claims		20,059	20,059
Depreciation	216		216
Total deductions	21,397	20,059	41,456
Change in net assets	(5,293)	(15,221)	(20,514)
Net assets July 1	53,472	18,547	72,019
Net assets June 30	48,179	3,326	51,505

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Quinton Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are 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.

The financial statements of the Board of Education of Quinton Township School District have been prepared in conformity with accounting principles generally accepted in the United States of America (G.A.A.P.) as applied to governmental units. The Governmental Accounting Standards Board (G.A.S.B.) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (G.A.S.B.) and the pronouncements of the Financial Accounting Standards Board (F.A.S.B.) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict (G.A.S.B.) pronouncements. Although the District has the option to apply (F.A.S.B.) pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in (G.A.A.P.) and used by the District are discussed below.

A. Reporting Entity

The Quinton Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms each. The purpose of the District is to educate students in grades K – 8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the G.A.S.B. Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's Board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. Government-wide Statements

The School District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects and debt service are classified as governmental activities. The District's food service and latchkey programs are classified as business-type activities.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide Statements (Continued)

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or business-type activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf Teacher's Pension and Annuity Fund (T.P.A.F.) Pension contributions, and T.P.A.F. Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay subfund.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

General Fund (Continued) - As required by the New Jersey State Department of Education, the District included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues.

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. These resources can be transferred from and to Current Expense by Board resolution.

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.

PROPRIETARY FUNDS

The focus of the Proprietary funds measurement is upon the determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the proprietary funds of the District:

Enterprise Funds - The Enterprise Funds account for all revenues and expenses pertaining to the Board's 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 on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the Food Service Fund.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and therefore not available to support District programs. The reporting focus is on net assets. Changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The fiduciary funds include Student Activity Fund, Payroll, Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that 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. Proceeds of general obligation long-term debt, if any, is recognized when due.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from G.A.A.P. in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

related revenues, whereas the G.A.A.P. basis does not. Sufficient supplemental records are maintained to allow for the presentation of G.A.A.P. basis financial reports.

E. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey statute (NJSA 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 Governmental Unit Deposit Protection Act (G.U.D.P.A.). G.U.D.P.A. was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 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 a market value of at least 5% 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 other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2012, consisted of the following:

Food - commodities	3,056
Supplies	785
Food	<u>2,513</u>
	<u><u>6,354</u></u>

The value of federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed using the straight-line method over the estimated useful lives:

Asset Class	Estimated Useful Lives
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

H. Revenues

Substantially all governmental fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

I. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

J. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted in the period in which such services are rendered or in which such events take place.

In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Receivables/Payables

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment 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.

L. Accrued Salaries and Wages

None of the School District's 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.

M. 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 for approval 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, except for the Special Revenue Fund as described later. 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 NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments 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).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Budgets/Budgetary Control (Continued)

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grants accounting budgetary basis differs from G.A.A.P. in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the G.A.A.P. basis does not. Sufficient supplemental records are maintained to allow for the presentation of G.A.A.P. basis financial reports.

N. 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 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 revenues 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.

O. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

P. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Q. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

T. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists 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.

U. Fund Balance Reserves

Fund Balance - The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Non-spendable - The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Reserves (Continued)

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2012 and 2011, was \$843,174 and \$1,017,949. As of June 30, 2012 and 2011, \$0 of the District's bank balance of \$1,152,112 and \$1,798,356, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2012 and 2011, the District did not have any investments.

Interest Rate Risk - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statute NJSA 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk - New Jersey Statute NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3: INVESTMENTS (CONTINUED)

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer.

NOTE 4: RECEIVABLES

Receivables at June 30, 2012, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State Aid	78,343	47
Township of Quinton	199,479	
Other LEA's	1,093	
School Development Authority	392,237	
Federal Aid	8,471	2,030
	<u>679,623</u>	<u>2,077</u>

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of \$1,000 in the 2000-2001 budget 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 (L.R.F.P.). Upon submission of the L.R.F.P. to the department, 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 NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved L.R.F.P.

The June 30, 2012, L.R.F.P. balance of local support costs of uncompleted capital projects is \$107,000.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5: CAPITAL RESERVE ACCOUNT (CONTINUED)

Beginning balance, July 1, 2011	47,618
Interest earnings	117
Withdrawals - transfer to capital projects	<u>965</u>
Ending balance June 30, 2012	<u><u>46,770</u></u>

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2012.

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	723,942	2,662,160		3,386,102
Sites (land)	<u>8,757</u>			<u>8,757</u>
Total capital assets not being depreciated	<u>732,699</u>	<u>2,662,160</u>	None	<u>3,394,859</u>
Site improvements	195,983			195,983
Building & building improvements	5,132,117			5,132,117
Machinery & equipment	<u>795,040</u>		14,000	<u>781,040</u>
Totals at historical cost	<u>6,123,140</u>	None	<u>14,000</u>	<u>6,109,140</u>
Less: accumulated depreciation				
Site improvements	(133,766)	(8,047)		(141,813)
Building & building improvements	(1,609,746)	(141,102)		(1,750,848)
Machinery & equipment	<u>(657,686)</u>	<u>(24,572)</u>	14,000	<u>(668,258)</u>
Total accumulated depreciation	<u>(2,401,198)</u>	<u>(173,721)</u>	<u>14,000</u>	<u>(2,560,919)</u>
Governmental activities capital assets, net	<u>4,454,641</u>	<u>2,488,439</u>		<u>6,943,080</u>
Business-type activities:				
Machinery & equipment	83,140			83,140
Less: accumulated depreciation	<u>(66,589)</u>	<u>(1,856)</u>		<u>(68,445)</u>
Business-type capital assets, net	<u>16,551</u>	<u>(1,856)</u>		<u>14,695</u>
Fiduciary-type activities:				
Machinery & equipment	8,037	2357		10,394
Less: accumulated depreciation	<u>(7,821)</u>	<u>(373)</u>		<u>(8,194)</u>
	<u>216</u>	<u>1,984</u>		<u>2,200</u>

Depreciation was charged to the following governmental programs:

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 6: CAPITAL ASSETS (CONTINUED)

Instruction	6,673
Support administration	8,604
Operation and maintenance	3,994
Unallocated	<u>154,450</u>
Total	<u><u>173,721</u></u>

NOTE 7: GENERAL LONG-TERM DEBT

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.

\$1,705,000 School Refunding Bonds dated November 20, 2009, payable in annual installments through March 1, 2021. Interest is paid semi-annually at an interest rate from 3.5% to 4.125%. The remaining balance at June 30, 2012, was \$1,300,000.

\$1,821,000 School Bonds dated July 29, 2010, payable in annual installments through February 15, 2029. Interest is paid semi-annually at an interest rate from 2% to 4%. The remaining balance at June 30, 2012, was \$1,756,000.

\$2,470,000 Grant Anticipation Note dated September 8, 2011, maturity September 7, 2012. Interest is paid annually at an interest rate of 1.55%. On March 19, 2012, \$2,000,000 was paid due to the receipt of School Development Authority Funding. The remaining balance at June 30, 2012, was \$470,000.

Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2012, are as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>	<u>Due within one year</u>
Compensated absences	96,490	16,697	12,431	100,756	
Grant anticipation note		2,470,000	2,000,000	470,000	470,000
Bonds payable	3,246,000		190,000	3,056,000	200,000
	<u><u>3,342,490</u></u>	<u><u>2,486,697</u></u>	<u><u>2,202,431</u></u>	<u><u>3,626,756</u></u>	<u><u>670,000</u></u>

Bonds Payable

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

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Year Ended			
June 30	Principal	Interest	Total
2013	200,000	113,313	313,313
2014	210,000	106,713	316,713
2015	220,000	99,813	319,813
2016	225,000	92,613	317,613
2017	235,000	85,143	320,143
2018-2022	1,101,000	290,637	1,391,637
2023-2027	605,000	126,600	731,600
2028-2029	260,000	15,600	275,600
	<u>3,056,000</u>	<u>930,432</u>	<u>3,986,432</u>

Bonds Authorized but Not Issued

As of June 30, 2012, the Board has \$0 of bonds authorized but not issued.

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2012, it is not necessary for the Board to establish a liability for arbitrage rebate.

Compensated absences are recorded as long-term liabilities due in more than one year.

NOTE 8: PENSION FUNDS

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (P.E.R.S.), or Teachers' Pension and Annuity Fund (T.P.A.F.) a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8: PENSION FUNDS (CONTINUED)

supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (T.P.A.F.) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund 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 District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified titles.

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for P.E.R.S. and T.P.A.F., increased from 5.5% of employees' annual compensation, as defined to 6.5%. Subsequent increased will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in P.E.R.S. and T.P.A.F. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The District's contributions to P.E.R.S. for the years ending June 30, 2012, 2011 and 2010, were \$50,733, \$56,799 and \$34,853, respectively, equal to the required contributions for each year. The School District's share of T.P.A.F. for the years ending June 30, 2012, 2011 and 2010, were \$217,235, \$150,592 and \$147,866 respectively, paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2012, 2011 and 2010, were \$2,828,628, \$2,685,994 and \$2,864,687, covered payroll was \$2,126,733, \$2,099,324 and \$2,273,100 for T.P.A.F. and \$349,245, \$401,304 and \$451,623 for P.E.R.S.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (D.C.R.P.) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et. seq.). The D.C.R.P. provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8: PENSION FUNDS (CONTINUED)

insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contribution for the year ended June 30, 2012, 2011 and 2010, were \$1,498, \$452 and \$0 for covered employees.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), 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 T.P.A.F. and P.E.R.S. 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, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. 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 P.L. 1992 c. 126, which provides free health benefits to members of P.E.R.S. and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

NOTE 10: COMPENSATED ABSENCES

The District accounts for compensated absences using the termination method (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 that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits Association employees to accumulate 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 if the employee has a minimum of 100 days in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 10: COMPENSATED ABSENCES (Continued)

For 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. The liability for compensated absences in the governmental fund at June 30, 2012, is \$100,756. The liability for compensated absences in the food service fund at June 30, 2012, is \$0.

NOTE 11: DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

ING	Lincoln Investment Planning, Inc.
Diversified Investment Advisors	MetLife

NOTE 12: LABOR CONTRACTS

As of June 30, 2012, the District's employees are organized in the Quinton Education Association collective bargaining unit which expired on June 30, 2012.

NOTE 13: OTHER EMPLOYEE BENEFITS PLAN

The district established and maintains a cafeteria plan for health benefits required by *NJSA 18A:16-19.1* as amended by P.L. 2011, c.78, s. 51. Effective July 1, 2010, Quinton Township School District entered into a pre-tax benefits plan with AFLAC. The purpose of the plan is to provide eligible employees with the opportunity to choose from among the fringe benefits under the plan. The plan is intended to qualify as a cafeteria plan under the provisions of Internal Revenue Code Section 125. The Dependent Care Expense Reimbursement Plan is intended to qualify as Internal Revenue Code Section 129 dependent care assistance plan, and the Medical Care Expense Reimbursement Plan it intended to qualify as Internal Revenue Code Section 105 medical reimbursement plan. The maximum amount, which a participant may make as contributions, shall be \$1,500 for medical care expenses and \$5,000 for dependent childcare expenses.

NOTE 14: 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.

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2011, the District did not incur claims in excess of their coverage.

The District is a member of the New Jersey School Boards Association Insurance Group - ERIC - South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14: RISK MANAGEMENT (CONTINUED)

Property and Liability Insurance: (Continued)

Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

New Jersey Unemployment Compensation Insurance:

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table below is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

Fiscal Year	Interest Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2011-2012	24	4,814	20,059	3,326
2010-2011	91	4,635	26,327	18,547
2009-2010	141	4,927	12,308	40,148

NOTE 15: OPERATING LEASES

The District has commitments to lease a postage machine and copiers under non-cancelable operating leases spanning five years. Total lease payments made during the year ended June 30, 2012, amounted to \$7,428. Future minimum lease payments are as follows:

Year Ended June 30	Amount
2013	7,428
2014	7,134
	<u>14,562</u>

NOTE 16: FUND BALANCE APPROPRIATED

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2012.

Restricted Fund Balance

Capital Reserve Account - Of the \$46,770 balance in the capital reserve account at June 30, 2012, \$0 has been designated for utilization in the 2012-2013 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

Maintenance Reserve Account - Of the \$0 balance in the maintenance reserve account at June 30, 2012. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (E.F.C.F.A.), (NJSA 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Excess Surplus - At June 30, 2012, excess surplus created in FY 2011 of \$373,318 will be utilized for expenditures in the 2012-2013 budget, while excess surplus created in FY 2012 of \$263,184 is restricted and will be utilized for budget expenditures in 2013-2014.

Debt Service Fund - At June 30, 2012, there was \$1 fund balance.

Committed Fund Balance - The District had no fund balance at June 30, 2012.

Assigned Fund Balance - At June 30, 2012, the Board of School Estimates has assigned \$10,900 of general fund balance to expenditures in the 2012-2013 budget.

Unassigned Fund Balance - At June 30, 2012, the District has (\$26,304) of unassigned fund balance in the general fund.

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. 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 years' budget. The excess fund balance at June 30, 2012, is \$636,502.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$26,304 (Exhibit B-1) in the General Fund and \$5,208 in the Special Revenue Fund as of June 30, 2012, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment 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 payment in the subsequent fiscal year, the School District cannot recognize the last state aid payment on the G.A.A.P. financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 19: ECONOMIC DEPENDENCY

The District is heavily reliant on state sources to fund the District operations. State sources funded approximately 56% of the District's 2011-2012 governmental operations excluding capital projects.

NOTE 20: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2012.

NOTE 21: CONTINGENT LIABILITIES

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

It is the opinion of the administration and legal counsels, there exists no litigation or contingent liability that may be pending against the Quinton Township School District that would have a material or adverse effect on the Board or the financial position of the District.

Required Supplementary Information - Part II

QUINTON TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	2,154,507		2,154,507	2,154,507	
Tuition from individuals	28,100		28,100		(28,100)
Tuition from LEA's				75,874	75,874
Interest on investments	2,000		2,000	4,436	2,436
Interest on capital reserve funds	150		150	117	(33)
Miscellaneous				27,684	27,684
Total - local sources	2,184,757		2,184,757	2,262,618	77,861
State sources:					
Equalization aid	2,460,502		2,460,502	2,460,502	
Transportation aid	189,107		189,107	189,107	
Special education aid	182,826		182,826	182,826	
Security aid	71,489		71,489	71,489	
Adjustment aid	99,610	(99,610)			
School choice		162,168	162,168	162,168	
Other state aid - nonpublic transportation				1,392	1,392
T.P.A.F. post-retirement medical (on-behalf non-budgeted)				145,070	145,070
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				72,165	72,165
Reimbursed T.P.A.F. social security contributions (non-budgeted)				170,674	170,674
Total - state sources	3,003,534	62,558	3,066,092	3,455,393	389,301
Federal sources:					
Education jobs fund	107,295	3,361	110,656	110,656	
Total - federal sources	107,295	3,361	110,656	110,656	
Total revenues	5,295,586	65,919	5,361,505	5,828,667	467,162

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction					
Salaries of teachers:					
Preschool	85,878	6,147	92,025	91,975	50
Kindergarten	139,893	1,069	140,962	139,083	1,879
Grades 1-5	721,723	63,008	784,731	784,731	
Grades 6-8	518,170	(65,640)	452,530	451,873	657
Regular programs - home instruction					
Salaries of teachers	1,500	(1,336)	164	116	48
Purchased professional-education services	1,500	1,336	2,836	2,835	1
Regular programs - undistributed instruction					
Other salaries for instruction	38,819		38,819	36,871	1,948
Purchased professional-education services	2,000		2,000	1,350	650
Purchased technical services	300		300	270	30
Other purchased services (400-500 series)	33,100	9,078	42,178	38,716	3,462
General supplies	65,910	6,748	72,658	69,918	2,740
Textbooks	8,000	17,390	25,390	24,090	1,300
Miscellaneous expenditures	4,800		4,800	3,774	1,026
Total regular programs	1,621,593	37,800	1,659,393	1,645,602	13,791
Resource room					
Salaries of teachers	117,531	3,087	120,618	120,618	
Other salaries for instruction		533	533	533	
General supplies	1,211	(410)	801	801	
Total resource room	118,742	3,210	121,952	121,952	
Total special education	118,742	3,210	121,952	121,952	
Basic skills/remedial					
Salaries of teachers	60,030	(2,429)	57,601	57,601	
General supplies	300	28	328	328	
Total basic skills/remedial	60,330	(2,401)	57,929	57,929	
School sponsored co-curricular activities					
Salaries	25,959		25,959	12,105	13,854
Other purchased services (400-500 series)	300		300		300
Total school sponsored co-curricular activities	26,259		26,259	12,105	14,154

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs - instruction					
Salaries	2,000		2,000		2,000
Total other instructional programs	2,000		2,000		2,000
Total other programs	88,589	(2,401)	86,188	70,034	16,154
Total - instruction	1,828,924	38,609	1,867,533	1,837,588	29,945
Undistributed expenditures					
Instruction:					
Tuition to other LEAs within state-regular	1,017,637	5,500	1,023,137	1,023,137	
Tuition to other LEAs within state-special	96,012		96,012	96,012	
Tuition to county special services district/ regional day schools	260,329	46,262	306,591	284,604	21,987
Tuition to private schools for the handicapped - within state	146,089	(97,447)	48,642	40,878	7,764
Total undistributed expenditures - instruction	1,520,067	(45,685)	1,474,382	1,444,631	29,751
Attendance and social work services					
Salaries	13,767		13,767	13,766	1
Total attendance and social work services	13,767		13,767	13,766	1
Health services					
Salaries	70,894	(1,162)	69,732	67,912	1,820
Purchased professional/technical services	3,225		3,225	2,605	620
Other purchased services (400-500 series)	750		750	166	584
Supplies and materials	7,150		7,150	6,269	881
Total health services	82,019	(1,162)	80,857	76,952	3,905
Related services					
Salaries of teachers	60,529	(1,640)	58,889	58,889	
Purchased professional-education services	20,000	9,857	29,857	26,363	3,494
Supplies and materials	600	(261)	339	339	
Total related services	81,129	7,956	89,085	85,591	3,494
Extraordinary services					
Salaries other instructional staff	33,810	(3,033)	30,777	30,767	10
Purchased professional-education services		26,000	26,000	26,000	
Total extraordinary services	33,810	22,967	56,777	56,767	10
Guidance services					
Salaries of other professional staff	29,664	(1,765)	27,899	19,057	8,842
Purchased professional/technical services	3,000		3,000	2,299	701
Supplies and materials	2,300		2,300	1,162	1,138
Total guidance services	34,964	(1,765)	33,199	22,518	10,681

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child study team					
Salaries of other professional staff	76,041	(1,739)	74,302	74,302	
Purchased professional-education services	5,000		5,000	2,771	2,229
Other purchased professional-technical services	5,000		5,000	2,138	2,862
Miscellaneous purchased services (400-500 series)	300		300	160	140
Supplies and materials	4,200		4,200	2,380	1,820
Miscellaneous expenditures	250		250	38	212
Total child study team	90,791	(1,739)	89,052	81,789	7,263
Educational media services/school library					
Salaries	46,365	(98)	46,267	45,042	1,225
Purchased professional-education services	2,000		2,000	1,594	406
Other purchased services (400-500 series)	900		900	744	156
Supplies and materials	2,750		2,750	1,198	1,552
Total educational media services/school library	52,015	(98)	51,917	48,578	3,339
Instructional staff training					
Purchased professional-education services	6,167	5,102	11,269	7,475	3,794
Other purchased services (400-500 series)	8,000	(5,102)	2,898	1,131	1,767
Total instructional staff training	14,167		14,167	8,606	5,561
Support services general administration					
Salaries	156,165	(481)	155,684	155,669	15
Legal services	3,000	781	3,781	3,781	
Audit fees	12,000	(900)	11,100	11,100	
Architectual/engineering services	2,000	(2,000)			
Other professional services	13,500	7,753	21,253	21,253	
Communications/telephone	21,000	(7,800)	13,200	12,237	963
Purchased technical services		13,500	13,500	13,500	
Other purchased services (400-500 series)	21,250	(8,867)	12,383	11,903	480
B.O.E. other purchased services	500	(500)			
Supplies and materials	2,007	(450)	1,557	1,518	39
B.O.E. in house training/meeting supplies	1,300	(102)	1,198	1,155	43
Miscellaneous expenditures	3,500	(215)	3,285	3,235	50
B.O.E. membership dues and fees	4,000	(138)	3,862	3,862	
Total support services general administration	240,222	581	240,803	239,213	1,590

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration					
Salaries of principals/assistant principals	84,827	(554)	84,273	84,003	270
Salaries of secretarial and clerical assistants	15,396		15,396	14,768	628
Other purchased services (400-500 series)	3,000		3,000	2,239	761
Supplies and materials	3,000	554	3,554	3,553	1
Miscellaneous expenditures	2,000	(581)	1,419	1,116	303
Total support services school administration	108,223	(581)	107,642	105,679	1,963
Central services					
Salaries	111,417	922	112,339	112,324	15
Purchased technical services	15,000	3,176	18,176	18,176	
Miscellaneous purchased services (400-500 series)	1,250	500	1,750	1,370	380
Supplies and materials	3,000	978	3,978	3,975	3
Interest on loans		26,239	26,239	22,356	3,883
Miscellaneous expenditures	1,000		1,000	918	82
Total central services	131,667	31,815	163,482	159,119	4,363
Administration information technology					
Salaries	3,000		3,000	710	2,290
Total administration information technology	3,000		3,000	710	2,290
Required maintenance for school facilities					
Cleaning, repair and maintenance services	23,975	21,218	45,193	45,159	34
Supplies and materials	3,000	(2,334)	666	666	
Total required maintenance for school facilities	26,975	18,884	45,859	45,825	34
Other operation & maintenance of plant services					
Salaries	175,625	(715)	174,910	170,957	3,953
Purchased professional and technical services	4,600		4,600	2,359	2,241
Cleaning, repair and maintenance services	57,500	6,613	64,113	47,770	16,343
Insurance	30,000	(3,351)	26,649	26,649	
Miscellaneous purchased services (400-500 series)	750	(425)	325	102	223
General supplies	27,300	1,724	29,024	29,024	
Energy (electricity)	85,000	(1,881)	83,119	78,439	4,680
Energy (oil)	50,000	18,556	68,556	68,556	
Total other operation & maintenance of plant services	430,775	20,521	451,296	423,856	27,440
Total operation & maintenance of plant services	457,750	39,405	497,155	469,681	27,474
Security					
Salaries	12,512		12,512	11,718	794
Total security	12,512		12,512	11,718	794

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services					
Salaries - regular	5,000		5,000	5,000	
Contracted services (between home and school) - vendors	156,676	(750)	155,926	154,873	1,053
Contracted services (other than between home and school) - vendors	1,000	750	1,750	1,460	290
Contracted services (regular students) - E.S.C. & C.T.S.A.	90,000		90,000	89,950	50
Contracted services (special education students) - E.S.C. & C.T.S.A.	126,081	(21,816)	104,265	91,861	12,404
Aid in lieu	17,680		17,680	15,028	2,652
Total student transportation services	396,437	(21,816)	374,621	358,172	16,449
Unallocated benefits					
Social security contributions	45,000	7,223	52,223	40,542	11,681
Other retirement contributions - regular	52,500	9,017	61,517	61,347	170
Unemployment compensation	1,000		1,000	189	811
Workers' compensation	30,000		30,000	23,579	6,421
Health benefits	543,724	(9,575)	534,149	517,486	16,663
Tuition reimbursement	12,000	(9,233)	2,767	950	1,817
Other employee benefits	10,000		10,000	9,135	865
Total unallocated benefits	694,224	(2,568)	691,656	653,228	38,428
T.P.A.F. post-retirement medical (on-behalf non-budgeted)				145,070	(145,070)
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				72,165	(72,165)
Reimbursed T.P.A.F. social security contributions (non-budgeted)				170,674	(170,674)
Total non-budgeted				387,909	(387,909)
Total undistributed expenditures	3,966,764	27,310	3,994,074	4,224,627	(230,553)
Total expenditures - current expense	5,795,688	65,919	5,861,607	6,062,215	(200,608)
CAPITAL OUTLAY:					
Facilities acquisition and construction services					
Other objects	552		552	552	
Total facilities acquisition and construction services	552		552	552	
Total capital outlay	552		552	552	
Total expenditures	5,796,240	65,919	5,862,159	6,062,767	(200,608)
Other financing sources (uses):					
Capital reserve transfer to capital projects	(965)		(965)	(965)	
Total other financing sources (uses)	(965)		(965)	(965)	

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (deficiency) of revenues & other financing sources over (under) expenditures and other financing uses	(501,619)		(501,619)	(235,065)	266,554
Net changes in fund balance	(501,619)		(501,619)	(235,065)	266,554
Fund balances - July 1	1,180,629		1,180,629	1,180,629	
Fund balances - June 30	<u>679,010</u>		<u>679,010</u>	<u>945,564</u>	<u>266,554</u>

Recapitulation:

Restricted Fund Balance

Capital reserve	46,770
Excess surplus - designated for subsequent year's expenditures	373,318
Excess surplus - current year	263,184

Assigned Fund Balance

Designated for subsequent year's expenditures	10,900
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Unassigned Fund Balance

	251,392
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945,564

Reconciliation to Governmental Fund Statements (G.A.A.P.):

June State Aid Payments not recognized on G.A.A.P. Basis	(277,696)
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Fund Balance per Governmental Funds (G.A.A.P.)	<u><u>667,868</u></u>
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QUINTON TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Education Jobs Fund Program
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal sources					
Education jobs fund	107,295	3,361	110,656	110,656	
Total revenues	107,295	3,361	110,656	110,656	
EXPENDITURES:					
Education jobs fund					
Grades 1-5					
Salaries of teachers	107,295	(12,879)	94,416	94,416	
Employee benefits		16,240	16,240	16,240	
Total education jobs fund	107,295	3,361	110,656	110,656	

QUINTON TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	53,498	179,085	232,583	232,583	
State sources	52,008	4,270	56,278	56,278	
Local sources		3,852	3,852	3,852	
Total Revenues	105,506	187,207	292,713	292,713	
EXPENDITURES:					
Instruction:					
Salaries of teachers	52,008	45,810	97,818	97,818	
Other salaries for instruction	53,498	(2,607)	50,891	50,891	
Tuition		99,893	99,893	99,893	
		8,685	8,685	8,685	
Other objects		4,270	4,270	4,270	
Total Instruction	105,506	156,051	261,557	261,557	
Support Services:					
Personal services - employee benefits		8,838	8,838	8,838	
Purchased professional - educational services		18,127	18,127	18,127	
Other purchased services (400-500 series)		4,191	4,191	4,191	
Total support services		31,156	31,156	31,156	
Total expenditures	105,506	187,207	292,713	292,713	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

QUINTON TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-G.A.A.P. Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2012

Note A: Explanation of Differences between Budgetary Inflows and Outflows and
 G.A.A.P. Revenues and Expenditures

		General Fund C-1		Special Revenue Fund
Sources/inflows of resources:				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1]	5,828,667	[C-2]	292,713
Difference - budget to G.A.A.P.:				
Grant accounting budgetary basis differs from G.A.A.P. in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for G.A.A.P. statements in current year, previously recognized for budgetary purposes.		276,508		9,101
State aid payments recognized for budgetary purposes, not recognized for G.A.A.P. statements.		(277,696)		(5,208)
<hr/>				
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	5,827,479	[B-2]	296,606
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1]	6,062,767		292,713
Difference - budget to G.A.A.P.:				
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.				
<hr/>				
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	6,062,767	[B-2]	292,713

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Total Brought Forward Ex. E-1a	Title I Part A	(See E-2) Preschool Education	Totals	
				FY 2012	FY 2011
REVENUES:					
Federal sources	143,180	89,403		232,583	226,606
State sources	4,270		52,008	56,278	95,805
Local sources	3,852			3,852	4,253
Total revenues	151,302	89,403	52,008	292,713	326,664
EXPENDITURES:					
Instruction:					
Salaries of teachers	32,876	12,934	52,008	97,818	124,576
Other salaries for instruction		50,891		50,891	61,010
Tuition	99,893			99,893	97,325
General supplies		8,685		8,685	
Other objects	4,270			4,270	4,791
Total instruction	137,039	72,510	52,008	261,557	287,702
Support services:					
Personal services - employee benefits	4,945	3,893		8,838	19,254
Purchased professional - educational services	5,127	13,000		18,127	14,390
Other purchased services (400-500 series)	4,191			4,191	5,318
Total support services	14,263	16,893		31,156	38,962
Total expenditures	151,302	89,403	52,008	292,713	326,664

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Total Brought Forward Ex. E-1b	NJ SBA Safety Grant	Rural Education Achievement Program	Title II, Part A Teacher & Principal Training & Recruiting	Total Carried Forward
REVENUES:					
Federal sources	102,409		31,182	9,589	143,180
State sources	4,270				4,270
Local sources		3,852			3,852
Total revenues	106,679	3,852	31,182	9,589	151,302
EXPENDITURES:					
Instruction:					
Salaries of teachers	2,147		26,606	4,123	32,876
Tuition	99,893				99,893
Other objects	4,270				4,270
Total instruction	106,310		26,606	4,123	137,039
Support services:					
Personal services - employee benefits	369		4,576		4,945
Purchased professional - educational services				5,127	5,127
Other purchased services (400-500 series)		3,852		339	4,191
Total support services	369	3,852	4,576	5,466	14,263
Total expenditures	106,679	3,852	31,182	9,589	151,302

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Municipal Alliance 2011	I.D.E.A. Part B	I.D.E.A. Preschool Program	Total Carried Forward
REVENUES:				
Federal sources		99,893	2,516	102,409
State sources	4,270			4,270
Total revenues	4,270	99,893	2,516	106,679
EXPENDITURES:				
Instruction:				
Salaries of teachers			2,147	2,147
Tuition		99,893		99,893
Other objects	4,270			4,270
Total instruction	4,270	99,893	2,147	106,310
Support services:				
Personal services - employee benefits			369	369
Total support services			369	369
Total expenditures	4,270	99,893	2,516	106,679

QUINTON TOWNSHIP SCHOOL DISTRICT
 Special Revenue Fund
 Preschool Education Aid Schedule of Exenditures
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2012

	Budgeted	Actual	Variance
Expenditures:			
Instruction:			
Salaries of teachers	52,008	52,008	
Total instruction	52,008	52,008	
Total expenditures	52,008	52,008	

CALCULATION OF BUDGET AND CARRYOVER

Total revised 2011-2012 Preschool education aid allocation	52,008
Add: Actual E.C.P.A. Carryover (June 30, 2011)	
Add: Budgeted transfer from the General Fund 2011-2012	
Total Preschool education aid funds available for 2011/2012 budget	52,008
Less: 2011-2012 budgeted preschool education aid (including prior year budgeted carryover)	52,008
Available & unbudgeted Preschool education aid funds as of June 30, 2012	
Add: June 30, 2012, unexpended preschool education aid 2011/2012 Carryover - preschool education aid/preschool	
2011/2012 Preschool education aid carryover budgeted for preschool programs 2011-2012	

CAPITAL PROJECTS FUND

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
June 30, 2012

Project Title/Issue	Original Date	Revised Budgetary Appropriation	G.A.A.P. Expenditures to Date		Unexpended Appropriation 06/30/12
			Prior Years	Current Year	
New exterior and classroom lights with light sensor and dimming controls; new exit signs, new hot water circulating pump; replace pneumatic temperature control system	12/30/09	567,924	121,754	446,170	
Replace unit ventilators, new boiler, install backflow preventors on domestic water system, and water lines to boiler. Replace kitchen water heater. Install AC in library server room, Replace toilet room fixtures	12/30/09	920,079	273,633	646,446	
Gym lighting replacement	12/30/09	29,644	6,388	23,256	
A/C buidlings 1928 & 1980; install emergency generator and reconfigure electrical panels	12/30/09	1,535,351	322,167	1,213,184	
Install roof-mounted photovoltaic system	12/30/09	569,520		333,104	236,416
Classroom #5 Renovations	02/26/09	41,869	40,441		1,428
		<u>3,664,387</u>	<u>764,383</u>	<u>2,662,160</u>	<u>237,844</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
 For the Fiscal Year Ended June 30, 2012

Revenues and Other Financing Sources	
Transfer from Capital reserve	965
	965
Total revenues	965
OPERATING EXPENSES:	
Purchased professional and technical services	58,952
Construction services	2,603,208
	2,662,160
Total expenses	2,662,160
Excess (deficiency) of revenues over (under) expenditures	(2,661,195)
Fund balance - beginning	2,899,039
	237,844
Fund balance - ending	237,844

QUINTON TOWNSHIP SCHOOL DISTRICT

Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis

New exterior and classroom lights with light sensor and dimming controls;

New exit signs, new hot water circulating pump; replace pneumatic temperature control system

From Inception and for the Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from capital reserve	28,219		28,219	28,219
State sources: SDA Grant	361,003		361,003	361,003
Bond proceeds	170,738	7,964	178,702	178,702
	559,960	7,964	567,924	567,924
Expenditures and other financing uses				
Purchased professional and technical services	42,147	12,938	55,085	54,468
Construction services	79,607	433,232	512,839	513,456
	121,754	446,170	567,924	567,924
Excess (deficiency) or revenues over (under) expenditures	438,206	(438,206)		
Additional project information:				
Project number	4280-050-09-1004			
Grant date	12/30/09			
Bond authorization date	07/15/10			
Bonds authorized	170,738			
Bonds issued	170,738			
Original authorized cost	559,960			
Additional authorized cost	7,964			
Revised authorized cost	567,924			
Percentage increase over original authorized cost		1%		
Percentage completion		100%		
Original target completion date	8/15/2011			
Revised target completion date	1/15/2012			

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis

Replace Unit ventilators, new boiler, install backflow preventors on domestic water system, and
water lines to boiler. Replace kitchen water heater. Install AC in library server room,
Replace toilet room fixtures

From Inception and for the Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from capital reserve	45,040		45,040	45,040
State sources: SDA Grant	576,191		576,191	576,191
Bond proceeds	272,513	26,335	298,848	298,848
	<u>893,744</u>	<u>26,335</u>	<u>920,079</u>	<u>920,079</u>
Expenditures and other financing uses				
Purchased professional and technical services	78,524	9,131	87,655	95,973
Construction services	195,109	637,315	832,424	824,106
	<u>273,633</u>	<u>646,446</u>	<u>920,079</u>	<u>920,079</u>
Excess (deficiency) or revenues over (under) expenditures	<u>620,111</u>	<u>(620,111)</u>		
Additional project information:				
Project number	4280-050-09-1005			
Grant date	12/30/09			
Bond authorization date	07/15/10			
Bonds authorized	272,513			
Bonds issued	272,513			
Original authorized cost	893,744			
Additional authorized cost	26,335			
Revised authorized cost	920,079			
Percentage increase over				
Original authorized cost				3%
Percentage completion				100%
Original target completion date	8/15/2011			
Revised target completion date	1/15/2012			

QUINTON TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Gym lighting replacement
 From Inception and for the Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital reserve	1,489		1,489	1,489
State Sources: SDA Grant	19,055		19,055	19,055
Bond proceeds	9,012	88	9,100	9,100
	<u>29,556</u>	<u>88</u>	<u>29,644</u>	<u>29,644</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	2,239	659	2,898	2,898
Construction services	4,149	22,597	26,746	26,658
	<u>6,388</u>	<u>23,256</u>	<u>29,644</u>	<u>29,556</u>
Excess (deficiency) or revenues over (under) expenditures	<u>23,168</u>	<u>(23,168)</u>		
Additional project information:				
Project Number	4280-050-09-1006			
Grant Date	12/30/09			
Bond Authorization date	07/15/10			
Bonds Authorized	9,013			
Bonds Issued	9,013			
Original Authorized Cost	29,556			
Additional Authorized Cost	88			
Revised Authorized Cost	29,644			
Percentage Increase over				
Original Authorized Cost	0.30%			
Percentage Completion	100.00%			
Original target completion date	8/15/2011			
Revised target completion date	1/15/2012			

QUINTON TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 A/C buidlings 1928 & 1980; install emergency generator and reconfigure electrical panels
 From Inception and for the Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from capital reserve	76,356		76,356	76,356
State sources: SDA Grant	976,829		976,829	976,829
Bond proceeds	461,998	20,168	482,166	482,166
	<u>1,515,183</u>	<u>20,168</u>	<u>1,535,351</u>	<u>1,535,351</u>
Expenditures and other financing uses				
Purchased professional and technical services	105,625	36,180	141,805	135,474
Construction services	216,542	1,177,004	1,393,546	1,399,877
	<u>322,167</u>	<u>1,213,184</u>	<u>1,535,351</u>	<u>1,535,351</u>
Excess (deficiency) or revenues over (under) expenditures	<u>1,193,016</u>	<u>(1,193,016)</u>		
Additional project information:				
Project number	4280-050-09-1007			
Grant date	12/30/09			
Bond authorization date	07/15/10			
Bonds authorized	461,998			
Bonds issued	461,998			
Original authorized cost	1,515,183			
Additional authorized cost	20,168			
Revised authorized cost	1,535,351			
Percentage increase over original authorized cost				1%
Percentage completion				100%
Original target completion date	8/15/2011			
Revised target completion date	1/15/2012			

QUINTON TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Install roof-mounted photovoltaic system
 From Inception and for the Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from Capital reserve	87,550	965	88,515	88,515
Bond proceeds	535,560	(54,555)	481,005	481,005
	<u>623,110</u>	<u>(53,590)</u>	<u>569,520</u>	<u>569,520</u>
Expenditures and other financing uses				
Purchased professional and technical services		44	44	88,515
Construction services		333,060	333,060	481,005
		<u>333,104</u>	<u>333,104</u>	<u>569,520</u>
Excess (deficiency) or revenues over (under) expenditures	<u>623,110</u>	<u>(386,694)</u>	<u>236,416</u>	
Additional project information:				
Project number			4280-050-09-2000	
Grant date			07/01/09	
Bond authorization date			07/15/10	
Bonds authorized			535,560	
Bonds issued			535,560	
Original authorized Cost			624,075	
Additional authorized cost			None	
Revised authorized cost			624,075	
Percentage increase over original authorized cost			0%	
Percentage C\completion			10%	
Original target completion date			8/15/2011	
Revised target completion date			1/15/2012	

QUINTON TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Classroom #5 Renovations
 From Inception and for the Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from capital outlay	14,876		14,876	16,091
State sources: SDA Grant	26,993		26,993	25,778
	<u>41,869</u>		<u>41,869</u>	<u>41,869</u>
Expenditures and other financing uses				
Purchased professional and technical services	3,763		3,763	4,000
Construction services	36,678		36,678	37,869
	<u>40,441</u>		<u>40,441</u>	<u>41,869</u>
Excess (deficiency) or revenues over (under) expenditures	<u>1,428</u>		<u>1,428</u>	
Additional project information:				
Project number		4280-050-09-1001		
Grant date		02/26/09		
Bond authorization date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost		41,869		
Additional authorized cost		None		
Revised authorized cost		41,869		
Percentage increase over original authorized cost		0%		
Percentage completion		100%		
Original target completion date		May 2010		
Revised target completion date		May 2010		

PROPRIETARY FUNDS

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2012

	Business-type Activities Food Service Fund	
	FY 2012	FY 2011
ASSETS		
Current assets		
Cash and cash equivalents	40,560	41,989
Accounts receivable:		
State	47	99
Federal	2,030	
Inventory	6,354	5,891
Total current assets	<u>48,991</u>	<u>47,979</u>
Noncurrent assets		
Furniture, machinery & equipment	83,140	83,140
Less: accumulated depreciation	(68,445)	(66,589)
Total noncurrent assets	<u>14,695</u>	<u>16,551</u>
Total assets	<u>63,686</u>	<u>64,530</u>
Net assets		
Invested in capital assets net of related debt	14,695	16,551
Reserve for encumbrances		7
Unrestricted	48,991	47,972
Total net assets	<u>63,686</u>	<u>64,530</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2012

	Business-type Activities Food Service Fund	
	FY 2012	FY 2011
OPERATING REVENUES:		
Local sources:		
Daily sales-reimbursable programs	47,922	44,134
Daily sales-non-reimbursable programs	20,934	18,908
Total operating revenue	68,856	63,042
OPERATING EXPENSES:		
Salaries	50,845	48,490
Employee benefits	3,890	3,703
Purchased professional/technical services	4,912	1,941
Supplies and materials	2,573	544
Other purchased services (400-500 series)	25	
Cost of sales	107,259	92,623
Depreciation	1,856	1,856
Total operating expenses	171,360	149,157
Operating income (loss)	(102,504)	(86,115)
NON-OPERATING REVENUES:		
State sources:		
National school lunch program - State	2,152	2,041
Federal sources:		
National school lunch program	68,989	63,301
National school breakfast program	18,158	16,808
Food distribution program	12,361	9,338
Total non-operating revenues (expenses)	101,660	91,488
Income (loss) before operating transfers	(844)	5,373
Net income (loss)	(844)	5,373
Total Net Assets - July 1	64,530	59,157
Total Net Assets - June 30	63,686	64,530

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2012

	Business-type Activities Food Service Fund	
	FY 2012	FY 2011
Cash flows from operating activities:		
Receipts from customers	68,856	63,042
Payments to suppliers	(102,871)	(79,155)
Payments to employees	(50,845)	(48,490)
Payments for employee benefits	(3,890)	(3,703)
Net cash provided (used) by operating activities	<u>(88,750)</u>	<u>(68,306)</u>
Cash flows from non-capital financing activities:		
Cash received from state & federal reimbursements	87,321	88,839
Net cash provided by non-capital financing activities	<u>87,321</u>	<u>88,839</u>
Net increase in cash and cash equivalents	(1,429)	20,533
Cash and cash equivalents - July 1	<u>41,989</u>	<u>21,456</u>
Cash and cash equivalents - June 30	<u><u>40,560</u></u>	<u><u>41,989</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(102,504)	(86,115)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	1,856	1,856
Food distribution program	12,361	9,338
Change in assets and liabilities:		
(Increase) decrease in inventory	(463)	6,648
Increase in accounts payable		(33)
	<u>(88,750)</u>	<u>(68,306)</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
 Internal Service Fund
 Combining Schedule of Net Assets
 For the Fiscal Year Ended June 30, 2012

	Business-type Activities Special Education	
	<u>FY 2012</u>	<u>FY 2011</u>
ASSETS		
Current assets:		
Cash	11,601	10,026
Accounts receivable		1,557
Total assets	<u>11,601</u>	<u>11,583</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	18	
Total liabilities	<u>18</u>	
Net assets		
Unrestricted	11,583	11,583
Total liabilities and net assets	<u>11,601</u>	<u>11,583</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
 Internal Service Fund
 Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets
 For the Fiscal Year Ended June 30, 2012

	Business-type Activities Special Education	
	FY 2012	FY 2011
OPERATING REVENUES:		
Local sources:		
Other charges and fees		55,568
Total operating revenue		55,568
OPERATING EXPENSES:		
Salaries		32,478
Employee benefits		11,212
Purchased professional educational services		9,599
Total operating expenses		53,289
Operating income (loss)		2,279
Total Net Assets - July 1	11,583	9,304
Total Net Assets - June 30	11,583	11,583

QUINTON TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2012

	Business-type Activities Special Education	
	FY 2012	FY 2011
Cash flows from operating activities:		
Receipts from customers	1,575	55,554
Payments to suppliers		(9,599)
Payments to employees		(32,478)
Payments for employee benefits		(11,212)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	1,575	2,265
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,575	2,265
	<hr/>	<hr/>
Cash and cash equivalents - July 1	10,026	7,761
	<hr/>	<hr/>
Cash and cash equivalents - June 30	11,601	10,026
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)		2,279
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Change in assets & liabilities		
(Increase) decrease in accounts receivable	1,557	(14)
Increase (decrease) in accounts payable	18	
	<hr/>	<hr/>
	1,575	2,265
	<hr/> <hr/>	<hr/> <hr/>

FIDUCIARY FUNDS

QUINTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2012

	Trust Funds		Agency Funds		Total	
	Technology Trust	Unemployment Compensation Trust	Student Activity	Payroll & Payroll Agency	FY 2012	FY 2011
ASSETS						
Cash and cash equivalents	48,179	3,326	17,062	4,470	73,037	90,923
Capital assets, net	2,200				2,200	216
Total assets	50,379	3,326	17,062	4,470	75,237	91,139
LIABILITIES						
Due to student groups			17,062		17,062	15,665
Payroll deductions and withholdings				4,470	4,470	3,455
Total liabilities			17,062	4,470	21,532	19,120
NET ASSETS						
Invested in capital assets net of related debt	2,200				2,200	216
Held in trust for:						
Unemployment claims		3,326			3,326	18,547
Technology expenditures	48,179				48,179	53,256
Total net assets	50,379	3,326			53,705	72,019

QUINTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2012

	Trust Funds		Total	
	Technology	Unemployment		
	Trust	Trust	FY 2012	FY 2011
ADDITIONS:				
Contributions:				
Plan members		4,814	4,814	4,635
Others	15,966		15,966	24,796
Total contributions	15,966	4,814	20,780	29,431
Investment earnings:				
Interest	138	24	162	254
Total investment earnings	138	24	162	254
Total additions	16,104	4,838	20,942	29,685
DEDUCTIONS:				
General supplies	2,895		2,895	4,375
Equipment	18,286		18,286	14,018
Unemployment claims		20,059	20,059	26,327
Depreciation	216		216	1,072
Total deductions	21,397	20,059	41,456	45,792
Change in net assets	(5,293)	(15,221)	(20,514)	(16,107)
Net assets July 1	53,472	18,547	72,019	88,126
Net assets June 30	48,179	3,326	51,505	72,019

QUINTON TOWNSHIP SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
ACTIVITIES:				
Quinton School	15,665	20,165	18,768	17,062

QUINTON TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Cash and cash equivalents	3,455	3,663,502	3,662,487	4,470
Total assets	<u>3,455</u>	<u>3,663,502</u>	<u>3,662,487</u>	<u>4,470</u>
LIABILITIES				
Employees' net pay		1,805,247	1,805,247	
Payroll deductions and withholdings	3,455	1,858,165	1,857,150	4,470
Interfund payable		90	90	
Total liabilities	<u>3,455</u>	<u>3,663,502</u>	<u>3,662,487</u>	<u>4,470</u>

LONG-TERM DEBT

QUINTON TOWNSHIP SCHOOL DISTRICT
 General Long-Term Debt Account Group
 Schedule of Serial Bonds
 June 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012		
			Date	Amount							
Refunding bonds, series 2007	11/20/07	1,705,000	03/01/13	130,000	4.000%						
			03/01/13	130,000	4.000%						
			03/01/14	135,000	4.000%						
			03/01/15	140,000	4.000%						
			03/01/16	140,000	4.000%						
			03/01/17	145,000	4.000%						
			03/01/18	150,000	4.125%						
			03/01/19	155,000	4.125%						
			03/01/20	155,000	4.125%						
			03/01/21	150,000	4.125%			1,425,000		125,000	1,300,000
School bonds, series 2010	07/29/10	1,821,000	02/15/12	65,000	2.000%						
			02/15/13	70,000	2.000%						
			02/15/14	75,000	2.000%						
			02/15/15	80,000	2.000%						
			02/15/16	85,000	2.200%						
			02/15/17	90,000	3.000%						
			02/15/18	91,000	3.000%						
			02/15/19	95,000	3.000%						
			02/15/20	100,000	3.100%						
			02/15/21	100,000	4.000%						
			02/15/22	105,000	4.000%						
			02/15/23	110,000	4.000%						
			02/15/24	115,000	4.000%						
			02/15/25	125,000	4.000%						
			02/15/26	125,000	4.000%						
			02/15/27	130,000	4.000%						
			02/15/28	130,000	4.000%						
			02/15/29	130,000	4.000%			1,821,000		65,000	1,756,000
									3,246,000	None	190,000

QUINTON TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	239,279		239,279	239,279	
State sources:					
Debt service aid type II	104,008		104,008	104,008	
Total revenues	<u>343,287</u>		<u>343,287</u>	<u>343,287</u>	
EXPENDITURES:					
Regular debt service:					
Interest	153,286		153,286	153,286	
Redemption of principal	190,000		190,000	190,000	
Total regular debt service	<u>343,286</u>		<u>343,286</u>	<u>343,286</u>	
Total expenditures	<u>343,286</u>		<u>343,286</u>	<u>343,286</u>	
Excess (deficiency) of revenues over (under) expenditures	1		1	1	
Fund balance - July 1					
Fund balance - June 30	<u>1</u>		<u>1</u>	<u>1</u>	

**STATISTICAL SECTION
(UNAUDITED)**

**QUINTON TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION**

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	99-105
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	106-109
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	110-113
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	114-115
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	116-120

QUINTON TOWNSHIP SCHOOL DISTRICT
 Net Assets by Component
 Last Nine Fiscal Years
 For the Fiscal Year Ended June 30, 2012
 Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	1,037,036	1,005,375	993,973	1,003,282	909,117	932,265	1,257,002	1,208,641	3,887,080
Restricted	216,284	522,229	699,029	550,341	698,870	1,059,975	831,202	3,821,716	932,017
Unrestricted	279,646	(44,839)	(37,454)	116,366	130,200	(136,530)	(156,067)	(112,564)	(120,685)
Total governmental activities net assets	<u>1,532,966</u>	<u>1,482,765</u>	<u>1,655,548</u>	<u>1,669,989</u>	<u>1,738,187</u>	<u>1,855,710</u>	<u>1,932,137</u>	<u>4,917,793</u>	<u>4,698,412</u>
Business-type activities									
Invested in capital assets, net of related debt	19,488	12,457	17,208	13,809	11,037	11,583	18,407	16,551	14,695
Restricted								7	0
Unrestricted	10,147	25,967	19,420	19,934	17,451	23,429	40,750	47,972	48,991
Total business-type activities net assets	<u>29,635</u>	<u>38,424</u>	<u>36,628</u>	<u>33,743</u>	<u>28,488</u>	<u>35,012</u>	<u>59,157</u>	<u>64,530</u>	<u>63,686</u>
District-wide									
Invested in capital assets, net of related debt	1,056,524	1,017,832	1,011,181	1,017,091	920,154	943,848	1,275,409	1,225,192	3,901,775
Restricted	216,284	522,229	699,029	550,341	698,870	1,059,975	831,202	3,821,723	932,017
Unrestricted	289,793	(18,872)	(18,034)	136,300	147,651	(113,101)	(115,317)	(64,592)	(71,694)
Total district-wide	<u>1,562,601</u>	<u>1,521,189</u>	<u>1,692,176</u>	<u>1,703,732</u>	<u>1,766,675</u>	<u>1,890,722</u>	<u>1,991,294</u>	<u>4,982,323</u>	<u>4,762,098</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
 Changes in Net Assets
 Last Nine Fiscal Years
 For the Fiscal Year Ended June 30, 2012
 Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities									
Instruction									
Regular	1,552,290	1,682,625	1,611,247	1,199,432	1,286,021	1,645,575	1,665,700	1,520,650	1,650,055
Special education	262,899	303,164	308,798	759,392	785,273	572,604	751,713	538,101	378,334
Other special education	28,626	7,652	43,639	37,970	40,363	45,454	54,923	55,376	57,929
Other instruction	7,139	6,749	9,816	9,891	15,196	27,630	24,702	21,142	12,105
Support services									
Tuition	1,101,416	1,059,413	1,070,662	1,173,689	1,223,725	933,497	839,128	1,002,081	1,444,631
Student instruction and related services	273,589	367,303	323,511	354,214	365,590	406,113	459,975	420,988	427,294
General administration	166,848	192,478	196,016	220,745	239,005	267,800	227,213	225,433	249,069
School administrative services	88,917	108,792	116,359	88,377	91,988	95,236	93,270	101,315	105,679
Central services		104,028	115,361	105,328	114,184	122,935	121,487	126,528	159,119
Administrative information technology		4,386	2,683	2,603	2,849	1,972	6,826	2,407	710
Plant operations and maintenance	278,848	292,885	286,410	292,247	319,428	318,676	391,593	450,026	473,675
Security							11,163	11,466	11,718
Pupil transportation	273,349	323,131	333,928	367,133	373,515	402,393	437,155	348,761	358,172
Unallocated benefits	783,965	758,846	789,008	1,051,692	1,048,910	979,615	1,042,688	966,144	1,049,975
Amortization of debt issuance costs	2,480								
Interest on long-term debt	120,935	117,705	112,860	107,730	75,807	72,950	66,650	62,450	153,286
Capital outlay			15,875		6,784	3,619	21,049	671	552
Unallocated depreciation		85,332	85,473	88,272	91,639	90,271	87,676	99,647	154,450
Total governmental activities expenses	4,941,301	5,414,489	5,421,646	5,858,715	6,080,277	5,986,340	6,302,911	5,953,186	6,686,753
Business-type activities									
Food service	119,684	121,286	133,755	144,130	146,095	179,696	142,979	149,157	171,360
Shared services	24,942								
Total business-type activities expense	144,626	121,286	133,755	144,130	146,095	179,696	142,979	149,157	171,360
Total district expenses	5,085,927	5,535,775	5,555,401	6,002,845	6,226,372	6,166,036	6,445,890	6,102,343	6,858,113
Program revenues									
Governmental activities									
Charges for services									
Instruction (tuition)	40,266	27,199	24,871	33,801	65,898	66,059	65,134	55,568	
Pupil transportation	54,000								
Operating grants and contributions	844,191	521,054	544,194	513,626	535,835	329,351	473,862	326,664	296,606
Total governmental activities program revenues	938,457	548,253	569,065	547,427	601,733	395,410	538,996	382,232	296,606

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets
Last Nine Fiscal Years
For the Fiscal Year Ended June 30, 2012
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities									
Charges for services									
Food service	46,525	43,581	64,371	65,763	66,967	68,573	66,349	63,042	68,856
Shared services	25,767								
Operating grants and contributions	49,302	51,661	59,095	70,482	73,873	114,028	100,775	91,488	101,660
Total business-type activities program revenues	121,594	95,242	123,466	136,245	140,840	182,601	167,124	154,530	170,516
Total district program revenue	1,060,051	643,495	692,531	683,672	742,573	578,011	706,120	536,762	467,122
Net (expense) revenue									
Governmental activities	(4,002,844)	(4,866,236)	(4,852,581)	(5,311,288)	(5,478,544)	(5,590,930)	(5,763,915)	(5,570,954)	(6,390,147)
Business-type activities	(23,032)	(26,044)	(10,289)	(7,885)	(5,255)	2,905	24,145	5,373	(844)
Total district-wide net expense	(4,025,876)	(4,892,280)	(4,862,870)	(5,319,173)	(5,483,799)	(5,588,025)	(5,739,770)	(5,565,581)	(6,390,991)
General revenues and other changes in net assets									
Governmental activities									
Property taxes levied for government purposes (net)	1,774,500	1,944,851	2,130,514	2,214,913	2,290,190	1,972,846	2,051,760	2,133,830	2,154,507
Taxes levied for debt service	108,869	106,327	106,409	106,341	103,500	101,682	91,493	111,695	239,279
Unrestricted grants and contributions	2,194,720	2,646,645	2,643,162	2,840,606	2,994,317	3,441,066	2,953,334	3,381,566	3,558,213
Restricted grants							553,381	2,717,885	110,656
Tuition charges		106,140	110,934	124,031	228,103	179,883	174,561	189,818	75,874
Investment earnings	9,063	21,676	33,494	46,044	24,919	10,007	9,866	6,754	4,553
Miscellaneous income	9,024	805	851	684	11,763	2,969	5,947	15,062	27,684
Loss on disposal of assets				(1,890)	(1,050)				
Cost of issuance					(125,214)				
Premiums received on sale of bonds					20,214				
Transfers	(25,000)	(35,000)		(5,000)					
Total governmental activities	4,071,176	4,791,444	5,025,364	5,325,729	5,546,742	5,708,453	5,840,342	8,556,610	6,170,766
Business-type activities									
Miscellaneous income		2,194	8,493						
Contributed capital						3,619			
Transfers	25,000	35,000		5,000					
Total business-type activities	25,000	37,194	8,493	5,000		3,619			
Total district-wide	4,096,176	4,828,638	5,033,857	5,330,729	5,546,742	5,712,072	5,840,342	8,556,610	6,170,766
Change in net assets									
Governmental activities	68,332	(74,792)	172,783	14,441	68,198	117,523	76,427	2,985,656	(219,381)
Business-type activities	1,968	11,150	(1,796)	(2,885)	(5,255)	6,524	24,145	5,373	(844)
Total district	70,300	(63,642)	170,987	11,556	62,943	124,047	100,572	2,991,029	(220,225)

QUINTON TOWNSHIP SCHOOL DISTRICT
 Fund Balances, Governmental Funds
 Last Nine Fiscal Years
 For the Fiscal Year Ended June 30, 2012
 Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund									
Reserved	255,615	549,184	732,260	583,786	751,123	1,066,495	719,343	922,705	694,172
Unreserved	294,715	(21,136)	(11,276)	146,959	135,496	(46,430)	(62,104)	(18,584)	(26,304)
Total general fund	<u>550,330</u>	<u>528,048</u>	<u>720,984</u>	<u>730,745</u>	<u>886,619</u>	<u>1,020,065</u>	<u>657,239</u>	<u>904,121</u>	<u>667,868</u>
All other governmental funds									
Unreserved, reported in:									
Debt service fund					6,508	6,508			1
Capital projects fund							111,859	2,899,039	237,844
Special revenue fund	(15,069)	(14,157)	(14,157)	(14,157)	(14,157)	(8,806)	(9,101)	(9,101)	(5,208)
Total all other governmental funds	<u>(15,069)</u>	<u>(14,157)</u>	<u>(14,157)</u>	<u>(14,157)</u>	<u>(7,649)</u>	<u>(2,298)</u>	<u>102,758</u>	<u>2,889,938</u>	<u>232,637</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	1,874,069	1,883,369	2,051,178	2,236,923	2,321,254	2,393,690	2,074,528	2,143,253	2,245,525	2,393,786
Tuition charges	64,578	40,266	106,140	110,934	124,031	228,103	179,883	174,561	189,818	75,874
Transportation fees	9,000	54,000								
Interest earnings	15,356	9,065	21,676	33,494	46,044	24,919	10,007	9,866	6,754	4,553
Miscellaneous	10,786	16,074	805	851	684	11,763	2,969	9,723	19,315	31,536
State sources	2,603,514	2,808,384	2,940,589	2,937,381	3,120,239	3,300,501	3,539,750	3,075,592	6,195,256	3,618,384
Federal sources	197,451	223,475	227,110	249,975	233,993	229,651	230,667	901,209	226,606	343,239
Total revenue	4,774,754	5,034,633	5,347,498	5,569,558	5,846,245	6,188,627	6,037,804	6,314,204	8,883,274	6,467,372
Expenditures										
Instruction										
Regular	980,998	1,102,084	1,213,426	1,149,939	1,192,372	1,285,673	1,634,180	1,678,111	1,517,731	1,645,602
Special	699,612	713,105	716,992	736,724	739,301	743,501	532,468	686,354	484,542	383,509
Other	8,413	28,626	3,887	43,399	37,760	40,168	47,913	54,549	57,701	57,929
School sponsored/other instructional	7,890	7,139	6,749	9,816	9,891	15,196	27,630	24,702	21,142	12,105
Community service	2,835									
Undistributed:										
Instruction	1,246,238	1,020,716	1,059,413	1,070,662	1,173,689	1,223,725	933,497	839,128	1,002,081	1,444,631
Student & instruction related services	307,592	354,287	343,643	304,650	341,414	356,990	384,073	454,411	413,734	416,885
General administration	166,928	166,848	192,478	196,016	194,442	209,806	222,684	213,883	215,268	239,213
School administration	80,087	88,917	82,857	85,364	88,377	91,988	95,236	93,270	101,315	105,679
Central administration			104,028	115,361	105,328	114,184	122,935	121,487	126,528	159,119
Administration information technology			4,386	2,683	2,603	2,849	1,972	6,826	2,407	710
Allowable maintenance for school facilities	13,277	48,894	34,758	19,770	22,669	50,496	22,044	50,717	37,413	45,825
Operations & maintenance of plant services	247,177	229,954	256,154	264,667	267,605	288,954	320,159	338,621	408,619	423,856
Security								11,163	11,466	11,718
Student transportation	305,264	273,350	323,131	333,928	367,133	373,515	402,393	437,155	348,761	358,172
Business and other support services	92,824	106,964								
Unallocated benefits	561,690	677,002	753,398	789,008	1,040,623	1,025,308	960,254	1,042,688	966,144	1,049,975

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Capital outlay	120,376	20,744	35,863	51,775	45,547	13,085	3,619	332,259	1,767,910	2,662,712
Debt service expenditures										
Principal	80,000	85,000	85,000	90,000	95,000	115,000	115,000	120,000	125,000	190,000
Interest	127,110	122,550	117,705	112,860	107,730	75,807	72,950	66,650	62,450	153,286
Total expenditures	5,048,311	5,046,180	5,333,868	5,376,622	5,831,484	6,026,245	5,899,007	6,571,974	7,670,212	9,360,926
Excess (deficiency of revenues over (under) expenditures	(273,557)	(11,547)	13,630	192,936	14,761	162,382	138,797	(257,770)	1,213,062	(2,893,554)
Other financing sources (uses)										
Proceeds from borrowing						1,705,000			1,821,000	
Premium on bonds						20,214				
Cost of issuance						(125,214)				
Bonds refunded						(1,600,000)				
Transfers in										
Transfers out - food service	(20,000)	(25,000)	(35,000)		(5,000)					
Total other financing sources (uses)	(20,000)	(25,000)	(35,000)		(5,000)				1,821,000	
Net change in fund balance	(293,557)	(36,547)	(21,370)	192,936	9,761	162,382	138,797	(257,770)	3,034,062	(2,893,554)
Debt service as a percentage of noncapital expenditures	4.20%	4.13%	3.83%	3.81%	3.50%	3.17%	3.19%	2.99%	3.18%	5.13%

Source: District records.

QUINTON TOWNSHIP SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

Fiscal year ended June 30	Library Fines	Miscellaneous	Prior year Refunds	Municipal Alliance	Clean Energy Rebate	Prior year payable adjustment	Annual Totals
2003	116	1,637	3,391	5,278		364	10,786
2004	150	839	8,122	7,052		(89)	16,074
2005	290	181	334				805
2006	18	733	100				851
2007		684					684
2008		11,763					11,763
2009		917	2,052				2,969
2010		1,694	4,253				5,947
2011		265	14,797				15,062
2012		9,498	8,472		9,714		27,684
	574	28,211	41,521	12,330	9,714	275	92,625

Source: District records.

QUINTON TOWNSHIP SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2003	4,826,100	81,654,200	16,035,200	3,882,100	11,156,500	0	302,600	117,856,700	973,073	118,829,773	123,082,961	1.581
2004	5,077,400	81,474,100	16,815,700	3,623,400	11,149,300	0	302,600	118,442,500	875,351	119,317,851	129,468,703	1.649
2005	4,685,800	81,936,900	17,506,800	3,614,300	10,497,900	0	302,600	118,544,300	775,269	119,319,569	139,468,355	1.796
2006	4,315,000	82,922,800	18,415,800	3,462,400	10,646,700	0	302,600	120,065,300	654,622	120,719,922	152,681,564	1.887
2007	4,200,100	84,064,900	18,240,400	3,454,000	10,807,600	0	302,600	121,069,600	626,148	121,695,748	165,932,291	1.937
2008	6,329,800	132,055,000	25,856,200	4,996,800	16,367,400	0	939,800	186,545,000	626,148	187,171,148	149,310,036	1.195
2009	6,049,500	132,852,200	24,526,600	5,123,900	16,378,700	0	519,000	185,449,900	900,483	186,350,383	149,655,515	1.132
2010	5,517,400	134,185,600	25,020,000	4,980,700	16,070,200	0	519,000	186,292,900	932,672	187,225,572	199,452,818	1.173
2011	6,646,600	137,882,200	22,455,500	3,254,900	15,831,800	0	519,000	186,590,000	693,983	187,283,983	212,846,522	1.239
2012	6,621,900	139,077,400	23,327,600	3,049,300	15,625,200	0	519,000	188,220,400	689,715	188,910,115	N/A	1.271

Source: Municipal Tax Assessor.

N/A Not available at completion of C.A.F.R.

QUINTON TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Per \$100 of Assessed Valuation
 Last Ten Fiscal Years
 Unaudited

Fiscal year ended June 30	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
				Township of Quinton	Farmland Preservation	Salem County	
2003	1.495	0.086	1.581	0.209		0.940	2.730
2004	1.554	0.095	1.649	0.209		0.996	2.854
2005	1.703	0.093	1.796	0.240	0.024	1.140	3.200
2006	1.797	0.090	1.887	0.240	0.026	1.226	3.379
2007	1.848	0.089	1.937	0.258	0.028	1.254	3.477
2008	1.143	0.052	1.195	0.183	0.016	0.726	2.120
2009	1.077	0.055	1.132	0.167	0.017	0.695	2.011
2010	1.123	0.050	1.173	0.165	0.022	0.918	2.278
2011	1.177	0.062	1.239	0.175	0.023	0.994	2.431
2012	1.144	0.127	1.271	0.175	0.023	0.994	2.463

Source: Municipal Tax Collector.

QUINTON TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current and Nine Years Ago
Unaudited

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
I.S. Smick Lumber Company Inc.	2,674,200	1.42%	1,698,500	1.43%
Taxpayer #1	2,374,800	1.26%	1,607,700	1.35%
American Tower Corporation			1,200,000	1.01%
4 C's Rental	1,696,000	0.90%	1,022,400	0.86%
Ram Golf LLC	1,272,800	0.67%		
Third Garden	882,500	0.47%		
Taxpayer #2	827,400	0.44%		
Glendon Elmer Investment Properties	771,700	0.41%	595,600	0.50%
Verizon	732,215	0.39%	972,616	0.82%
Taxpayer #3	694,300	0.35%	626,800	0.52%
Taxpayer #4	650,100	0.34%		
Taxpayer #5			571,000	0.49%
Sickler Construction			336,800	0.28%
Taxpayer #6			273,500	0.23%
	<u>12,576,015</u>	<u>6.64%</u>	<u>8,904,916</u>	<u>7.49%</u>

Source: Municipal Tax Assessor.

QUINTON TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30	Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year</u>		Collections in Subsequent Year
		Amount	Percent of Levy	
2003	1,874,069	1,874,069	100.00%	
2004	1,883,369	1,883,369	100.00%	
2005	2,051,178	2,051,178	100.00%	
2006	2,236,923	2,236,923	100.00%	
2007	2,321,254	2,321,254	100.00%	
2008	2,393,690	2,393,690	100.00%	
2009	2,074,528	2,074,528	100.00%	
2010	2,143,253	2,143,253	100.00%	
2011	2,245,525	2,245,525	100.00%	
2012	2,393,786	2,393,786	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F Form).

QUINTON TOWNSHIP SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30	Governmental Activities				Business-type	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases		
2003	2,150,000					2,150,000	2.49%
2004	2,065,000					2,065,000	2.28%
2005	1,980,000					1,980,000	2.13%
2006	1,890,000					1,890,000	1.93%
2007	1,795,000					1,795,000	1.73%
2008	1,785,000					1,785,000	1.60%
2009	1,670,000					1,670,000	1.52%
2010	1,550,000					1,550,000	1.37%
2011	3,246,000					3,246,000	N/A
2012	3,056,000			470,000		3,526,000	N/A

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

N/A Not available at completion of C.A.F.R.

QUINTON TOWNSHIP SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions			
2003	2,150,000		2,150,000	1.82%	769
2004	2,065,000		2,065,000	1.74%	740
2005	1,980,000		1,980,000	1.67%	704
2006	1,890,000		1,890,000	1.57%	668
2007	1,795,000		1,795,000	1.48%	632
2008	1,785,000		1,785,000	0.96%	628
2009	1,670,000		1,670,000	0.90%	586
2010	1,550,000		1,550,000	0.83%	543
2011	3,246,000		3,246,000	1.74%	1,219
2012	3,056,000		3,056,000	1.62%	1,149

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

QUINTON TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2011
 Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit			
Debt repaid with property taxes			
Township of Quinton	2,502,439	100.00%	2,502,439
Salem County General Obligation Debt	46,515,464	3.71%	1,727,304
Subtotal, overlapping debt			<u>4,229,743</u>
Township of Quinton School District			<u>3,526,000</u>
Total direct and overlapping debt			<u><u>7,755,743</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Salem County Board of Taxation. Debt outstanding provided by each government unit.

QUINTON TOWNSHIP SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

Year	Equalized Valuation Basis
2011	\$201,915,377
2010	\$212,082,081
2009	\$196,319,742
	<u>\$610,317,200</u>

Average equalized valuation of taxable property	203,439,067
Debt limit (3% of average equalized value)	6,103,172
Total net debt applicable to limit	<u>3,056,000</u>
Legal debt margin	<u>3,047,172</u>

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	3,490,710	3,641,827	3,850,923	4,133,024	4,492,524	4,586,225	4,577,707	4,912,900	5,565,499	6,057,461
Total net debt applicable to limit	<u>2,150,000</u>	<u>2,065,000</u>	<u>1,980,000</u>	<u>1,890,000</u>	<u>1,795,000</u>	<u>1,785,000</u>	<u>1,670,000</u>	<u>1,550,000</u>	<u>3,246,000</u>	<u>3,056,000</u>
Legal debt margin	<u>1,340,710</u>	<u>1,576,827</u>	<u>1,870,923</u>	<u>2,243,024</u>	<u>2,697,524</u>	<u>2,801,225</u>	<u>2,907,707</u>	<u>3,362,900</u>	<u>2,319,499</u>	<u>3,001,461</u>
Total net debt applicable to the limit as a percentage of debt limit	61.59%	56.70%	51.42%	45.73%	39.96%	38.92%	36.48%	31.55%	58.32%	50.45%

QUINTON TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2003	2,797	86,480,443	30,919	10.00%
2004	2,790	90,736,380	32,522	11.80%
2005	2,813	92,857,130	33,010	9.50%
2006	2,828	98,159,880	34,710	5.20%
2007	2,841	103,506,153	36,433	5.30%
2008	2,843	111,405,798	39,186	5.30%
2009	2,851	109,903,199	38,549	6.70%
2010	2,852	113,235,808	39,704	12.00%
2011	2,662	N/A	N/A	11.40%
2012	2,659	N/A	N/A	N/A

Source: Data regarding school district population and per capita personal income was provided by Department of Education.

QUINTON TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current and Nine Years Ago
Unaudited

Employer	2012		2003	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Quinton Township School	58	4.47%		
Hudock's Custard Stand	30	2.31%		
Marlboro Farm Market	25	1.93%		
Bobbit Pontiac	25	1.93%		
Quinton Township	20	1.54%		
Smick's Lumber	20	1.54%		
Salem Packing	15	1.16%		
Bradway's Farm Market/Farmer John's Deli & Restaurant	15	1.16%		
Butler Gardens/C & L Workclothes	15	1.16%		
Quinton Diner	10	0.77%		
Bud's Market	5	0.39%		
Marty's Crabs	5	0.39%		
	<u>243</u>	<u>14.26%</u>	<u>N/A</u>	<u>N/A</u>

Source: District officials.

N/A = Not available at completion of C.A.F.R.

QUINTON TOWNSHIP SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
 Unaudited

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	29	30	29	30	28	31	31	29	27	27
Special education	4	5	5	5	5	5	5	5	5	4
Other special education	4	4	4	5	5	5	5	6	5	2
Other instruction	3	3	3	3	3	3	3	3	3	4
Support services:										
Student & instruction related services	3	3	3	3	3	3	3	3	3	3
General administration	2	2	2	2	2	2	2	2	2	2
School administration	2	2	2	2	2	2	2	2	2	2
Business administrative services	2	2	2	2	2	2	2	2	2	2
Plants operations and maintenance	4	4	4	4	4	4	4	4	4	5
Food service	3	3	3	3	3	3	3	3	3	3
Total	56	58	57	59	57	60	60	59	56	54

Source: District personnel records.

QUINTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal year ending June 30	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2003	351	4,720,825	13,450	0.12%	34.9	11.8	1:24	333.4	317.0	-0.71%	95.08%
2004	360	4,817,886	13,383	-0.50%	30.3	12.0	1:24	353.0	335.0	5.88%	94.90%
2005	339	5,095,300	15,030	12.31%	35.1	11.5	1:24	359.8	341.3	1.93%	94.86%
2006	349	5,121,987	14,676	-2.36%	32.9	10.7	1:24	335.8	320.1	-6.67%	95.32%
2007	346	5,583,207	16,136	9.95%	34.3	11.5	1:24	349.0	332.3	3.93%	95.21%
2008	338	5,822,353	17,226	6.75%	33.9	12.2	1:24	342.3	326.1	-1.92%	95.27%
2009	371	5,707,438	15,384	-10.69%	32.9	12.8	1:24	360.8	341.4	5.40%	94.62%
2010	350	6,053,065	17,294	12.42%	30.8	12.0	1:24	346.5	328.4	-3.96%	94.78%
2011	350	5,714,852	16,328	-5.59%	32.1	13.1	1:24	352.3	333.9	1.67%	94.78%
2012	371	6,354,928	17,129	4.91%	n/a	n/a	n/a	370.6	353.1	5.19%	95.28%

Source: District records, A.S.S.A. and schedules J-12, J-14 and Taxpayers guide to education spending.

Note: Enrollment based on annual October district count.

Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

Teaching staff includes only full-time equivalents of certificated staff.

Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

n/a = Not available at time of C.A.F.R. completion

QUINTON TOWNSHIP SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

Elementary	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Quinton Elementary										
Square feet	58,738	58,738	58,738	58,738	58,738	58,738	58,738	58,738	58,738	58,738
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment	351	360	339	349	346	338	371	350	353	371

Number of Schools at June 30, 2012

Elementary = 1

Source: District office.

QUINTON TOWNSHIP SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 For the Fiscal Year Ended June 30, 2012

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

School Facilities	Gross Square Footage	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Quinton	58,738	13,277	48,894	34,758	19,770	22,669	50,496	22,044	50,717	37,413	45,825	345,863

* School facilities as defined under EFCA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

QUINTON TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2012
Unaudited

	<u>Coverage</u>	<u>Deductible</u>	
School Package Policy - N. J. School Board Assoc. Insurance Group (ERIC - south)			
Article I - Property			
Blanket buildings & contents	10,882,727	1,000	per occurrence
Article II - Electronic Data Processing			
Blanket - hardware/software	260,000	1,000	per occurrence
Article III - Boiler & Machinery			
Combined single limit	100,000,000	1,000	
Article IV - Crime			
<i>Insuring Agreement 1 - Public employee dishonesty w/ faithful performance</i>	100,000	1,000	per occurrence
<i>Insuring Agreement 2 - Theft, disappearance & destruction- loss of money & securities on or off premises</i>	25,000	500	per occurrence
<i>Insuring Agreement 3- Theft, disappearance & destruction- money orders & counterfeit paper currency</i>	25,000	500	per occurrence
<i>Insuring Agreement 4- Forgery or alteration</i>	100,000	1,000	per occurrence
Article V - Comprehensive General Liability			
Bodily injury and property damage	11,000,000	None	combined single limit
Bodily injury from products and completed operations	11,000,000	None	annual aggregate
Sexual abuse	11,000,000	None	per occurrence
Personal and advertising - injury limit	11,000,000	None	per occurrence/annual aggregate
Employee benefits liability	11,000,000	1,000	per claim/annual aggregate
Premises medical payments	10,000	None	each accident
Premises medical payments	5,000	None	limit per person
Terrorism	1,000,000	None	per occurrence
Article VI - Automobile			
Bodily injury and property damage	11,000,000	None	combined single limit
Errors & Omissions			
Coverage A	11,000,000	5,000	each policy period
Coverage B	100,000	5,000	each policy period
	300,000		each claim
Workers' Compensation - Educational Risk Insurance Consortium South			
Bodily Injury - by accident	2,000,000	None	each accident
Bodily Injury - by disease	2,000,000	None	each employee/aggregate limit
Student accident - Markel Insurance Company			
Accident Medical Expense Benefit	5,000,000	25,000	
Public Employee Surety Bonds			
The Ohio Casualty Insurance Company			
Employee bond - Heather Mayhew, Business Administrator/Board Secretary	157,000	None	

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

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MEMBER: AMERICAN INSTITUTE OF
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Deanna L. Roller, CPA, RMA

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
Quinton Township School District
8 Robinson Street
Quinton, New Jersey 08072

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 Quinton Township School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2012, which collectively comprise the Quinton Township School District's basic financial statements and have issued our report thereon dated October 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Quinton Township School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Quinton Township School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Quinton Township School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the Quinton Township School District Board of Education, 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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 11, 2012

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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 OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Quinton Township School District
8 Robinson Street
Quinton, New Jersey 08072

Compliance

We have audited the Board of Education of the Quinton Township School District's, in the County of Salem, State of New Jersey, compliance 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 the Quinton Township School District's major federal and state programs for the year ended June 30, 2012. Quinton Township School District's major federal and state programs are identified in the summary of auditor's 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 Quinton Township School District's management. Our responsibility is to express an opinion on the Quinton Township School District'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; 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 Non-Profit Organizations*; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 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 Quinton Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Quinton Township School District's compliance with those requirements.

In our opinion, the Quinton Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the Quinton Township School District 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 Quinton Township School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the 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 New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of the 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 over compliance that might be deficiencies, 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 Quinton Township School District Board of Education, the New Jersey 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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 11, 2012

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

SCHEDULE A
EXHIBIT K-3

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2011	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior Years' Balances	June 30, 2012			Memo Cumulative Total Expenditures
				From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education:															
General Fund:															
Education Jobs Fund	84.410	ARRA428011	110,656	07/01/10	09/30/12			110,656	(110,656)						110,656
Total General Fund								110,656	(110,656)						110,656
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I - Part A Improving Basic Programs	84.010A	NCLB428012	89,403	09/1/11	08/31/12			86,913	(89,403)		(2,490)				89,403
Title I - Part A Improving Basic Programs	84.010A	NCLB428011	80,270	09/1/10	08/31/11	(27,874)		27,874							80,270
Title II-A Teacher & Principal Training & Recruiting	84.367A	NCLB428012	9,589	09/1/11	08/31/12			8,783	(9,589)		(806)				9,589
Title II-A Teacher & Principal Training & Recruiting	84.367A	NCLB428011	11,311	09/1/10	08/31/11	(215)		215							11,311
I.D.E.A. Part B, Basic Regular	84.027	IDEA428012	99,893	09/1/11	08/31/12			99,893	(99,893)						99,893
I.D.E.A. Part B, Basic Regular	84.027	IDEA428011	97,325	09/1/10	08/31/11	(38,170)		38,170							97,325
I.D.E.A. Preschool	84.173	IDEA428012	2,516	09/1/11	08/31/12			2,097	(2,516)		(419)				2,516
I.D.E.A. Preschool	84.173	IDEA428011	2,509	09/1/10	08/31/11	(1,255)		1,255							2,509
Rural Education Achievement Program	84.358	S358A111442	31,182	07/1/11	09/30/12			26,426	(31,182)		(4,756)				31,182
Rural Education Achievement Program	84.358	S358A101442	35,037	07/1/10	09/30/11	(5,840)		5,840							35,037
Total Special Revenue Fund						(73,354)		297,466	(232,583)		(8,471)				459,035
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550		12,361	07/1/11	06/30/12			12,361	(9,305)			3,056			9,305
Food Distribution Program	10.550		9,338	07/1/10	06/30/11	2,338			(2,338)						9,338
National School Lunch Program	10.555		68,989	07/1/11	06/30/12			67,493	(68,989)		(1,496)				68,989
National School Breakfast Program	10.553		18,158	07/1/11	06/30/12			17,624	(18,158)		(534)				18,158
Total Enterprise Fund						2,338		97,478	(98,790)		(2,030)	3,056			105,790
Total Federal Financial Awards						(71,016)		505,600	(442,029)		(10,501)	3,056			564,825

The accompanying notes to the schedules of expenditures of awards and financial assistance are an integral part of this schedule.

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2011		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Expenditures	June 30, 2012			MEMO	
			From	To	Deferred Revenue (Accts. Rec.)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	12-495-034-5120-078	2,460,502	07/1/11	06/30/12				2,460,502	(2,460,502)				222,847	2,460,502	
Special Education Categorical Aid	12-495-034-5120-089	182,826	07/1/11	06/30/12				182,826	(182,826)				16,559	182,826	
Security Aid	12-495-034-5120-084	71,489	07/1/11	06/30/12				71,489	(71,489)				6,475	71,489	
School Choice Aid	12-495-034-5120-068	162,168	07/1/11	06/30/12				162,168	(162,168)				14,688	162,168	
Transportation Aid	12-495-034-5120-014	189,107	07/1/11	06/30/12				189,107	(189,107)				17,127	189,107	
Reimbursed Nonpublic Transportation Costs	n/a	1,392	07/1/11	06/30/12					(1,392)	(1,392)				1,392	
Reimbursed Nonpublic Transportation Costs	n/a	7,924	07/1/10	06/30/11		(7,924)		7,924						1,592	
Reimbursed T.P.A.F. Social Security Contributions	12-495-034-5095-002	170,674	07/1/11	06/30/12				162,443	(170,674)	(8,231)				170,674	
On-Behalf T.P.A.F. Pension Contribution	12-100-034-5095-007	72,165	07/1/11	06/30/12				72,165	(72,165)					72,165	
On-Behalf T.P.A.F. Postretirement Contribution	12-100-034-5095-006	145,070	07/1/11	06/30/12				145,070	(145,070)					145,070	
Total General Fund						(7,924)		3,453,694	(3,455,393)		(9,623)		277,696	3,456,985	
Special Revenue Fund:															
Preschool Education Aid	12-495-034-5120-086	52,008	07/1/11	06/30/12				52,008	(52,008)				5,208	52,008	
Passed through Township of Quinton															
Municipal Alliance	n/a	4,879	01/01/11	12/31/11		(609)			(4,270)	(4,879)				4,879	
Municipal Alliance	n/a	4,879	01/01/10	12/31/10		(4,879)		4,879						4,879	
Municipal Alliance	n/a	4,738	01/01/09	12/31/09		(4,124)		4,124						4,738	
Total Special Revenue Fund						(9,612)		61,011	(56,278)		(4,879)		5,208	66,504	
Capital Projects Fund:															
SDA Grant	4280-050-09-100(X)	2,744,878	09/01/09	06/30/12		(875,903)		2,078,478	(1,594,812)	(392,237)				2,743,663	
Debt Service Fund:															
Debt Service Aid Type II	12-495-034-5120-125	104,008	07/1/11	06/30/12				104,008	(104,008)					104,008	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	12-100-010-3360-067	2,152	07/1/11	06/30/12		(99)		2,105	(2,152)	(47)				2,152	
National School Lunch Program (State Share)	11-100-010-3360-067	1,942	07/1/10	06/30/11				99						1,942	
Total Enterprise Fund						(99)		2,204	(2,152)	(47)				4,094	
Total State Financial Assistance						(17,635)		5,699,395	(5,212,643)	(406,786)			282,904	6,375,254	

a = Reclassification of Prior year purchase order

The accompanying notes to the schedules of expenditures of awards and financial assistance are an integral part of this schedule.

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Quinton Township 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 awards and state financial assistance passed through other government agencies, is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on 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. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey Circular Letter 04-04. Therefore, some amounts presented in this schedule 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 G.A.A.P. basis. Budgetary comparison statements or schedules (R.S.I.) 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 G.A.A.P. 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 payment in the current budget year, which is mandated pursuant to NJSA 18A:22-44-.2. For G.A.A.P. purposes, that, payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 revenues, whereas the G.A.A.P. basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with NJSA 18A:22-4-.2.

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the G.A.A.P. basis is (\$1,188) for the General Fund and \$3,893 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a G.A.A.P. basis as presented:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	110,656	3,454,205	3,564,861
Special Revenue Fund	232,583	60,171	292,754
Debt Service Fund		104,008	104,008
Food Service Fund	99,508	2,152	101,660
Total Financial Assistance	<u>442,747</u>	<u>3,620,536</u>	<u>4,063,283</u>

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: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2012, Quinton Township School District has food commodities totaling \$3,056 in inventory.

NOTE 6: OTHER

The amount reported as T.P.A.F. Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2012. T.P.A.F. Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for T.P.A.F. members for the year ended June 30, 2012.

QUINTON TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- 1. Material weakness(es) identified? Yes No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to basic financial statements noted? Yes No

Federal awards

Internal control over major programs: **N/A**

- 1. Material weakness(es) identified? Yes No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number Name of Federal Program or Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

QUINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I – Summary of Auditor’s Results

State awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

1. Material weakness(es) identified? Yes X No

2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? Yes X No

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
4280-050-09-100(X)	School Development Authority
495-034-5120-125	Debt Service Aid

Section II – Financial Statement Findings

None

Section III – Federal Financial Assistance Findings and Questioned Costs

N/A

Section III – State Financial Assistance Findings and Questioned Costs

None

QUINTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

No matters were reported.