

**Quinton Township School District  
Board of Education  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**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, 2015**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Of the

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

**For the Fiscal Year Ended June 30, 2015**

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

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Business Administrator/Board Secretary  
hmayhew@quintonschool.info

Phone: (856) 935-2379  
Fax: (856) 935-1978

November 20, 2015

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, 2015, 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 New Jersey OMB Circulars 04-04 and/or 15-08, "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 twenty-five 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 seventy-five percent attend high school in the academy programs offered through the Salem County Vocational Technical School for which the Quinton School District pays a portion of the tuition. 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 funding for 2013-2014 and 2014-2015 was stable; however, with a number of teacher retirements one teacher position was 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, 2015, the District directed its efforts and resources toward the following goals and initiatives:

### Pupil Performance Objectives

1. By June, 2015 the number of grade 1-8 students identified for Title I mathematics using multiple measures will reflect less than 15% of the total population.

Due to the PARCC assessment results not being available until November this year, the district collected and analyzed the Measurement of Academic Progress (MAP); test scores. This objective was attained with 13.4% of the students in grades 1-8 scoring above the NWEA suggested score percentage. This objective will be continued during the 2015-16 school year, but will address the Mathematics section of the PARCC assessment.

2. By June, 2015 less than 25% of the students in grades one through eight will be identified for basic skills in the area of English Language Arts as a result of implementation of the Response to Intervention Program, Intervention and Referral Services Program, Implementation of Professional Learning Communities, Professional Development, and the incorporation of a new writing series.

Due to the PARCC assessment results not being available until November of this year, the District collected and analyzed the Measurement of Academic Progress (MAP) Test scores. This objective was attained with 23% of the students in grades 1, scoring above the NWEA suggested score percentage in English Language Arts section of the MAP. This objective will be continued in the 2015-16 school year, but will address the English Language Arts section of PARCC Assessments.

3. All teachers will increase their knowledge of instructional theory and effective integration of technology to help student meet challenging state standards resulting in 95% in 2015, demonstrating strategy implementation through lesson plan documentation and an administrative checklist.

This objective was attained with 100% of the teaching staff receiving professional development with regard to the integration of technology.

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 writing literacy and instructional strategies for the implementation of the new math series. All staff development activities were focused on the school's 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 2012-2013 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, governance, and operations. In the areas of instruction and program and fiscal management, 84% and 98% 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 (GAAP). 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 compiled 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 GASB. 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, 2015, the District's outstanding debt issues included \$2,426,000 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 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **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 New Jersey OMB Circulars 04-04 and/or 15-08.

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,

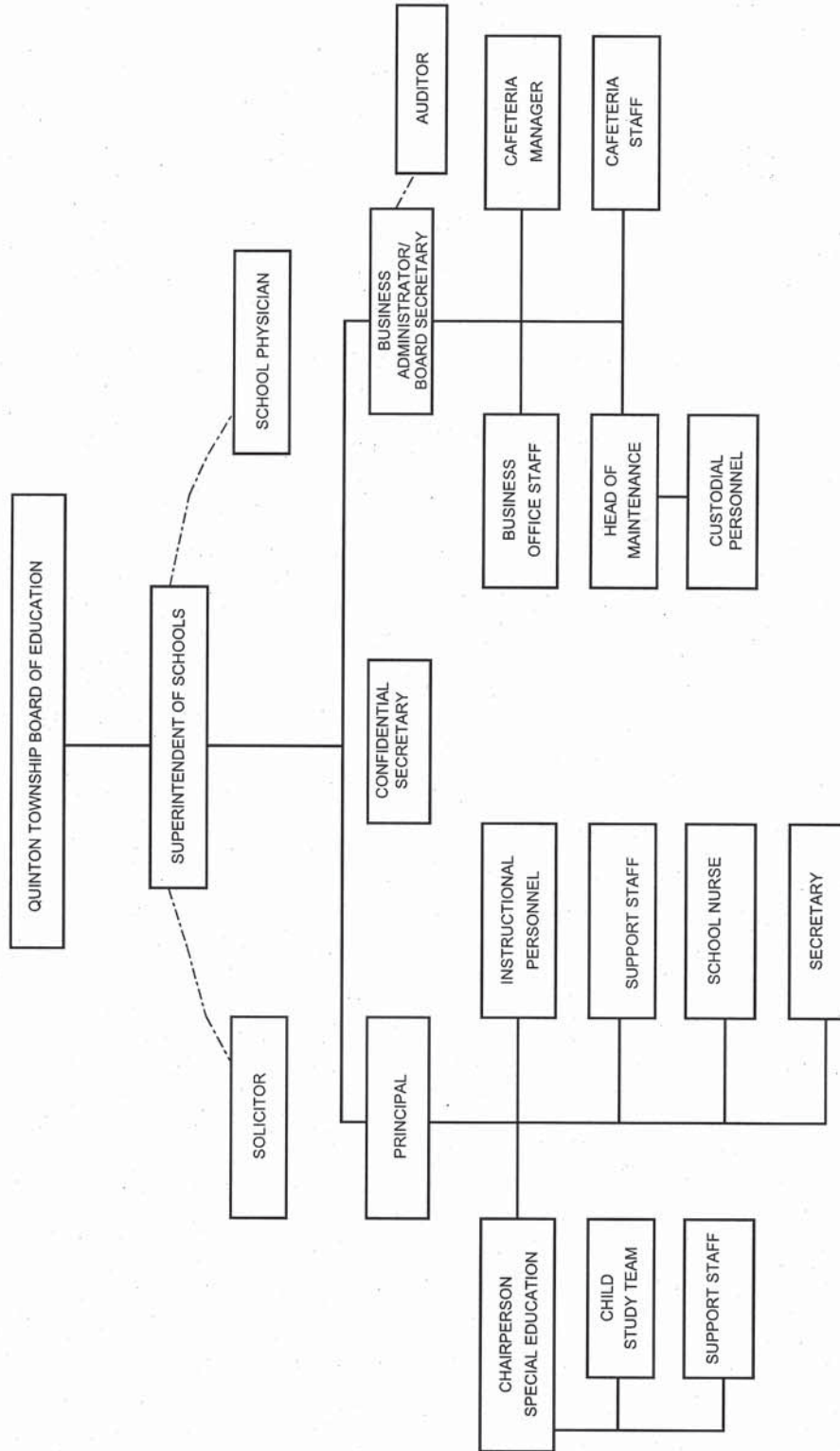
Margaret Delia

Margaret Delia  
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, 2015**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Pam DeWilde, President	2015
Stacey B. Sickler, Vice President	2015
Mary Layman	2016
Thomas McKee III	2016
Joanne Nacucchio	2017
Tracy Scull	2017
Michael Sites	2016
Kayla Surran	2017
Richard Watson	2015

**OTHER OFFICIALS**

Margaret Delia, 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, Suite100  
P. O. Box 279  
Glassboro, NJ 08028

**ATTORNEY/NEGOTIATOR**

Mark G. Toscano, Esquire  
Comegno Law Group, P.C.  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057

**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 West 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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Quinton Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the district's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education, Quinton, New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Quinton Township School Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of state financial assistance as required by NJ OMB Circulars 04-04 and/or 15-08, *Single Audit Policy and Recipients of Federal Grants, State Grants and State Aid*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of state financial assistance as required by NJ OMB Circulars 04-04 and/or 15-08, *Single Audit Policy and Recipients of Federal Grants, State Grants and State Aid*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by NJ OMB Circulars 04-04 and/or 15-08, *Single Audit Policy and Recipients of Federal Grants, State Grants and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, 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* in considering Quinton Township School Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

November 20, 2015

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Quinton Township School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
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, 2015. Comparative financial data between the current year (2014-2015) and the prior year (2013-2014) 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's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
Unaudited

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

	<b>District-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	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
<b>Required Financial Statements</b>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
<b>Accounting Basis and Measurement Focus</b>	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
<b>Type of Asset/Liability</b>	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
<b>Type of Inflow/Outflow Information</b>	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's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
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 Position 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 position* and how they have changed. Net position - 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 positions 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  
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**Fund Financial Statements (Continued)**

- **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 \$7,218,167 on June 30, 2015. Approximately .8% of the total assets are from business-type activities, while the balance of the total assets is 99.2%, attributable to governmental activities (see Exhibit A-1).

**Table 2**

**Quinton Township School District's Net Position**

	FY 2015		FY 2014		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2015	FY 2014
<b>ASSETS</b>						
Current and other assets	\$ 1,309,646	\$ 49,761	\$ 991,823	\$ 38,625	\$ 1,359,407	\$ 1,030,448
Capital assets	5,848,983	9,777	6,124,707	11,227	5,858,760	6,135,934
Total assets	<u>7,158,629</u>	<u>59,538</u>	<u>7,116,530</u>	<u>49,852</u>	<u>7,218,167</u>	<u>7,166,382</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows related to pension	71,180				71,180	
<b>LIABILITIES</b>						
Current liabilities	5,426		46,590		5,426	46,590
Noncurrent liabilities	2,465,423		2,681,611		2,465,423	2,681,611
Net pension liability	943,080				943,080	
Total liabilities	<u>3,413,929</u>		<u>2,728,201</u>		<u>3,413,929</u>	<u>2,728,201</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows related to pension	63,778				63,778	
<b>NET POSITION</b>						
Invested in capital assets,						
Net of related debt	3,422,983	9,777	3,478,707	11,227	3,432,760	3,489,934
Restricted	1,341,533		984,602		1,341,533	984,602
Unrestricted	(1,012,414)	49,761	(74,980)	38,625	(962,653)	(36,355)
Total net position	<u>\$ 3,752,102</u>	<u>\$ 59,538</u>	<u>\$ 4,388,329</u>	<u>\$ 49,852</u>	<u>\$ 3,811,640</u>	<u>\$ 4,438,181</u>

Quinton Township School District  
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**Financial Analysis of the District as a Whole (Continued)**

The District's combined net position were \$3,811,640 on June 30, 2015. This was a decrease of \$626,541.

Table 3 Shows changes in net position for fiscal year 2015.

**Changes in Net Position** - The District's total revenues are \$7,122,021 for the fiscal period ended June 30, 2015, (see Table 3). Property taxes and state grants and entitlements accounted for 92% of the District's revenue, 6.1% is derived from Federal and State aid for specific programs, and the remainder, 1.9% from fees charged for services and miscellaneous resources (see Exhibit A-2).

**Table 3**

**Quinton Township School District's Changes in Net Position**

	FY 2015		FY 2014		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2015	FY 2014
<b>REVENUES:</b>						
Program revenues						
Charges for services		\$ 63,026		\$ 65,200	\$ 63,026	\$ 65,200
Federal & state categorical grants	\$ 317,662	119,255	\$ 316,595	118,594	436,917	435,189
General revenues						
Property taxes	2,527,952		2,525,347		2,527,952	2,525,347
Grants and entitlements	4,018,067		3,887,996		4,018,067	3,887,996
Other	76,059		132,727		76,059	132,727
Total revenues	<u>6,939,740</u>	<u>182,281</u>	<u>6,862,665</u>	<u>183,794</u>	<u>7,122,021</u>	<u>7,046,459</u>
<b>EXPENSES:</b>						
Instruction-related	2,222,335		2,154,424		2,222,335	2,154,424
Tuition and student support services	1,350,822		1,735,227		1,350,822	1,735,227
General administration	195,980		157,218		195,980	157,218
School administration	109,080		109,228		109,080	109,228
Central services	150,056		138,704		150,056	138,704
Administrative information tech.	3,945		1,153		3,945	1,153
Plant operations & maintenance	923,830		879,838		923,830	879,838
Security	12,912		12,526		12,912	
Pupil transportation	406,084		518,502		406,084	518,502
Employee benefits	1,129,248		1,099,198		1,129,248	1,099,198
Interest on debt	99,813		106,713		99,813	106,713
Capital outlay	38,513		36,143		38,513	36,143
Food service		172,595		192,012	172,595	192,012
Total expenses	<u>6,642,618</u>	<u>172,595</u>	<u>6,948,874</u>	<u>192,012</u>	<u>6,815,213</u>	<u>7,140,886</u>
Increase (decrease) in net position	<u>\$ 297,122</u>	<u>\$ 9,686</u>	<u>\$ (86,209)</u>	<u>\$ (8,218)</u>	<u>\$ 306,808</u>	<u>\$ (94,427)</u>

Quinton Township School District  
Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2015  
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**Changes in Net Position (Continued)** - The District's predominant expenses are related to instruction and student support services, which is approximately 52.4%. Employee benefits made up 16.5% of the District's expenses. Another 6.7% is related to Administrative and Business departments, 5.9% for transportation expenses and 13.7% is related to Maintenance & Operations. Interest on debt made up 1.4% and food service, 2.5% of the overall expenditures. The remaining .9% is capital outlay.

**Governmental Activities**

Revenues for governmental activities (Exhibit B-2) were \$6,940,775, while total expenses amounted to \$6,581,283. This resulted in an increase in net position in governmental activities of \$359,492 for FY 2015.

Overall, the District's financial position can be credited to 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 revenues exceeded expenses by \$9,686 (Exhibit B-5).
- Charges for services represent \$63,026 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursements for meals (which includes payments for free and local reduced lunches and breakfast), and donated commodities was \$119,255.

**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 \$1,304,220 (See Exhibit B-2). Increased state and federal aid amounted to \$130,071. 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 \$327,217 in fund balance, legal reserves to fund the appropriation plan for this fiscal period less \$30,000 transfer to capital reserve and \$150 budgeted interest on capital reserve. Due to the impending State budget crisis, actual expenditures in the last quarter of the fiscal year were minimal; this lead to an increase of \$353,440 in fund balance (see Exhibit B-2).

Quinton Township School District  
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Fiscal Year Ended June 30, 2015  
Unaudited

**Capital Asset and Debt Administration**

**Capital Assets**

The Quinton Township School District's investment in capital assets for its governmental, fiduciary and business type activities as of June 30, 2015, amounts to \$5,859,546 (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 7 to the financial statements).

**Table 4**

**Quinton Township School District's Capital Assets**

	FY 2015			FY 2014			Total	
	Governmental	Fiduciary	Business- Type	Governmental	Fiduciary	Business- Type	FY 2015	FY 2014
Land	\$ 8,757			\$ 8,757			\$ 8,757	\$ 8,757
Construction in progress	77,299						77,299	
Site improvements	29,997			37,970			29,997	37,970
Buildings	5,637,106			6,006,948			5,637,106	6,006,948
Machinery & equipment	95,824	\$ 786	\$ 9,777	71,032	\$ 1,257	\$ 11,227	106,387	83,516
<b>Total</b>	<b>\$ 5,848,983</b>	<b>\$ 786</b>	<b>\$ 9,777</b>	<b>\$ 6,124,707</b>	<b>\$ 1,257</b>	<b>\$ 11,227</b>	<b>\$ 5,859,546</b>	<b>\$ 6,137,191</b>

**Long-Term Debt**

At year-end, the District had \$2,465,423 of outstanding debt. Of this amount, \$2,426,000 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. The balance of \$39,423 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 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/Board Secretary, Quinton Township School District, 8 Robinson Street, Quinton, NJ 08072.

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2015

	Governmental Activities	Business-type Activities	Total Governmental Funds FY 2015
<b>ASSETS</b>			
Cash and cash equivalents	\$ 337,174	\$ 39,006	\$ 376,180
Interfunds receivable	7		7
Receivables, net	736,296	5,465	741,761
Inventory		5,290	5,290
Restricted assets:			
Cash and cash equivalents	159,117		159,117
Capital reserve account - cash	77,052		77,052
Capital assets:			
Non-depreciable assets	86,056		86,056
Assets net of depreciation	5,762,927	9,777	5,772,704
Total Assets	<u>7,158,629</u>	<u>\$ 59,538</u>	<u>7,218,167</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows related to pension	<u>71,180</u>		<u>71,180</u>
<b>LIABILITIES</b>			
Accounts payable	5,426		5,426
Non-current liabilities:			
Due within one year	225,000		225,000
Due beyond one year	2,240,423		2,240,423
Net pension liability	943,080		943,080
Total liabilities	<u>3,413,929</u>		<u>3,413,929</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	<u>63,778</u>		<u>63,778</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	3,422,983	\$ 9,777	3,432,760
Restricted for:			
Capital projects	236,169		236,169
Debt service	1		1
Other purposes	1,105,363		1,105,363
Unrestricted	(1,012,414)	49,761	(962,653)
Total net position	<u>\$ 3,752,102</u>	<u>\$ 59,538</u>	<u>\$ 3,811,640</u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 1,726,312			\$ (1,726,312)		\$ (1,726,312)
Special education	392,601		\$ 279,915	(112,686)		(112,686)
Other special education	78,913			(78,913)		(78,913)
Other instruction	24,509			(24,509)		(24,509)
Support services:						
Tuition	834,407			(834,407)		(834,407)
Student & instructional related services	516,415		24,841	(491,574)		(491,574)
General administrative services	195,980			(195,980)		(195,980)
School administrative services	109,080			(109,080)		(109,080)
Central services	150,056			(150,056)		(150,056)
Administration information technology	3,945			(3,945)		(3,945)
Plant operations & maintenance	923,830			(923,830)		(923,830)
Security	12,912			(12,912)		(12,912)
Pupil transportation	406,084			(406,084)		(406,084)
Employee benefits	1,129,248		12,906	(1,116,342)		(1,116,342)
Interest on long-term debt	99,813			(99,813)		(99,813)
Capital outlay	38,513			(38,513)		(38,513)
Total governmental activities	6,642,618		317,662	(6,324,956)		(6,324,956)
Business-type activities:						
Food service	172,595	\$ 63,026	119,255		\$ 9,686	9,686
Total business-type activities	172,595	63,026	119,255		9,686	9,686
Total primary government	\$ 6,815,213	\$ 63,026	\$ 436,917	\$ (6,324,956)	\$ 9,686	\$ (6,315,270)
General revenues:						
Taxes:						
Property taxes, levied for general purpose				\$ 2,307,609		\$ 2,307,609
Taxes levied for debt service				220,343		220,343
Federal and State aid not restricted				4,018,067		4,018,067
Tuition charges				69,749		69,749
Investment Earnings				1,664		1,664
Miscellaneous Income				5,681		5,681
Prior year receivables canceled				(506)		(506)
Loss on disposal of capital assets				(529)		(529)
Total general revenues, special items, extraordinary items, and transfers				6,622,078		6,622,078
Change in net position				297,122	\$ 9,686	306,808
Net position - beginning				4,388,329	49,852	4,438,181
Prior period adjustment of pension				(933,349)		(933,349)
Restated net position at the beginning of the year				3,454,980	49,852	3,504,832
Net position - end				\$ 3,752,102	\$ 59,538	\$ 3,811,640

See accompanying notes to the basic financial statements.



## **FUND FINANCIAL STATEMENTS**

QUINTON TOWNSHIP SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds FY 2015
<b>ASSETS</b>					
Cash and cash equivalents	\$ 412,159			\$ 159,117	\$ 571,276
Tax levy receivable	576,902		\$ 55,086		631,988
Interfunds receivable	7				7
Receivables	83,741	\$ 20,567			104,308
Restricted cash and cash equivalents	77,052				77,052
<b>Total assets</b>	<b>\$1,149,861</b>	<b>\$ 20,567</b>	<b>\$ 55,086</b>	<b>\$ 159,117</b>	<b>\$ 1,384,631</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Cash overdraft		\$ 19,900	\$ 55,085		\$ 74,985
Accounts payable		5,426			5,426
<b>Total liabilities</b>		<b>25,326</b>	<b>55,085</b>		<b>80,411</b>
Fund balances:					
Restricted for:					
Capital reserve account	\$ 77,052				77,052
Excess surplus - current year	635,178				635,178
Excess surplus - prior year designated for subsequent year's expenditures	372,595				372,595
Capital projects fund				\$ 159,117	159,117
Debt service fund			1		1
Assigned to:					
Designated by the BOE for subsequent year's expenditures	97,590				97,590
Unassigned:					
General fund	(32,554)				(32,554)
Special revenue fund		(4,759)			(4,759)
<b>Total fund balances</b>	<b>1,149,861</b>	<b>(4,759)</b>	<b>1</b>	<b>159,117</b>	<b>1,304,220</b>
<b>Total liabilities and fund balances</b>	<b>\$1,149,861</b>	<b>\$ 20,567</b>	<b>\$ 55,086</b>	<b>\$ 159,117</b>	

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>FY 2015</u>
Amounts reported for governmental activities in the statement of new position (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 \$9,567,645 and the accumulated depreciation is \$3,718,662 (see Note 7).	5,848,983
The cumulative effect of the change in accounting principles for adoption of GASB Statement No. 68 and 71 are reported as a prior period adjustment of net pension adjustment (See Note 2).	(933,349)
Net pension liability adjustment	(2,328)
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 8).	(2,465,423)
Net position of governmental activities	<u>\$ 3,752,102</u>

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds FY 2015
<b>REVENUES:</b>					
Local tax levy	\$ 2,307,609		\$ 220,343		\$ 2,527,952
Tuition charges	69,749				69,749
Interest earned on investments	1,558				1,558
Interest earned on capital reserve funds	106				106
Miscellaneous	5,681	\$ 4,021			9,702
	<u>2,384,703</u>	<u>4,021</u>	<u>220,343</u>		<u>2,609,067</u>
State sources	3,918,597	48,492	99,470		4,066,559
Federal sources		265,149			265,149
	<u>6,303,300</u>	<u>317,662</u>	<u>319,813</u>		<u>6,940,775</u>
<b>EXPENDITURES:</b>					
Current:					
Regular instruction	1,731,387				1,731,387
Special education instruction	114,179	278,422			392,601
Other special instruction	78,913				78,913
Other instruction	24,509				24,509
Support services & undistributed costs:					
Tuition	834,407				834,407
Student & instruction related services	475,631	25,428			501,059
General administrative services	195,980				195,980
School administrative services	109,080				109,080
Central services	150,056				150,056
Administration information technology	3,945				3,945
Plant operations and maintenance	543,817				543,817
Security	12,912				12,912
Pupil transportation	406,084				406,084
Employee benefits	1,108,013	12,906			1,120,919
Debt service:					
Principal			220,000		220,000
Interest and other charges			99,813		99,813
Capital outlay	77,074			\$ 78,727	155,801
	<u>5,865,987</u>	<u>316,756</u>	<u>319,813</u>	<u>78,727</u>	<u>6,581,283</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	437,313	906		(78,727)	359,492
Other financing sources (uses):					
Prior year receivables canceled	(506)				(506)
Total other financing sources (uses)	(506)				(506)
Net change in fund balances	436,807	906		(78,727)	358,986
Fund balance - July 1	713,054	(5,665)	1	237,844	945,234
Fund balance - June 30	<u>\$ 1,149,861</u>	<u>\$ (4,759)</u>	<u>\$1</u>	<u>\$ 159,117</u>	<u>\$ 1,304,220</u>

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, 2015

Total net change in fund balances - Governmental Funds (from B-2)	\$ 358,986
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	121,309
Depreciation expense	(396,504)
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	220,000
In the statement of activities, only the loss on disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed.	
	(529)
Pension contributions are reported in governmental funds as expenditures. However in the statement of activities, the contributions are adjusted for actuarial valuation adjustments.	
	(2,329)
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.	
	(3,811)
Change in net position of governmental activities	\$ 297,122

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business-type Activities - Food Service Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 39,006
Accounts receivable	5,465
Inventories	5,290
Total current assets	49,761
Noncurrent assets:	
Furniture, machinery & equipment	83,140
Less: accumulated depreciation	(73,363)
Total non-current assets	9,777
Total assets	\$ 59,538
<b>NET POSITION</b>	
Invested in capital assets net of related debt	\$ 9,777
Unrestricted	49,761
Total net position	\$ 59,538

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended June 30, 2015

	Business-type Activities - Food Service Fund
<b>OPERATING REVENUES:</b>	
Local sources:	
Daily sales - reimbursable programs:	\$ 46,534
Daily sales - non-reimbursable programs	16,492
	63,026
<b>OPERATING EXPENSES:</b>	
Salaries	50,184
Employee benefits	3,780
Purchased professional technical services	2,994
Supplies and materials	2,816
Cost of sales	111,371
Depreciation	1,450
	172,595
Total operating expenses	172,595
Operating income (loss)	(109,569)
<b>NON-OPERATING REVENUES:</b>	
Local sources:	
County Health and Wellness grant	5,000
State sources:	
National school lunch program - state	1,852
Federal sources:	
National school lunch program	69,893
National school breakfast program	33,498
Food distribution program	9,012
	119,255
Total non-operating revenues (expenses)	119,255
Net income (loss)	9,686
Total net position - beginning	49,852
Total net position - ending	\$ 59,538

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2015

	Business-type Activities - Food Service Fund
Cash flows from operating activities:	
Receipts from customers	\$ 63,026
Payments to suppliers	(108,980)
Payments to employees	(50,184)
Payments for employee benefits	(3,780)
Net cash provided (used) by operating activities	(99,918)
Cash flows from non-capital financing activities:	
Cash received from state, federal & local reimbursements	113,720
Net cash provided by non-capital financing activities	113,720
Net increase in cash and cash equivalents	13,802
Cash and cash equivalents - July 1	25,204
Cash and cash equivalents - June 30	\$ 39,006
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (109,569)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	1,450
Food distribution program	9,012
Change in assets and liabilities: (Increase) decrease in inventory	(811)
	\$ (99,918)

See accompanying notes to the basic financial statements.



QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	Technology Trust	Unemployment Compensation Trust	Agency Funds	FY 2015
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 7,424	\$ 7,713	\$ 17,793	\$ 32,930
Non-current assets:				
Capital assets, net	786			786
Total assets	<u>\$ 8,210</u>	<u>\$ 7,713</u>	<u>\$ 17,793</u>	<u>33,716</u>
<b>LIABILITIES</b>				
Current liabilities:				
Due to student groups			\$ 10,794	10,794
Payroll deductions and withholdings			6,992	6,992
Interfund payable - general fund			7	7
Total current liabilities			<u>\$ 17,793</u>	<u>17,793</u>
<b>NET POSITION</b>				
Invested in capital assets net of of related debt	\$ 786			786
Held in trust for:				
Unemployment claims		\$ 7,713		7,713
Technology expenditures	7,424			7,424
Total net position	<u>\$ 8,210</u>	<u>\$ 7,713</u>		<u>\$ 15,923</u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2015

	Trust Funds		FY 2015
	Technology Trust	Unemployment Compensation Trust	
ADDITIONS:			
Contributions:			
Plan members		\$ 5,124	\$ 5,124
Others	\$ 10,250		10,250
Total contributions	10,250	5,124	15,374
Investment earnings:			
Interest	30	6	36
Total investment earnings	30	6	36
Total additions	10,280	5,130	15,410
DEDUCTIONS:			
General supplies	28,368		28,368
Unemployment claims		3,210	3,210
Depreciation	471		471
Total deductions	28,839	3,210	32,049
Change in net position	(18,559)	1,920	(16,639)
Net position - July 1	26,769	5,793	32,562
Net position - June 30	\$ 8,210	\$ 7,713	\$ 15,923

See accompanying notes to the basic financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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 (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) 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 (GASB). The more significant accounting policies established in (GAAP) 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 GASB 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 program is classified as business-type activities.

In the government-wide Statement of Net Position, 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 position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide Statements (Continued)**

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 employee benefits, on-behalf Teacher's Pension and Annuity Fund (TPAF) Pension contributions, and TPAF 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 position resulting from the current year's activities. The government-wide financial statements do not include fiduciary activity.

**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.

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.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**General Fund (Continued)** - 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.

**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 position, changes in net position and are reported using accounting principles similar to Proprietary Funds.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 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, Technology Fund, Payroll, and 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 GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP 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.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Cash and Cash Equivalents (Continued)**

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. However, 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 (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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, 2015, consisted of the following:

Food	\$ 2,477
Commodities	1,847
Supplies	<u>966</u>
	<u><u>\$ 5,290</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.

**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:



**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Capital Assets (Continued)**

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

GASB No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The District has included infrastructure assets in the current fiscal year.

**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 time 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 expenditures 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, 2015**

**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 approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. 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 one or more June state aid payments 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, 2015**

**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 GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP 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, which 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, 2015**

**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 Position**

Net position represents the difference between assets and liabilities. Net positions 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 position 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 position funds 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, 2015**

**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.

**V. Recent Accounting Pronouncements Not Yet Effective**

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, the impact of this statement on the net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District's financial reporting.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**V. Recent Accounting Pronouncements Not Yet Effective (Continued)**

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

**NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE**

During the year beginning July 1, 2015, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions," & Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date," whose primary objectives are to improve accounting and financial reporting for pensions. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for pension. The effect of this change was to decrease fiscal year ended June 30, 2015, net position \$971,656, which is the prior period adjustment of net pension liability and offset by deferred outflows – District's contributions made during fiscal year 2014 of \$38,307. Financial statements for the fiscal year ended June 30, 2014, have not been restated, and the cumulative effect of the change totaling \$933,349, is shown as a one-time debit to net position in the fiscal year ended June 30, 2015, statement of activities.

**NOTE 3: 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 (GUDPA) or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2015 and 2014, was \$645,279 and \$535,153. As of June 30, 2015 and 2014, \$0 of the District's bank balance of \$937,398 and \$883,421, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of June 30, 2015 and 2014, 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, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk** - 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.

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

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5: RECEIVABLES**

Receivables at June 30, 2015, (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	\$ 74,383	\$ 142
Township of Quinton	631,988	
Other LEA's	9,358	
Federal aid	20,567	5,323
	<u>\$ 736,296</u>	<u>\$ 5,465</u>

**NOTE 6: 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 (LRFP). Upon submission of the LRFP 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 LRFP. The June 30, 2015, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2014	\$ 46,946
Interest earnings	106
Deposits	<u>30,000</u>
Ending balance June 30, 2015	<u>\$ 77,052</u>

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7: CAPITAL ASSETS**

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2015.

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress		\$ 77,299		\$ 77,299
Sites (land)	\$ 8,757			8,757
Total capital assets not being depreciated	<u>8,757</u>	<u>77,299</u>		<u>86,056</u>
Site improvements	195,983			195,983
Building & building improvements	8,518,219			8,518,219
Machinery & equipment	<u>763,648</u>	<u>44,010</u>	<u>\$ 40,271</u>	<u>767,387</u>
Totals at historical cost	<u>9,477,850</u>	<u>44,010</u>	<u>40,271</u>	<u>9,481,589</u>
Less: accumulated depreciation				
Site improvements	(158,013)	(7,972)		(165,985)
Building & building improvements	(2,511,271)	(369,842)		(2,881,113)
Machinery & equipment	<u>(692,616)</u>	<u>(18,690)</u>	<u>39,742</u>	<u>(671,564)</u>
Total accumulated depreciation	<u>(3,361,900)</u>	<u>(396,504)</u>	<u>39,742</u>	<u>(3,718,662)</u>
Governmental activities capital assets, net	<u>\$ 6,124,707</u>	<u>\$ (319,205)</u>	<u>\$ 529</u>	<u>\$ 5,848,983</u>
Business-type activities:				
Machinery & equipment	\$ 83,140			\$ 83,140
Less: accumulated depreciation	<u>(71,913)</u>	<u>\$ (1,450)</u>		<u>(73,363)</u>
Business-type capital assets, net	<u>\$ 11,227</u>	<u>\$ (1,450)</u>		<u>\$ 9,777</u>
Fiduciary-type activities:				
Machinery & equipment	\$ 10,394			\$ 10,394
Less: accumulated depreciation	<u>(9,137)</u>	<u>\$ (471)</u>		<u>(9,608)</u>
	<u>\$ 1,257</u>	<u>\$ (471)</u>		<u>\$ 786</u>

Depreciation was charged to the following governmental programs:

Instruction	\$ 16,491
Operation and maintenance	<u>380,013</u>
Total	<u>\$ 396,504</u>

**NOTE 8: 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.



**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)**

Permanently funded debt as of June 30, 2015, consisted of the following:

\$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, 2015, was \$895,000.

\$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, 2015, was \$1,531,000.

**Long-Term Obligation Activity**

Changes in long-term obligations for the fiscal year ended June 30, 2015, are as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
Compensated absences	\$ 35,611	\$ 9,285	\$ 5,473	\$ 39,423	
Bonds payable	2,646,000		220,000	2,426,000	\$ 225,000
	<u>\$ 2,681,611</u>	<u>\$ 9,285</u>	<u>\$ 225,473</u>	<u>\$ 2,465,423</u>	<u>\$ 225,000</u>

**Bonds Payable**

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

Year Ended June 30	Principal	Interest	Total
2016	\$ 225,000	\$ 92,613	\$ 317,613
2017	235,000	85,143	320,143
2018	241,000	76,643	317,643
2019	250,000	67,725	317,725
2020	255,000	58,481	313,481
2021-2025	705,000	178,188	883,188
2026-2029	515,000	51,800	566,800
	<u>\$ 2,426,000</u>	<u>\$ 610,593</u>	<u>\$ 3,036,593</u>

**Bonds Authorized but Not Issued**

As of June 30, 2015, 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.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)**

**Other (Continued)**

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, 2015, 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 9: PENSION FUNDS**

**Description of Plans** - All eligible employees of the District are covered by the Public Employees' Retirement System, (PERS), or Teachers' Pension and Annuity Fund (TPAF) 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 supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

**Teachers' Pension and Annuity Fund (TPAF)** - 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.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) 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.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9: PENSION FUNDS (CONTINUED)**

**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. TPAF and PERS provide for employee contributions of 6.92% of employees' annual compensation, as defined. Subsequent increases 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 PERS and TPAF. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The District's contributions to PERS for the years ending June 30, 2015, 2014, and 2013, were \$41,525, \$38,307, and \$44,985, respectively, equal to the required contributions for each year. The School District's share of TPAF for the years ending June 30, 2015, 2014, and 2013, were \$339,856, \$244,870, and \$307,444, respectively, paid by the State of New Jersey on behalf of the Board, which equaled the required contributions for each year.

Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the District for the years ending June 30, 2015, 2014, and 2013: \$159,761, \$152,885 and \$171,678, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

The Board's total payroll for the years ending June 30, 2015, 2014, and 2013, were \$2,854,649, \$2,785,076, and \$2,847,483, covered payroll was \$2,169,475, \$1,991,320, and \$2,331,936 for TPAF and \$294,178, \$313,974, and \$348,348 for PERS.

For the year ended June 30, 2015, the District recognized pension expense of \$43,854. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 29,655	
Net difference between projected and actual earnings on pension plan investments		\$ 56,202
Changes in proportion and differences between District contributions and proportionate share of contributions		7,576
District contributions subsequent to the measurement date	41,525	
	\$ 71,180	\$ 63,778

\$41,525, reported as deferred outflows of resources related to pensions, resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9: PENSION FUNDS (CONTINUED)**

of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
<u>June 30,</u>	
2016	\$ (10,493)
2017	(10,493)
2018	(10,493)
2019	(10,493)
2020	5,451
Thereafter	2,398
	<u>\$ (34,123)</u>

Additional information – Collective balances at June 30, 2013 and 2014, are as follows:

	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources		\$ 952,194,675
Collective deferred inflows of resources		1,479,224,662
Collective net pension liability	<u>\$ 19,111,986,911</u>	<u>18,722,735,003</u>
District's proportion	0.0050840131%	0.0050370847%

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) 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 DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life 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 years ending June 30, 2015, 2014, and 2013, were \$4,030, \$3,455, and \$1,018 for covered employees.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 10: POST-RETIREMENT BENEFITS**

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the state contributed \$1.04 billion on their behalf. 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 benefits 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

**NOTE 11: 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.

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components: the amount due within one year and the amount due in more than one year. The liability for compensated absences in the Governmental fund at June 30, 2015, is \$39,423. The liability for compensated absences in the food service fund at June 30, 2015, is \$0.

**NOTE 12: 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:

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 12: DEFERRED COMPENSATION (CONTINUED)**

ING  
Diversified Investment Advisors

Lincoln Investment Planning, Inc.  
MetLife

**NOTE 13: LABOR CONTRACTS**

As of June 30, 2015, the District's teachers, school nurses, LDT-C, social workers, guidance counselors, and psychologists are organized in the Quinton Education Association collective bargaining unit which expires on June 30, 2016.

**NOTE 14: 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 15: 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, 2015, 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 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

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 15: RISK MANAGEMENT (CONTINUED)**

**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	Employer Contributions	Amount Reimbursed	Ending Balance
2014-2015	\$ 6	\$ 5,124		\$ 3,210	\$ 7,713
2013-2014	7	5,175		3,757	5,793
2012-2013	9	4,662	\$ 8,441	12,070	4,368

**NOTE 16: OPERATING LEASES**

The District has commitments to lease copiers under non-cancelable operating leases spanning five years. Total lease payments made during the year ended June 30, 2015, amounted to \$4,002. Future minimum lease payments are as follows:

Year Ended June 30,	Amount
2016	\$ 6,861
2017	6,861
2018	6,861
2019	2,859
	<u>\$ 23,442</u>

**NOTE 17: 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 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.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 17: FUND BALANCE APPROPRIATED (CONTINUED)**

Specific classifications of fund balance are summarized below:

**Non-Spendable Fund Balance** - The District had no non-spendable fund balance at June 30, 2015.

**Restricted Fund Balance:**

**Capital Reserve Account** - Of the \$77,052 balance in the capital reserve account at June 30, 2015, \$0 has been designated for utilization in the 2015-2016 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

**Maintenance Reserve Account** - At June 30, 2015, there was, \$0 fund balance. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA), (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

**Excess Surplus** - At June 30, 2015, excess surplus created in FY 2014 of \$372,595 will be utilized for expenditures in the 2015-2016 budget, while excess surplus created in FY 2015 of \$635,178 is restricted and will be utilized for budget expenditures in 2016-2017.

**Debt Service Fund** - At June 30, 2015, there was \$1 fund balance.

**Committed Fund Balance** - The District had no fund balance at June 30, 2015.

**Assigned Fund Balance** - At June 30, 2015, the Board has assigned \$97,590 of General Fund balance to expenditures in the 2015-2016 budget. \$0 was assigned for other purposes as of the year-end. There were no encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

**Unassigned Fund Balance** - At June 30, 2015, the District has a deficit of (\$32,554) of unassigned fund balance in the General Fund. The District also has a deficit of (\$4,759) of unassigned fund balance in the Special Revenue Fund.

**NOTE 18: 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, 2015, is \$1,007,773.

**NOTE 19: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$32,554 (Exhibit B-1) in the General Fund and \$4,759 in the Special Revenue Fund as of June 30, 2015, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event state school aid payments are not made until the following school budget year, districts must record the delayed one or more June



**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 19: DEFICIT FUND BALANCES (CONTINUED)**

state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability.

Since the state is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payments on the GAAP 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 20: ECONOMIC DEPENDENCY**

The District is heavily reliant on state aid and local tax levies to fund the District operations. State sources funded approximately 58% of the District's 2014-2015 governmental operations, excluding capital projects, while local tax levy accounted for approximately 36%.

**NOTE 21: INTERFUND RECEIVABLES AND PAYABLES**

The interfund balances remaining on the balance sheet at June 30, 2015.

	From	To
General Fund	\$ 7	
Agency Fund		\$ 7
	\$ 7	\$ 7

**NOTE 22: 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, that 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.

**NOTE 23: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2015 and November 20, 2015, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 2,307,609		\$ 2,307,609	\$ 2,307,609	
Tuition from LEA's				69,749	\$ 69,749
Interest on investments	2,000		2,000	1,558	(442)
Interest on capital reserve funds	150		150	106	(44)
Miscellaneous				5,681	5,681
<b>Total - local sources</b>	<u>2,309,759</u>		<u>2,309,759</u>	<u>2,384,703</u>	<u>74,944</u>
State sources:					
Equalization aid	2,623,235		2,623,235	2,623,235	
Transportation aid	195,664		195,664	195,664	
Special education aid	203,803		203,803	203,803	
Security aid	77,832		77,832	77,832	
School choice	277,904	(6,316)	271,588	271,588	
Under adequacy aid	20,832		20,832	20,832	
PARCC readiness aid	3,620		3,620	3,620	
Per pupil growth aid	3,620		3,620	3,620	
Extraordinary aid				28,056	28,056
Other state aid - nonpublic transportation				870	870
TPAF post-retirement medical (on-behalf non-budgeted)				208,511	208,511
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				131,345	131,345
Reimbursed TPAF social security contributions (non-budgeted)				159,761	159,761
<b>Total - state sources</b>	<u>3,406,510</u>	<u>(6,316)</u>	<u>3,400,194</u>	<u>3,928,737</u>	<u>528,543</u>
<b>Total revenues</b>	<u>\$ 5,716,269</u>	<u>(6,316)</u>	<u>\$ 5,709,953</u>	<u>\$ 6,313,440</u>	<u>\$ 603,487</u>

QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	\$ 100,742	\$ 3,595	\$ 104,337	\$ 104,337	
Kindergarten	149,309	(272)	149,037	145,171	\$ 3,866
Grades 1-5	839,065	(22,325)	816,740	804,763	11,977
Grades 6-8	410,009	(4,582)	405,427	401,342	4,085
Regular programs - home instruction:					
Salaries of teachers	1,500		1,500	653	847
Purchased professional - education services	1,500		1,500		1,500
Regular programs - undistributed instruction:					
Other salaries for instruction	32,440		32,440	31,764	676
Purchased professional - education services	30,000	20,889	50,889	50,888	1
Purchased technical services	950	69	1,019	1,019	
Other purchased services (400-500 series)	57,510	(10,009)	47,501	37,211	10,290
General supplies	131,247	30,945	162,192	140,065	22,127
Textbooks	44,761		44,761	9,956	34,805
Miscellaneous expenditures	6,700		6,700	4,218	2,482
Total regular programs	1,805,733	18,310	1,824,043	1,731,387	92,656
Resource room:					
Salaries of teachers	130,902		130,902	113,590	17,312
General supplies	1,310		1,310	589	721
Total resource room	132,212		132,212	114,179	18,033
Total special education	132,212		132,212	114,179	18,033
Basic skills/remedial:					
Salaries of teachers	95,533	(29,750)	65,783	65,775	8
Other salaries for instruction	15,020		15,020	12,766	2,254
General supplies	846		846	372	474
Total basic skills/remedial	111,399	(29,750)	81,649	78,913	2,736
School sponsored co-curricular activities:					
Salaries	31,583	(1,000)	30,583	23,088	7,495
Total school sponsored co-curricular activities	31,583	(1,000)	30,583	23,088	7,495

QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs - instruction:					
Salaries	500	1,000	1,500	1,421	79
Total other instructional programs	500	1,000	1,500	1,421	79
Total other programs	143,482	(29,750)	113,732	103,422	10,310
Total - instruction	2,081,427	(11,440)	2,069,987	1,948,988	120,999
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	529,695	(6,316)	523,379	513,788	9,591
Tuition to other LEAs within state - special	73,152		73,152	73,152	
Tuition to county special services district/ regional day schools	359,388		359,388	179,353	180,035
Tuition to private schools for the handicapped - within state	90,539		90,539	68,114	22,425
Total undistributed expenditures - instruction	1,052,774	(6,316)	1,046,458	834,407	212,051
Attendance and social work services:					
Salaries	14,180		14,180	14,180	
Total attendance and social work services	14,180		14,180	14,180	
Health services:					
Salaries	74,457		74,457	72,258	2,199
Purchased professional-technical services	3,725		3,725	3,040	685
Other purchased services (400-500 series)	850		850	298	552
Supplies and materials	5,800		5,800	4,602	1,198
Total health services	84,832		84,832	80,198	4,634
Related services:					
Salaries of teachers	58,318		58,318	58,318	
Purchased professional-education services	35,000		35,000	32,562	2,438
Supplies and materials	707		707	543	164
Total related services	94,025		94,025	91,423	2,602
Extraordinary services:					
Salaries other instructional staff	17,752	(1)	17,751	16,586	1,165
Purchased professional - education services	41,000	34,861	75,861	75,861	
Total extraordinary services	58,752	34,860	93,612	92,447	1,165
Guidance services:					
Salaries of other professional staff	48,509	4,582	53,091	53,090	1
Supplies and materials	5,750		5,750	4,472	1,278
Total guidance services	54,259	4,582	58,841	57,562	1,279

QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child study team:					
Salaries of other professional staff	67,412	(365)	67,047	65,391	1,656
Purchased professional-education services	8,500	355	8,855	8,855	
Other purchased professional-technical services	2,000		2,000	1,601	399
Supplies and materials	5,483		5,483	4,924	559
Miscellaneous expenditures	50	10	60	10	50
Total child study team	83,445		83,445	80,781	2,664
Improvement of instruction services:					
Salaries of other professional staff	12,000		12,000	5,017	6,983
Total improvement of instruction services	12,000		12,000	5,017	6,983
Educational media services/school library:					
Salaries	49,065	(19,190)	29,875	28,880	995
Salaries of technology coordinator		8,278	8,278	8,278	
Other purchased services (400-500 series)	2,800		2,800	1,819	981
Supplies and materials	3,850		3,850	3,093	757
Total educational media services/school library	55,715	(10,912)	44,803	42,070	2,733
Instructional staff training:					
Purchased professional-education services	17,380		17,380	7,650	9,730
Other purchased services (400-500 series)	5,500		5,500	4,303	1,197
Total instructional staff training	22,880		22,880	11,953	10,927
Support services general administration:					
Salaries	143,323	(819)	142,504	141,803	701
Legal services	3,000		3,000	1,069	1,931
Audit fees	12,000		12,000	11,000	1,000
Other professional services	23,500	(3,424)	20,076	5,740	14,336
Communications/telephone	15,000		15,000	13,145	1,855
BOE other purchased services	500		500	75	425
Other purchased services (400-500 series)	15,400		15,400	11,975	3,425
Supplies and materials	5,000		5,000	1,565	3,435
BOE in house training/meeting supplies	1,800		1,800	575	1,225
Judgments against the school district	2,500		2,500	2,500	
Miscellaneous expenditures	3,500		3,500	3,077	423
BOE membership dues and fees	3,800		3,800	3,456	344
Total support services general administration	229,323	(4,243)	225,080	195,980	29,100

QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration:					
Salaries of principals/assistant principals	89,144	350	89,494	89,494	
Salaries of secretarial and clerical assistants	15,395		15,395	15,238	157
Other purchased services (400-500 series)	3,000		3,000	1,341	1,659
Supplies and materials	3,500	(350)	3,150	1,628	1,522
Miscellaneous expenditures	2,000		2,000	1,379	621
Total support services school administration	113,039		113,039	109,080	3,959
Central services:					
Salaries	124,930	1,842	126,772	126,771	1
Purchased technical services	16,800	2,606	19,406	18,257	1,149
Miscellaneous purchased services (400-500 series)	2,000		2,000	1,419	581
Supplies and materials	4,209	(1,150)	3,059	2,596	463
Miscellaneous expenditures	1,175		1,175	1,013	162
Total central services	149,114	3,298	152,412	150,056	2,356
Administration information technology:					
Salaries	3,000	945	3,945	3,945	
Total administration information technology	3,000	945	3,945	3,945	
Required maintenance for school facilities:					
Cleaning, repair, and maintenance services	113,128	13,414	126,542	126,541	1
Supplies and materials	2,500	(2,480)	20	20	
Total required maintenance for school facilities	115,628	10,934	126,562	126,561	1
Other operation & maintenance of plant services:					
Salaries	182,994	(3,460)	179,534	178,934	600
Purchased professional and technical services	2,900	1,292	4,192	4,192	
Cleaning, repair, and maintenance services	63,000	(9,686)	53,314	53,033	281
Insurance	35,000	(3,400)	31,600	31,569	31
Miscellaneous purchased services (400-500 series)	450		450	358	92
General supplies	53,900	(28,145)	25,755	22,484	3,271
Energy (electricity)	85,000	(992)	84,008	81,132	2,876
Energy (oil)	90,000	(7,474)	82,526	45,554	36,972
Total other operation & maintenance of plant services	513,244	(51,865)	461,379	417,256	44,123
Total operation & maintenance of plant services	628,872	(40,931)	587,941	543,817	44,124
Security:					
Salaries	13,430		13,430	12,912	518
Total security	13,430		13,430	12,912	518

QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	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	185,000	4,475	189,475	187,782	1,693
Contracted services (other than between home and school) - vendors	2,500		2,500	1,416	1,084
Contracted services (regular students) - ESC & CTSA	96,000		96,000	82,605	13,395
Contracted services (special education students) - ESC & CTSA	226,000		226,000	123,093	102,907
Aid in lieu - nonpublic	15,000	(4,475)	10,525	4,420	6,105
Aid in lieu - choice	6,000		6,000	1,768	4,232
<b>Total student transportation services</b>	<b>535,500</b>		<b>535,500</b>	<b>406,084</b>	<b>129,416</b>
Unallocated benefits:					
Social security contributions	45,000		45,000	38,252	6,748
Other retirement contributions - regular	55,000		55,000	46,865	8,135
Unemployment compensation	2,000		2,000	155	1,845
Workers' compensation	30,000		30,000	28,352	1,648
Health benefits	523,478	(17,090)	506,388	480,752	25,636
Tuition reimbursement	12,000		12,000	2,604	9,396
Other employee benefits	23,148		23,148	11,416	11,732
<b>Total unallocated benefits</b>	<b>690,626</b>	<b>(17,090)</b>	<b>673,536</b>	<b>608,396</b>	<b>65,140</b>
TPAF post-retirement medical (on-behalf non-budgeted)				208,511	(208,511)
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				131,345	(131,345)
Reimbursed TPAF social security contributions (non-budgeted)				159,761	(159,761)
<b>Total non-budgeted</b>				<b>499,617</b>	<b>(499,617)</b>
<b>Total undistributed expenditures</b>	<b>3,895,766</b>	<b>(35,807)</b>	<b>3,859,959</b>	<b>3,839,925</b>	<b>20,034</b>
<b>Total expenditures - current expense</b>	<b>5,977,193</b>	<b>(47,247)</b>	<b>5,929,946</b>	<b>5,788,913</b>	<b>141,033</b>
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed expenditures:					
Instruction		16,295	16,295	16,295	
Operation and maintenance of plant services		24,636	24,636	24,636	
<b>Total equipment</b>		<b>40,931</b>	<b>40,931</b>	<b>40,931</b>	
Facilities acquisition and construction services:					
Assessment for debt service on SDA Funding	36,143		36,143	36,143	
<b>Total facilities acquisition and construction services</b>	<b>36,143</b>		<b>36,143</b>	<b>36,143</b>	
<b>Total capital outlay</b>	<b>36,143</b>	<b>40,931</b>	<b>77,074</b>	<b>77,074</b>	
<b>Total expenditures</b>	<b>\$ 6,013,336</b>	<b>(6,316)</b>	<b>\$ 6,007,020</b>	<b>\$ 5,865,987</b>	<b>\$ 141,033</b>
Other financing sources (uses):					
Prior year receivables canceled				\$ (506)	
<b>Total other financing sources (uses)</b>				<b>(506)</b>	



QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2015

	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	\$ (297,067)		\$ (297,067)	446,947	\$ 744,520
Net changes in fund balance	(297,067)		(297,067)	446,947	744,520
Fund balances - July 1	1,014,394		1,014,394	1,014,394	
Fund balances - June 30	<u>\$ 717,327</u>		<u>\$ 717,327</u>	<u>\$ 1,461,341</u>	<u>\$ 744,520</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital reserve				\$ 77,052	
Excess surplus - designated for subsequent year's expenditures				372,595	
Excess surplus - current year				635,178	
<b>Assigned Fund Balance:</b>					
Designated for subsequent year's expenditures				97,590	
<b>Unassigned Fund Balance</b>				<u>278,926</u>	
				1,461,341	
Reconciliation to Governmental Fund Statements (GAAP):					
June State Aid Payments not recognized on GAAP Basis				<u>(311,480)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 1,149,861</u>	

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal sources	\$ 265,149		\$ 265,149	\$ 265,149	
State sources	47,586		47,586	47,586	
Local sources	4,021		4,021	4,021	
<b>Total revenues</b>	<b><u>\$ 316,756</u></b>		<b><u>\$ 316,756</u></b>	<b><u>\$ 316,756</u></b>	
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$ 128,845	\$ (503)	\$ 128,342	\$ 128,342	
Other salaries for instruction	54,392	(1,332)	53,060	53,060	
Tuition	96,281		96,281	96,281	
General supplies	100	352	452	452	
Other objects	227	60	287	287	
<b>Total instruction</b>	<b><u>279,845</u></b>	<b><u>(1,423)</u></b>	<b><u>278,422</u></b>	<b><u>278,422</u></b>	
Support Services:					
Other salaries	1,000	21	1,021	1,021	
Personal services - employee benefits	11,564	1,342	12,906	12,906	
Purchased professional and technical services	385		385	385	
Purchased professional - educational services	11,750	495	12,245	12,245	
Other purchased services (400-500 series)	7,621		7,621	7,621	
Contracted service transportation (between home and school) - vendors	3,000		3,000	3,000	
Contracted service transportation (other than between home and school) - vendors	600		600	600	
Cost of sales	991	(435)	556	556	
<b>Total support services</b>	<b><u>36,911</u></b>	<b><u>1,423</u></b>	<b><u>38,334</u></b>	<b><u>38,334</u></b>	
<b>Total expenditures</b>	<b><u>\$ 316,756</u></b>		<b><u>\$ 316,756</u></b>	<b><u>\$ 316,756</u></b>	

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2015

Note A: Explanation of Differences between Budgetary Inflows and Outflows and GAAP 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] \$ 6,313,440	[C-2] \$ 316,756
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	301,340	5,665
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	(311,480)	(4,759)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] \$ 6,303,300	[B-2] \$ 317,662
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 5,865,987	\$ 316,756
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] \$ 5,865,987	[B-2] \$ 316,756

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)**

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS  
 Last Two Fiscal Years

	Fiscal Year Ended	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability (asset)	0.0050370847%	0.0050840131%
District's proportionate share of the net pension liability (asset)	\$ 943,080	\$ 971,656
District's covered-employee payroll	313,974	346,108
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	300.37%	280.74%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Schedule of District Contributions - PERS  
 Last Two Fiscal Years

	Fiscal Year Ended	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 41,525	\$ 38,307
Contributions in relation to the contractually required contribution	<u>41,525</u>	<u>38,307</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 313,974	\$ 346,108
Contributions as a percentage of covered-employee payroll	13.23%	11.07%



QUINTON TOWNSHIP SCHOOL DISTRICT  
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF  
 Last Two Fiscal Years

	Fiscal Year Ended	
	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0219285515%	0.0219285515%
District's proportionate share of the net pension liability (asset)	\$ 11,720,097	\$ 11,285,602
District's covered-employee payroll	1,991,320	2,329,433
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	588.56%	484.48%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

**NOTE 1: CONTRIBUTIONS**

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**NOTE 2: ACTUARIAL ASSUMPTIONS**

The total pension liability for the June 30, 2014, measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013, measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.01%
Salary increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012, based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

## **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, 2015

	Total Brought Forward Ex. E-1a	Title I Part A	(See E-2) Preschool Education	Totals	
				FY 2015	FY 2014
REVENUES:					
Federal sources	\$ 156,240	\$ 108,909		\$ 265,149	\$ 260,532
State sources			\$ 47,586	47,586	47,586
Local sources	4,021			4,021	
Total revenues	<u>160,261</u>	<u>108,909</u>	<u>47,586</u>	<u>316,756</u>	<u>308,118</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	40,088	40,668	47,586	128,342	112,548
Other salaries for instruction		53,060		53,060	66,019
Tuition	96,281			96,281	102,192
General supplies	452			452	
Other objects	287			287	
Total instruction	<u>137,108</u>	<u>93,728</u>	<u>47,586</u>	<u>278,422</u>	<u>280,759</u>
Support services:					
Other salaries	1,021			1,021	
Personal services - employee benefits	6,570	6,336		12,906	12,159
Purchased professional and technical services	385			385	
Purchased professional - educational services	7,000	5,245		12,245	15,200
Other purchased services (400-500 series)	4,021	3,600		7,621	
Contracted service transportation (between home and school) - vendors	3,000			3,000	
Contracted service transportation (other than between home and school) - vendors	600			600	
Cost of sales	556			556	
Total support services	<u>23,153</u>	<u>15,181</u>		<u>38,334</u>	<u>27,359</u>
Total expenditures	<u>\$ 160,261</u>	<u>\$ 108,909</u>	<u>\$ 47,586</u>	<u>\$ 316,756</u>	<u>\$ 308,118</u>

QUINTON TOWNSHIP SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2015

	Total Brought Forward Ex. E-1b	Title I McKinney Vento Homeless	Rural Education Achievement Program	Title II, Part A Teacher & Principal Training & Recruiting	Total Carried Forward
REVENUES:					
Federal sources	\$ 96,666	\$ 21,000	\$ 30,546	\$ 8,028	\$ 156,240
Local sources	4,021				4,021
Total revenues	100,687	21,000	30,546	8,028	160,261
EXPENDITURES:					
Instruction:					
Salaries of teachers		13,940	25,120	1,028	40,088
Tuition	96,281				96,281
General supplies		452			452
Other objects		287			287
Total instruction	96,281	14,679	25,120	1,028	137,108
Support services:					
Other salaries		1,021			1,021
Personal services - employee benefits		1,144	5,426		6,570
Purchased professional and technical services	385				385
Purchased professional - educational services				7,000	7,000
Other purchased services (400-500 series)	4,021				4,021
Contracted service transportation (between home and school) - vendors		3,000			3,000
Contracted service transportation (other than between home and school) - vendors		600			600
Cost of sales		556			556
Total support services	4,406	6,321	5,426	7,000	23,153
Total expenditures	\$ 100,687	\$ 21,000	\$ 30,546	\$ 8,028	\$ 160,261

QUINTON TOWNSHIP SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2015

	Safety Grant	Race to the Top	IDEA Part B	IDEA Preschool Program	Total Carried Forward
REVENUES:					
Federal sources		\$ 385	\$ 94,038	\$ 2,243	\$ 96,666
Local sources	\$ 4,021				4,021
Total revenues	4,021	385	94,038	2,243	100,687
EXPENDITURES:					
Instruction:					
Tuition			94,038	2,243	96,281
Total instruction			94,038	2,243	96,281
Support services:					
Purchased professional and technical services		385			385
Other purchased services (400-500 series)	4,021				4,021
Total support services	4,021	385			4,406
Total expenditures	\$ 4,021	\$ 385	\$ 94,038	\$ 2,243	\$ 100,687



QUINTON TOWNSHIP SCHOOL DISTRICT  
 Special Revenue Fund  
 Preschool Education Aid Schedule of Expenditures  
 Budgetary Basis  
 For the Fiscal Year Ended June 30, 2015

	Budgeted	Actual	Variance
Expenditures:			
Instruction:			
Salaries of teachers	\$ 47,586	\$ 47,586	
Total expenditures	\$ 47,586	\$ 47,586	

**CALCULATION OF BUDGET AND CARRYOVER**

Total revised 2014-2015 Preschool education aid allocation	\$ 47,586
Add: Actual ECPA Carryover (June 30, 2014)	
Add: Budgeted transfer from the General Fund 2014-2015	
Total Preschool Education Aid Funds available for 2014/2015 budget	47,586
Less: 2013-2014 budgeted preschool education aid (including prior year budgeted carryover)	47,586
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2015	
Add: June 30, 2015, unexpended preschool education aid	
2014-2015 Carryover - preschool education aid/preschool	
2014-2015 Preschool education aid carryover budgeted for preschool programs 2014-2015	

## **CAPITAL PROJECTS FUND**

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 June 30, 2015

Project Title/Issue	Original Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriation June 30, 2015
			Prior Years	Current Year	
Install roof-mounted photovoltaic system	12/30/09	\$ 569,520	\$ 333,104	\$ 77,299	\$ 159,117
Classroom #5 Renovations	02/26/09	41,869	40,441	1,428	
		<u>\$ 611,389</u>	<u>\$ 373,545</u>	<u>\$ 78,727</u>	<u>\$ 159,117</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, 2015

OPERATING EXPENSES:	
Construction services	\$ 78,727
Total expenses	78,727
Excess (deficiency) of revenues over (under) expenditures	(78,727)
Fund balance - beginning	237,844
Fund balance - ending	\$ 159,117

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, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from Capital reserve	\$ 88,515		\$ 88,515	\$ 88,515
Bond proceeds	481,005		481,005	481,005
	<u>569,520</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	\$ 77,299	410,359	481,005
	<u>333,104</u>	<u>77,299</u>	<u>410,403</u>	<u>\$ 569,520</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 236,416</u>	<u>\$ (77,299)</u>	<u>\$ 159,117</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 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

Classroom #5 Renovations  
from Inception and for the Fiscal Year Ended June 30, 2015

	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	3,763
Construction services	36,678	\$ 1,428	38,106	38,106
	<u>40,441</u>	<u>1,428</u>	<u>41,869</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 Position  
For the Fiscal Year Ended June 30, 2015

	Business-type Activities Food Service Fund	
	FY 2015	FY 2014
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 39,006	\$ 25,204
Accounts receivable:		
State	142	259
Federal	5,323	8,683
Inventory	5,290	4,479
Total current assets	<u>49,761</u>	<u>38,625</u>
Noncurrent assets		
Furniture, machinery & equipment	83,140	83,140
Less: accumulated depreciation	(73,363)	(71,913)
Total noncurrent assets	<u>9,777</u>	<u>11,227</u>
Total assets	<u>\$ 59,538</u>	<u>\$ 49,852</u>
Net position		
Invested in capital assets net of related debt	\$ 9,777	\$ 11,227
Unrestricted	49,761	38,625
Total net position	<u>\$ 59,538</u>	<u>\$ 49,852</u>



QUINTON TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2015

	Business-type Activities Food Service Fund	
	FY 2015	FY 2014
<b>OPERATING REVENUES:</b>		
Local sources:		
Daily sales - reimbursable programs	\$ 46,534	\$ 44,838
Daily sales - non-reimbursable programs	16,492	20,362
Total operating revenue	63,026	65,200
<b>OPERATING EXPENSES:</b>		
Salaries	50,184	54,717
Employee benefits	3,780	4,186
Purchased professional/technical services	2,994	7,945
Supplies and materials	2,816	1,481
Cost of sales	111,371	122,071
Depreciation	1,450	1,612
Total operating expenses	172,595	192,012
Operating income (loss)	(109,569)	(126,812)
<b>NON-OPERATING REVENUES:</b>		
Local sources:		
County Health and Wellness Grant	5,000	5,000
State sources:		
National school lunch program - state	1,852	1,971
Federal sources:		
National school lunch program	69,893	69,701
National school breakfast program	33,498	31,361
Food distribution program	9,012	10,561
Total non-operating revenues (expenses)	119,255	118,594
Income (loss) before operating transfers	9,686	(8,218)
Net income (loss)	9,686	(8,218)
Total net position - July 1	49,852	58,070
Total net position - June 30	\$ 59,538	\$ 49,852

QUINTON TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Cash Flows  
For the Fiscal Year Ended June 30, 2015

	Business-type Activities Food Service Fund	
	FY 2015	FY 2014
Cash flows from operating activities:		
Receipts from customers	\$ 63,026	\$ 65,200
Payments to suppliers	(108,980)	(122,033)
Payments to employees	(50,184)	(54,717)
Payments for employee benefits	(3,780)	(4,186)
Net cash provided (used) by operating activities	<u>(99,918)</u>	<u>(115,736)</u>
Cash flows from non-capital financing activities:		
Cash received from state, federal and local reimbursements	113,720	104,694
Net cash provided by non-capital financing activities	<u>113,720</u>	<u>104,694</u>
Net increase in cash and cash equivalents	13,802	(11,042)
Cash and cash equivalents - July 1	25,204	36,246
Cash and cash equivalents - June 30	<u>\$ 39,006</u>	<u>\$ 25,204</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (109,569)	\$ (126,812)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	1,450	1,612
Food distribution program	9,012	10,561
Change in assets and liabilities:		
(Increase) decrease in inventory	(811)	(1,097)
	<u>\$ (99,918)</u>	<u>\$ (115,736)</u>

## **FIDUCIARY FUNDS**

QUINTON TOWNSHIP SCHOOL DISTRICT  
Combining Statement of Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2015

	Trust Funds		Agency Funds		Total	
	Technology Trust	Unemployment Compensation Trust	Student Activity	Payroll & Payroll Agency	FY 2015	FY 2014
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,424	\$ 7,713	\$ 10,794	\$ 6,999	\$ 32,930	\$ 45,503
Capital assets, net	786				786	1,728
Total assets	\$ 8,210	\$ 7,713	\$ 10,794	\$ 6,999	33,716	47,231
<b>LIABILITIES</b>						
Due to student groups			\$ 10,794		10,794	14,142
Payroll deductions and withholdings				\$ 6,992	6,992	5,715
Interfund payable:						
Due general fund				7	7	3
Total liabilities			\$ 10,794	\$ 6,999	17,793	19,860
<b>NET POSITION</b>						
Invested in capital assets net of related debt	\$ 786				786	1,728
Held in trust for:						
Unemployment claims		\$ 7,713			7,713	4,368
Technology expenditures	7,424				7,424	21,275
Total net position	\$ 8,210	\$ 7,713			\$ 15,923	\$ 27,371

QUINTON TOWNSHIP SCHOOL DISTRICT  
Combining Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2015

	Trust Funds		Total	
	Technology Trust	Unemployment Compensation Trust	FY 2015	FY 2014
ADDITIONS:				
Contributions:				
Plan members		\$ 5,124	\$ 5,124	\$ 5,175
Others	\$ 10,250		10,250	5,000
Total contributions	10,250	5,124	15,374	10,175
Investment earnings:				
Interest	30	6	36	44
Total investment earnings	30	6	36	44
Total additions	10,280	5,130	15,410	10,219
DEDUCTIONS:				
General supplies	28,368		28,368	800
Unemployment claims		3,210	3,210	3,757
Depreciation	471		471	471
Total deductions	28,839	3,210	32,049	5,028
Change in net position	(18,559)	1,920	(16,639)	5,191
Net position July 1	26,769	5,793	32,562	27,371
Net position June 30	\$ 8,210	\$ 7,713	\$ 15,923	\$ 32,562

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
ACTIVITIES:				
Quinton School	\$ 14,188	\$ 21,997	\$ 25,391	\$ 10,794

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,085	\$ 3,698,921	\$ 3,699,007	\$ 6,999
	<u>\$ 7,085</u>	<u>\$ 3,698,921</u>	<u>\$ 3,699,007</u>	<u>\$ 6,999</u>
<b>LIABILITIES</b>				
Employees' net pay		\$ 1,670,241	\$ 1,670,241	
Payroll deductions and withholdings	\$ 7,076	2,028,601	2,028,685	\$ 6,992
Interfund payable	9	79	81	7
	<u>\$ 7,085</u>	<u>\$ 3,698,921</u>	<u>\$ 3,699,007</u>	<u>\$ 6,999</u>

## **LONG-TERM DEBT**

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Schedule of Serial Bonds  
 June 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
			Date	Amount					
Refunding bonds - series 2007	11/20/07	\$ 1,705,000	03/01/16	\$ 140,000	4.000%	\$ 1,035,000		\$ 140,000	\$ 895,000
			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%				
School bonds - series 2010	07/29/10	1,821,000	02/15/16	85,000	2.200%	1,611,000		80,000	1,531,000
			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%				
						\$ 2,646,000	None	\$ 220,000	\$ 2,426,000



QUINTON TOWNSHIP SCHOOL DISTRICT  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 220,343		\$ 220,343	\$ 220,343	
State sources:					
Debt service aid type II	99,470		99,470	99,470	
Total revenues	<u>319,813</u>		<u>319,813</u>	<u>319,813</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	220,000	\$ (120,187)	99,813	99,813	
Redemption of principal	99,813	120,187	220,000	220,000	
Total regular debt service	<u>319,813</u>		<u>319,813</u>	<u>319,813</u>	
Total expenditures	<u>319,813</u>		<u>319,813</u>	<u>319,813</u>	
Excess (deficiency) of revenues & other financing sources over (under) expenditures and other financing uses					
Fund balance - July 1	<u>\$ 1</u>		<u>\$ 1</u>	<u>\$ 1</u>	
Fund balance - June 30	<u>\$ 1</u>		<u>\$ 1</u>	<u>\$ 1</u>	

**STATISTICAL SECTION  
(UNAUDITED)**

**QUINTON TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION**

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	101-107
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	108-111
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	112-115
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	116-117
<b>Operating Information</b> 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.	118-122

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Net Position by Component  
 Last Ten Fiscal Years  
 For the Fiscal Year Ended June 30, 2015  
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Invested in capital assets, net of related debt	\$ 993,973	\$ 1,003,282	\$ 909,117	\$ 932,265	\$ 1,257,002	\$ 1,208,641	\$ 3,887,080	\$ 3,683,403	\$ 3,478,707	\$ 3,422,983
Restricted	699,029	550,341	698,870	1,059,975	831,202	3,821,716	932,017	894,040	984,602	1,341,533
Unrestricted	(37,454)	116,366	130,200	(136,530)	(156,067)	(112,564)	(120,685)	(102,905)	(74,980)	(1,012,414)
<b>Total governmental activities net position</b>	<b>\$ 1,655,548</b>	<b>\$ 1,669,989</b>	<b>\$ 1,738,187</b>	<b>\$ 1,855,710</b>	<b>\$ 1,932,137</b>	<b>\$ 4,917,793</b>	<b>\$ 4,698,412</b>	<b>\$ 4,474,538</b>	<b>\$ 4,388,329</b>	<b>\$ 3,752,102</b>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 17,208	\$ 13,809	\$ 11,037	\$ 11,583	\$ 18,407	\$ 16,551	\$ 14,695	\$ 12,839	\$ 11,227	\$ 9,777
Restricted						7				
Unrestricted	19,420	19,934	17,451	23,429	40,750	47,972	48,991	45,231	38,625	49,761
<b>Total business-type activities net position</b>	<b>\$ 36,628</b>	<b>\$ 33,743</b>	<b>\$ 28,488</b>	<b>\$ 35,012</b>	<b>\$ 59,157</b>	<b>\$ 64,530</b>	<b>\$ 63,686</b>	<b>\$ 58,070</b>	<b>\$ 49,852</b>	<b>\$ 59,538</b>
District-wide:										
Invested in capital assets, net of related debt	\$ 1,011,181	\$ 1,017,091	\$ 920,154	\$ 943,848	\$ 1,275,409	\$ 1,225,192	\$ 3,901,775	\$ 3,696,242	\$ 3,489,934	\$ 3,432,760
Restricted	699,029	550,341	698,870	1,059,975	831,202	3,821,716	932,017	894,040	984,602	1,341,533
Unrestricted	(18,034)	136,300	147,651	(113,101)	(115,317)	(64,592)	(71,694)	(57,674)	(36,355)	(962,653)
<b>Total district-wide</b>	<b>\$ 1,692,176</b>	<b>\$ 1,703,732</b>	<b>\$ 1,766,675</b>	<b>\$ 1,890,722</b>	<b>\$ 1,991,294</b>	<b>\$ 4,982,316</b>	<b>\$ 4,762,098</b>	<b>\$ 4,532,608</b>	<b>\$ 4,438,181</b>	<b>\$ 3,811,640</b>

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Changes in Net Assets/Net Position  
 Last Ten Fiscal Years  
 For the Fiscal Year Ended June 30, 2015  
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>EXPENSES:</b>										
Governmental activities:										
Instruction										
Regular	\$ 1,611,247	\$ 1,199,432	\$ 1,286,021	\$ 1,645,575	\$ 1,665,700	\$ 1,520,650	\$ 1,650,055	\$ 1,678,354	\$ 1,643,917	\$ 1,726,312
Special education	308,798	759,392	785,273	572,604	751,713	538,101	378,334	383,088	426,283	392,601
Other special education	43,639	37,970	40,363	45,454	54,923	55,376	57,929	60,951	64,566	78,913
Other instruction	9,816	9,891	15,196	27,630	24,702	21,142	12,105	15,907	19,658	24,509
Support services										
Tuition	1,070,662	1,173,689	1,223,725	933,497	839,128	1,002,081	1,444,631	1,277,332	1,316,172	834,407
Student instruction and related services	323,511	354,214	365,590	406,113	459,975	420,988	427,294	420,987	419,055	516,415
General administration	196,016	220,745	239,005	267,800	227,213	225,433	249,069	220,975	157,218	195,980
School administrative services	116,359	88,377	91,988	95,236	93,270	101,315	105,679	108,290	109,228	109,080
Central services	115,361	105,328	114,184	122,935	121,487	126,528	159,119	134,101	138,704	150,056
Administrative information technology	2,683	2,603	2,849	1,972	6,826	2,407	710	877	1,153	3,945
Plant operations and maintenance	286,410	292,247	319,428	318,676	391,593	450,026	473,675	845,643	879,838	923,830
Security					11,163	11,466	11,718	12,004	12,526	12,912
Pupil transportation	333,928	367,133	373,515	402,393	437,155	348,761	358,172	433,606	518,502	406,084
Unallocated benefits	789,008	1,051,692	1,048,910	979,615	1,042,688	966,144	1,049,975	1,122,520	1,099,198	1,129,248
Interest on long-term debt	112,860	107,730	75,807	72,950	66,650	62,450	153,286	113,313	106,713	99,813
Capital outlay	15,875		6,784	3,619	21,049	671	552	2,897	36,143	38,513
Unallocated depreciation	85,473	88,272	91,639	90,271	87,676	99,647	154,450			
Total governmental activities expenses	<u>5,421,646</u>	<u>5,858,715</u>	<u>6,080,277</u>	<u>5,986,340</u>	<u>6,302,911</u>	<u>5,953,186</u>	<u>6,686,753</u>	<u>6,830,845</u>	<u>6,948,874</u>	<u>6,642,618</u>
Business-type activities										
Food service	133,755	144,130	146,095	179,696	142,979	149,157	171,360	177,446	192,012	172,595
Total business-type activities expense	<u>133,755</u>	<u>144,130</u>	<u>146,095</u>	<u>179,696</u>	<u>142,979</u>	<u>149,157</u>	<u>171,360</u>	<u>177,446</u>	<u>192,012</u>	<u>172,595</u>
Total district expenses	<u>\$ 5,555,401</u>	<u>\$ 6,002,845</u>	<u>\$ 6,226,372</u>	<u>\$ 6,166,036</u>	<u>\$ 6,445,890</u>	<u>\$ 6,102,343</u>	<u>\$ 6,858,113</u>	<u>\$ 7,008,291</u>	<u>\$ 7,140,886</u>	<u>\$ 6,815,213</u>
<b>PROGRAM REVENUES:</b>										
Governmental activities										
Charges for services										
Instruction (tuition)	\$ 24,871	\$ 33,801	\$ 65,898	\$ 66,059	\$ 65,134	\$ 55,568				
Operating grants and contributions	544,194	513,626	535,835	329,351	473,862	326,664	\$ 296,606	\$ 290,779	\$ 316,595	\$ 317,662
Total governmental activities program revenues	<u>569,065</u>	<u>547,427</u>	<u>601,733</u>	<u>395,410</u>	<u>538,996</u>	<u>382,232</u>	<u>296,606</u>	<u>290,779</u>	<u>316,595</u>	<u>317,662</u>

QUINTON TOWNSHIP SCHOOL DISTRICT  
Changes in Net Assets/Net Position  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2015  
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services										
Food service	64,371	65,763	66,967	68,573	66,349	63,042	68,856	62,890	65,200	63,026
Operating grants and contributions	59,095	70,482	73,873	114,028	100,775	91,488	101,660	108,940	118,594	119,255
Total business-type activities program revenues	123,466	136,245	140,840	182,601	167,124	154,530	170,516	171,830	183,794	182,281
Total district program revenue	<u>\$ 692,531</u>	<u>\$ 683,672</u>	<u>\$ 742,573</u>	<u>\$ 578,011</u>	<u>\$ 706,120</u>	<u>\$ 536,762</u>	<u>\$ 467,122</u>	<u>\$ 462,609</u>	<u>\$ 500,389</u>	<u>\$ 499,943</u>
Net (expense) revenue:										
Governmental activities	\$ (4,852,581)	\$ (5,311,288)	\$ (5,478,544)	\$ (5,590,930)	\$ (5,763,915)	\$ (5,570,954)	\$ (6,390,147)	\$ (6,540,066)	\$ (6,632,279)	\$ (6,324,956)
Business-type activities	(10,289)	(7,885)	(5,255)	2,905	24,145	5,373	(844)	(5,616)	(8,218)	9,686
Total district-wide net expense	<u>\$ (4,862,870)</u>	<u>\$ (5,319,173)</u>	<u>\$ (5,483,799)</u>	<u>\$ (5,588,025)</u>	<u>\$ (5,739,770)</u>	<u>\$ (5,565,581)</u>	<u>\$ (6,390,991)</u>	<u>\$ (6,545,682)</u>	<u>\$ (6,640,497)</u>	<u>\$ (6,315,270)</u>
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes levied for government purposes (net)	\$ 2,130,514	\$ 2,214,913	\$ 2,290,190	\$ 1,972,846	\$ 2,051,760	\$ 2,133,830	\$ 2,154,507	\$ 2,191,097	\$ 2,307,609	\$ 2,307,609
Taxes levied for debt service	106,409	106,341	103,500	101,682	91,493	111,695	239,279	214,935	217,738	220,343
Unrestricted grants and contributions	2,643,162	2,840,606	2,994,317	3,441,066	2,953,334	3,381,566	3,558,213	3,845,541	3,887,996	4,018,067
Restricted grants					553,381	2,717,885	110,656			
Tuition charges	110,934	124,031	228,103	179,883	174,561	189,818	75,874	52,580	86,591	69,749
Investment earnings	33,494	46,044	24,919	10,007	9,866	6,754	4,553	2,846	1,620	1,664
Miscellaneous income	851	684	11,763	2,969	5,947	15,062	27,684	9,193	44,516	5,681
Loss on disposal of assets		(1,890)	(1,050)							(529)
Cost of issuance			(125,214)							
Premiums received on sale of bonds			20,214							
Prior year receivables canceled										(506)
Transfers		(5,000)								
Total governmental activities	<u>5,025,364</u>	<u>5,325,729</u>	<u>5,546,742</u>	<u>5,708,453</u>	<u>5,840,342</u>	<u>8,556,610</u>	<u>6,170,766</u>	<u>6,316,192</u>	<u>6,546,070</u>	<u>6,622,078</u>
Business-type activities:										
Miscellaneous income	8,493									
Contributed capital				3,619						
Transfers		5,000								
Total business-type activities	<u>8,493</u>	<u>5,000</u>		<u>3,619</u>						
Total district-wide	<u>\$ 5,033,857</u>	<u>\$ 5,330,729</u>	<u>\$ 5,546,742</u>	<u>\$ 5,712,072</u>	<u>\$ 5,840,342</u>	<u>\$ 8,556,610</u>	<u>\$ 6,170,766</u>	<u>\$ 6,316,192</u>	<u>\$ 6,546,070</u>	<u>\$ 6,622,078</u>
Change in net position:										
Governmental activities	\$ 172,783	\$ 14,441	\$ 68,198	\$ 117,523	\$ 76,427	\$ 2,985,656	\$ (219,381)	\$ (223,874)	\$ (86,209)	\$ 297,122
Business-type activities	(1,796)	(2,885)	(5,255)	6,524	24,145	5,373	(844)	(5,616)	(8,218)	9,686
Total district	<u>\$ 170,987</u>	<u>\$ 11,556</u>	<u>\$ 62,943</u>	<u>\$ 124,047</u>	<u>\$ 100,572</u>	<u>\$ 2,991,029</u>	<u>\$ (220,225)</u>	<u>\$ (229,490)</u>	<u>\$ (94,427)</u>	<u>\$ 306,808</u>

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Fund Balances - Governmental Funds  
 Last Ten Fiscal Years  
 For the Fiscal Year Ended June 30, 2015  
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund:										
Restricted						\$ 892,677	\$ 683,272	\$ 615,703	\$ 725,184	\$ 1,084,825
Assigned						30,028	10,900	49,633	21,574	97,590
Unassigned						(18,584)	(26,304)	(16,759)	(33,704)	(32,554)
Reserved	\$ 732,260	\$ 583,786	\$ 751,123	\$ 1,066,495	\$ 719,343					
Unreserved	(11,276)	146,959	135,496	(46,430)	(62,104)					
Total general fund	<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>	<u>\$ 648,577</u>	<u>\$ 713,054</u>	<u>\$ 1,149,861</u>
All other governmental funds:										
Unreserved, reported in:										
Debt service fund			\$ 6,508	\$ 6,508			\$ 1	\$ 1		1
Capital projects fund					\$ 111,859	\$ 2,899,039	237,844	237,844	\$ 237,844	\$ 159,117
Special revenue fund	\$ (14,157)	\$ (14,157)	(14,157)	(8,806)	(9,101)	(9,101)	(5,208)	(5,078)	(5,665)	(4,759)
Total all other governmental funds	<u>\$ (14,157)</u>	<u>\$ (14,157)</u>	<u>\$ (14,157)</u>	<u>\$ (8,806)</u>	<u>\$ 102,758</u>	<u>\$ 2,889,938</u>	<u>\$ 232,637</u>	<u>\$ 232,767</u>	<u>\$ 232,179</u>	<u>\$ 154,359</u>

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Changes in Fund Balances - Governmental Funds  
 Last Ten Fiscal Years  
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES:</b>										
Tax Levy	\$2,236,923	\$2,321,254	\$2,393,690	\$2,074,528	\$2,143,253	\$2,245,525	\$ 2,393,786	\$ 2,406,032	\$ 2,525,347	\$2,527,952
Tuition charges	110,934	124,031	228,103	179,883	174,561	189,818	75,874	52,580	86,591	69,749
Interest earnings	33,494	46,044	24,919	10,007	9,866	6,754	4,553	2,846	1,620	1,664
Miscellaneous	851	684	11,763	2,969	9,723	19,315	31,536	12,833	44,516	9,702
State sources	2,937,381	3,120,239	3,300,501	3,539,750	3,075,592	6,195,256	3,618,384	3,896,455	3,944,059	4,066,559
Federal sources	249,975	233,993	229,651	230,667	901,209	226,606	343,239	236,225	260,532	265,149
<b>Total revenue</b>	<b>5,569,558</b>	<b>5,846,245</b>	<b>6,188,627</b>	<b>6,037,804</b>	<b>6,314,204</b>	<b>8,883,274</b>	<b>6,467,372</b>	<b>6,606,971</b>	<b>6,862,665</b>	<b>6,940,775</b>
<b>EXPENDITURES:</b>										
Instruction:										
Regular	1,149,939	1,192,372	1,285,673	1,634,180	1,678,111	1,517,731	1,645,602	1,667,073	1,641,649	1,731,387
Special	736,724	739,301	743,501	532,468	686,354	484,542	383,509	382,893	430,123	392,601
Other	43,399	37,760	40,168	47,913	54,549	57,701	57,929	60,951	64,566	78,913
School sponsored/other instructional	9,816	9,891	15,196	27,630	24,702	21,142	12,105	15,907	19,658	24,509
Undistributed:										
Instruction	1,070,662	1,173,689	1,223,725	933,497	839,128	1,002,081	1,444,631	1,277,332	1,316,172	834,407
Student & instruction related services	304,650	341,414	356,990	384,073	454,411	413,734	416,885	419,099	418,686	501,059
General administration	196,016	194,442	209,806	222,684	213,883	215,268	239,213	219,645	203,091	195,980
School administration	85,364	88,377	91,988	95,236	93,270	101,315	105,679	108,290	109,228	109,080
Central administration	115,361	105,328	114,184	122,935	121,487	126,528	159,119	134,101	138,704	150,056
Administration information technology	2,683	2,603	2,849	1,972	6,826	2,407	710	877	1,153	3,945
Allowable maintenance for school facilities	19,770	22,669	50,496	22,044	50,717	37,413	45,825	24,326	25,475	126,561
Operations & maintenance of plant services	264,667	267,605	288,954	320,159	338,621	408,619	423,856	431,298	458,772	417,256
Security					11,163	11,466	11,718	12,004	12,526	12,912
Student transportation	333,928	367,133	373,515	402,393	437,155	348,761	358,172	433,606	518,502	406,084
Unallocated benefits	789,008	1,040,623	1,025,308	960,254	1,042,688	966,144	1,049,975	1,122,520	1,099,198	1,120,919
Capital outlay	51,775	45,547	13,085	3,619	332,259	1,767,910	2,662,712	2,897	36,143	155,801
Debt service expenditures										
Principal	90,000	95,000	115,000	115,000	120,000	125,000	190,000	200,000	210,000	220,000
Interest	112,860	107,730	75,807	72,950	66,650	62,450	153,286	113,313	106,713	99,813
<b>Total expenditures</b>	<b>5,376,622</b>	<b>5,831,484</b>	<b>6,026,245</b>	<b>5,899,007</b>	<b>6,571,974</b>	<b>7,670,212</b>	<b>9,360,926</b>	<b>6,626,132</b>	<b>6,810,359</b>	<b>6,581,283</b>
Excess deficiency of revenues over (under) expenditures	192,936	14,761	162,382	138,797	(257,770)	1,213,062	(2,893,554)	(19,161)	52,306	359,492



QUINTON TOWNSHIP SCHOOL DISTRICT  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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)							
Prior year receivables canceled										(506)
Transfers in - internal service fund									11,583	
Transfers out - food service		(5,000)								
Total other financing sources (uses)		(5,000)				1,821,000			11,583	(506)
Net change in fund balance	\$ 192,936	\$ 9,761	\$ 162,382	\$ 138,797	\$ (257,770)	\$3,034,062	\$ (2,893,554)	\$ (19,161)	\$ 63,889	\$ 358,986
Debt service as a percentage of noncapital expenditures	3.81%	3.50%	3.17%	3.19%	2.99%	3.18%	5.13%	4.73%	4.68%	4.98%

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	Clean Energy/ SREC	AVA Closeout	Annual Totals
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
2013		5,407	3,786			9,193
2014		5,554	4,612	22,306	\$ 12,044	44,516
2015		960	4,721			5,681
	<u>\$ 18</u>	<u>\$ 37,475</u>	<u>\$ 42,793</u>	<u>\$ 32,020</u>	<u>\$ 12,044</u>	<u>\$ 124,350</u>

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
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	205,798,052	1.271
2013	6,646,300	138,997,900	23,921,500	3,067,300	15,512,800	0	519,000	188,664,800	705,781	189,370,581	189,793,640	1.302
2014	6,324,500	141,458,200	22,327,500	3,109,800	15,843,200	0	519,000	189,582,200	674,941	190,257,141	195,320,224	1.328
2015	6,268,500	141,702,200	22,042,900	3,157,900	15,243,600	0	519,000	188,934,100	651,835	189,585,935	182,708,281	1.334

Source: Municipal Tax Assessor

N/A = Not available at completion of CAFR

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	
2006	1.797	0.090	1.887	0.240	0.024	1.140	3.291
2007	1.848	0.089	1.937	0.240	0.026	1.226	3.429
2008	1.143	0.052	1.195	0.258	0.028	1.254	2.735
2009	1.077	0.055	1.132	0.183	0.016	0.726	2.057
2010	1.123	0.050	1.173	0.167	0.017	0.695	2.052
2011	1.177	0.062	1.239	0.165	0.022	0.918	2.344
2012	1.144	0.127	1.271	0.175	0.023	0.994	2.463
2013	1.186	0.116	1.302	0.175	0.023	0.994	2.494
2014	1.213	0.115	1.328	0.241	0.021	0.971	2.561
2015	1.218	0.116	1.334	0.276	0.021	0.999	2.630

Source: Municipal Tax Collector

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

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
I.S. Smick Lumber Company Inc.	\$ 2,665,200	1.41%	\$ 1,582,900	1.31%
Taxpayer #1	2,373,600	1.25%	1,564,500	1.30%
Wild Oaks Club			1,493,200	1.24%
4 C's Rental	1,696,000	0.89%	1,022,400	0.85%
Ram Golf LLC	1,272,800	0.67%		
Third Garden Ltd Partnership	882,500	0.47%		
Corbett Aggregates Companies LLC	730,800	0.39%		
Taxpayer #2	720,100	0.38%		
Taxpayer #3	695,100	0.35%	626,800	0.52%
Verizon	694,335	0.37%	654,622	0.54%
Cerestern LLC	690,000	0.36%		
Taxpayer #4			621,700	0.51%
Taxpayer #5			607,200	0.50%
American Tower Corporation			600,000	0.50%
Taxpayer #6			595,600	0.49%
	<u>\$ 12,420,435</u>	<u>6.55%</u>	<u>\$ 9,368,922</u>	<u>7.76%</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	Collected within the Fiscal Year		Collections in Subsequent Year
		Amount	Percent of Levy	
2006	\$ 2,236,923	\$ 2,236,923	100.00%	
2007	2,321,254	2,321,254	100.00%	
2008	2,393,690	2,194,216	91.67%	\$ 199,474
2009	2,074,528	1,901,652	91.67%	172,876
2010	2,143,253	1,961,785	91.53%	181,468
2011	2,245,525	1,871,271	83.33%	374,254
2012	2,393,786	2,194,307	91.67%	199,479
2013	2,406,032	2,205,530	91.67%	200,502
2014	2,525,347	2,104,456	83.33%	420,891
2015	2,527,952	1,895,964	75.00%	631,988

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	Activities Capital Leases		
2006	\$ 1,890,000					\$ 1,890,000	1.98%
2007	1,795,000					1,795,000	1.79%
2008	1,785,000					1,785,000	1.70%
2009	1,670,000					1,670,000	1.50%
2010	1,550,000					1,550,000	1.39%
2011	3,246,000					3,246,000	3.07%
2012	3,056,000			\$ 470,000		3,526,000	3.21%
2013	2,856,000					2,856,000	2.59%
2014	2,646,000					2,646,000	2.39%
2015	2,426,000					2,426,000	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 CAFR.

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			
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%	1,220
2012	3,056,000		3,056,000	1.62%	1,146
2013	2,856,000		2,856,000	1.51%	1,075
2014	2,646,000		2,646,000	1.40%	1,005
2015	2,426,000		2,426,000	1.28%	926

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, 2014  
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Quinton	\$ 2,573,510	100.00%	\$ 2,573,510
Salem County General Obligation Debt	40,278,964	3.66%	1,473,552
Subtotal, overlapping debt			4,047,062
Township of Quinton School District			2,426,000
Total direct and overlapping debt			<u>\$ 6,473,062</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								
	2014	\$ 192,176,584								
	2013	192,475,821								
	2012	187,302,617								
		<u>\$ 571,955,022</u>								
Average equalized valuation of taxable property		\$ 190,651,674								
Debt limit (3% of average equalized value)		5,719,550								
Total net debt applicable to limit		<u>2,426,000</u>								
Legal debt margin		<u>\$ 3,293,550</u>								
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 4,133,024	\$ 4,492,524	\$ 4,586,225	\$ 4,577,707	\$ 4,912,900	\$ 5,565,499	\$ 6,057,461	\$ 5,995,996	\$ 5,816,938	\$ 5,719,550
Total net debt applicable to limit	<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>	<u>2,856,000</u>	<u>2,646,000</u>	<u>2,426,000</u>
Legal debt margin	<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>	<u>\$ 3,139,996</u>	<u>\$ 3,170,938</u>	<u>\$ 3,293,550</u>
Total net debt applicable to the limit as a percentage of debt limit	45.73%	39.96%	38.92%	36.48%	31.55%	58.32%	50.45%	47.63%	45.49%	42.42%

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
2006	2,828	\$ 95,382,784	\$ 33,728	5.20%
2007	2,841	100,514,580	35,380	5.30%
2008	2,843	105,242,174	37,018	5.30%
2009	2,851	111,456,994	39,094	6.70%
2010	2,852	111,150,996	38,973	12.00%
2011	2,661	105,617,751	39,691	11.40%
2012	2,666	109,673,908	41,138	11.70%
2013	2,656	110,356,800	41,550	6.20%
2014	2,634	110,620,098	41,997	9.20%
2015	2,621	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	2015		2006	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Quinton Township School	60	4.62%		
Hudock's Custard Stand	30	2.31%		
Marlboro Farm Market	25	1.92%		
Bobbit Pontiac	25	1.92%		
Quinton Township	20	1.54%		
Smick's Lumber	20	1.54%		
Salem Packing	15	1.15%		
Hitchner's Furniture	10	0.77%		
Quinton Diner	10	0.77%		
Bud's Market	5	0.38%		
Marty's Crabs	5	0.38%		
	<u>225</u>	<u>12.69%</u>	<u>N/A</u>	<u>N/A</u>

Source: District officials

N/A = Not available at completion of CAFR

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction:										
Regular	30	28	31	31	29	27	27	28	28.0	28.0
Special education	5	5	5	5	5	5	4	4	4.5	4.5
Other special education	5	5	5	5	6	5	2	1	1.0	1.0
Other instruction	3	3	3	3	3	3	4	4	3.5	3.0
Support services:										
Student & instruction related services	3	3	3	3	3	3	3	3	3.0	3.5
General administration	2	2	2	2	2	2	2	2	1.5	1.5
School administration	2	2	2	2	2	2	2	2	2.0	2.0
Business administrative services	2	2	2	2	2	2	2	2	2.0	2.0
Plants operations and maintenance	4	4	4	4	4	4	5	5	4.5	4.5
Food service	3	3	3	3	3	3	3	3	3.0	3.0
<b>Total</b>	<b>59</b>	<b>57</b>	<b>60</b>	<b>60</b>	<b>59</b>	<b>56</b>	<b>54</b>	<b>54</b>	<b>53</b>	<b>53</b>

Source: District personnel records

QUINTON TOWNSHIP SCHOOL DISTRICT  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended 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				
2006	349	\$ 5,121,987	\$ 14,676	9.25%	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%	31.1	13.1	1:24	370.6	353.1	5.19%	95.28%
2013	370	6,309,922	17,054	-0.44%	29.5	14.4	1:24	369.4	350.1	-0.32%	94.78%
2014	344	6,457,503	18,772	10.07%	32.5	13.3	1:24	344.0	327.1	-6.89%	95.09%
2015	357	6,105,669	17,103	-8.89%	32.5	13.6	1:24	356.8	337.4	3.73%	94.56%

Source: District records, ASSA 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 CAFR completion

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

Elementary	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	349	346	338	371	350	353	371	370	344	357

Number of Schools at June 30, 2015  
 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, 2015

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

School Facilities	Gross Square Footage	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Quinton	58,738	\$ 19,770	\$ 22,669	\$ 50,496	\$ 22,044	\$ 50,717	\$ 37,413	\$ 45,825	\$ 24,326	\$ 25,475	\$ 126,561	\$ 425,296

\* School facilities as defined under EFCA.  
 (NJAC 6A:26-1.2 and NJAC 6:24-1.3)



QUINTON TOWNSHIP SCHOOL DISTRICT  
Insurance Schedule  
June 30, 2015  
Unaudited

School Package Policy - NJ School Board Assoc. Insurance Group (ERIC South)

	Coverage	Deductible	
<b>Article I - Property</b>			
Blanket buildings & contents	\$ 11,180,650	\$ 1,000	per occurrence
<b>Article II - Electronic Data Processing</b>			
Blanket - hardware/software	260,000	1,000	per occurrence
<b>Article III - Equipment Breakdown</b>			
Combined single limit	100,000,000	1,000	
<b>Article IV - Crime</b>			
<i>Insuring Agreement 1 - Public employee dishonesty w/ faithful performance</i>	100,000	1,000	per occurrence
<i>Insuring Agreement 2 - Theft, disappearance &amp; destruction - loss of money &amp; securities on or off premises</i>	25,000	500	per occurrence
<i>Insuring Agreement 3 - Theft, disappearance &amp; destruction - money orders &amp; counterfeit paper currency</i>	25,000	500	per occurrence
<i>Insuring Agreement 4 - Forgery or alteration</i>	100,000	1,000	per occurrence
<i>Insuring Agreement 5 - Computer fraud</i>	50,000	1,000	per occurrence
<b>Article V - Comprehensive General Liability</b>			
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
<b>Article VI - Automobile</b>			
Bodily injury and property damage	11,000,000	None	combined single limit
<b>School Leaders Errors &amp; Omissions</b>			
Coverage A	11,000,000	5,000	each policy period
Coverage B	100,000	5,000	each claim
	300,000		each policy period
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 Co/ Bob McCloskey Insurance			
Accident Medical Expense Benefit	1,000,000		
<b>Public Employee Surety Bonds</b>			
Liberty Mutual			
Employee bond - Heather Mayhew, Business Administrator/Board Secretary	175,000	None	

## **SINGLE AUDIT SECTION**

# PETRONI & ASSOCIATES LLC

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### Independent Auditor's Report

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and 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, 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, 2015, and the related notes to the financial statements, which collectively comprise Quinton Township School District's basic financial statements, and have issued our report thereon dated November 20, 2015.

#### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Quinton Township School District's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Quinton Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PETRONI & ASSOCIATES LLC



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

November 20, 2015

# PETRONI & ASSOCIATES LLC

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## **REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULARS 04-04 AND/OR 15-08**

### **Independent Auditor's Report**

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

#### ***Report on Compliance for Each Major State Program***

We have audited the Quinton Township School District's compliance with the types of compliance requirements described in the *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 state programs for the year ended June 30, 2015. The Quinton Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Quinton Township School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, and the *New Jersey State Aid/Grant Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circulars 04-04 and/or 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and OMB Circular A-133 and New Jersey OMB Circulars 04-04 and/or 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Quinton Township School District's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Quinton Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

### ***Report on Internal Control Over Compliance***

Management of the Quinton Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Quinton Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, and New Jersey OMB Circulars 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Quinton Township School 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 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 state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circulars 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

### ***Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by New Jersey OMB Circulars 04-04 and/or 15-08***

We have audited the financial statements of Quinton Township School District as of and for the year ended June 30, 2015, and have issued our report thereon dated November 20, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The

accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB Circulars 04-04 and/or 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



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

November 20, 2015

QUINTON TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2015

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, 2014	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2015			Memo Cumulative Total Expenditures
				From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I - Part A Improving Basic Programs	84.010A	NCLB428015	\$108,909	07/1/14-	06/30/15			\$ 92,711	\$ (108,909)			\$ (16,198)			\$ 108,909
Title II-A Teacher & Principal Training & Recruiting	84.367A	NCLB428015	8,028	07/1/14-	06/30/15			8,028	(8,028)						8,028
IDEA Part B, Basic Regular	84.027	IDEA428015	94,038	07/1/14-	06/30/15			94,038	(94,038)						94,038
IDEA Preschool	84.173	IDEA428015	2,243	07/1/14-	06/30/15			2,243	(2,243)						2,243
Rural Education Achievement Program	84.358	S358A141442	30,546	07/1/14 -	09/30/15			26,562	(30,546)			(3,984)			30,546
Rural Education Achievement Program	84.358	S358A131442	31,678	07/1/13 -	09/30/14	\$ (4,636)		4,636							31,678
Race to the Top	84.413	n/a	7,120	09/1/11 -	11/30/15				(385)			(385)			7,120
Passed-through Bridgeton Public Schools															
Title I - McKinney-Venuto Education for Homeless	84.196	NCLB428015	\$ 21,000	07/1/14-	06/30/15			21,000	(21,000)						21,000
Total Special Revenue Fund						(4,636)		249,218	(265,149)			(20,567)			303,562
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550		9,012	07/1/14-	06/30/15			9,012	(7,165)			\$ 1,847			7,165
Food Distribution Program	10.550		10,561	07/1/13 -	06/30/14	906			(906)						10,561
National School Lunch Program	10.555		69,893	07/1/14-	06/30/15			66,509	(69,893)			(3,384)			69,893
National School Lunch Program	10.555		69,701	07/1/13 -	06/30/14	(5,659)		5,659							69,701
National School Breakfast Program	10.553		33,498	07/1/14-	06/30/15			31,559	(33,498)			(1,939)			33,498
National School Breakfast Program	10.553		31,361	07/1/13 -	06/30/14	(3,024)		3,024							31,361
Total Enterprise Fund						(7,777)		115,763	(111,462)			(5,323)	1,847		222,179
Total Federal Financial Awards						\$ (12,413)		\$ 364,981	\$ (376,611)			\$ (25,890)	\$ 1,847		\$ 525,741

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, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2014		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Expenditures	June 30, 2015			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:															
State Aid Public:															
Equalization Aid	15-495-034-5120-078	\$ 2,623,235	07/1/14	06/30/15				\$ 2,623,235	\$ (2,623,235)					\$ 240,304	\$ 2,623,235
Special Education Categorical Aid	15-495-034-5120-089	203,803	07/1/14	06/30/15				203,803	(203,803)					18,670	203,803
Security Aid	15-495-034-5120-084	77,832	07/1/14	06/30/15				77,832	(77,832)					7,130	77,832
School Choice Aid	15-495-034-5120-068	271,588	07/1/14	06/30/15				271,588	(271,588)					24,880	271,588
Under Adequacy Aid	15-495-034-5120-096	20,832	07/1/14	06/30/15				20,832	(20,832)					1,908	20,832
PARCC Readiness Aid	15-495-034-5120-098	3,620	07/1/14	06/30/15				3,620	(3,620)					332	3,620
Per Pupil Growth Aid	15-495-034-5120-097	3,620	07/1/14	06/30/15				3,620	(3,620)					332	3,620
Transportation Aid	15-495-034-5120-014	195,664	07/1/14	06/30/15				195,664	(195,664)					17,924	195,664
Extraordinary Aid	15-100-034-5120-473	27,918	07/1/14	06/30/15					(27,918)		\$ (27,918)				27,918
Extraordinary Aid	14-100-034-5120-473	13,344	07/1/13	06/30/14	\$ (13,206)			13,344	(138)						13,344
Reimbursed Nonpublic Transportation Costs	n/a	870	07/1/14	06/30/15					(870)		(870)				870
Reimbursed Nonpublic Transportation Costs	n/a	4,430	07/1/13	06/30/14	(4,430)			4,430							4,430
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	159,761	07/1/14	06/30/15				152,022	(159,761)		(7,739)				159,761
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	152,885	07/1/13	06/30/14	(7,717)			7,717							152,885
On-Behalf TPAF Pension Contribution	15-100-034-5094-006	131,345	07/1/14	06/30/15				131,345	(131,345)						131,345
On-Behalf TPAF Post Retirement Contribution	15-100-034-5094-001	208,511	07/1/14	06/30/15				208,511	(208,511)						208,511
<b>Total General Fund</b>					<b>(25,353)</b>			<b>3,917,563</b>	<b>(3,928,737)</b>		<b>(36,527)</b>			<b>311,480</b>	<b>4,099,258</b>
Special Revenue Fund:															
Preschool Education Aid	15-495-034-5120-086	47,586	07/1/14	06/30/15				47,586	(47,586)					4,759	47,586
<b>Total Special Revenue Fund</b>								<b>47,586</b>	<b>(47,586)</b>					<b>4,759</b>	<b>47,586</b>
Capital Projects Fund:															
SDA Grant	4280-050-09-100(X)	2,744,878	09/01/09	06/30/12											2,743,663
Debt Service Fund:															
Debt Service Aid Type II	15-495-034-5120-075	99,470	07/1/14	06/30/15				99,470	(99,470)						99,470
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	15-100-010-3350-023	1,852	07/1/14	06/30/15				1,710	(1,852)		(142)				1,852
National School Lunch Program (State Share)	14-100-010-3350-023	1,971	07/1/13	06/30/14	(259)			259							1,971
<b>Total Enterprise Fund</b>					<b>(259)</b>			<b>1,969</b>	<b>(1,852)</b>		<b>(142)</b>				<b>3,823</b>
<b>Total State Financial Assistance</b>					<b>\$ (25,612)</b>			<b>\$ 4,066,588</b>	<b>\$ (4,077,645)</b>		<b>\$ (36,669)</b>			<b>\$ 316,239</b>	<b>\$ 6,993,800</b>

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, 2015

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 OMB Circulars 04-04 and/or 15-08. 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 GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to NJSA 18A:22-44-.2. For GAAP purposes, that, payment is not recognized until the subsequent budget year due to the state deferral and recording of the June state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the June state aid payments in the current budget year, consistent with NJSA 18A:22-4-.2.

QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF  
AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2015

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$10,140) for the General Fund and (\$906) for the Special Revenue Fund (See Exhibit C-3). 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 GAAP basis as presented (See Exhibit B-2 and B-5):

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,918,597	\$ 3,918,597
Special Revenue Fund	\$ 265,149	48,492	313,641
Debt Service Fund		99,470	99,470
Food Service Fund	112,403	1,852	114,255
Total financial assistance	<u>\$ 377,552</u>	<u>\$ 4,068,411</u>	<u>\$ 4,445,963</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, 2015, Quinton Township School District has food commodities totaling \$1,847 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

QUINTON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of auditor’s report issued: Unmodified

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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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Dollar threshold used to distinguish between type A and type B programs: N/A

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, 2015

**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:  Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circulars 04-04 and/or 15-08?

Yes  X  No

Identification of major programs:

GMIS Numbers

Name of State Program

495-034-5120-078  
495-034-5120-089  
495-034-5120-084  
495-034-5120-068  
495-034-5120-096  
495-034-5120-098  
495-034-5120-097  
495-034-5094-003

State Aid Public:  
Equalization Aid  
Special Education Categorical Aid  
Security Aid  
School Choice  
Under Adequacy Aid  
PARCC Readiness Aid  
Per Pupil Growth Aid  
TPAF Social Security Tax

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards 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, 2015

No matters were reported.