

**Quinton Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

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, 2016**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2016

Prepared by:

**Quinton Township School
Board of Education Administration**

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INTRODUCTORY SECTION

Quinton Township School District

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

Heather M. Mayhew
Business Administrator/Board Secretary
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Phone: (856) 935-2379
Fax: (856) 935-1978

September 1, 2016

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, 2016, 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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and/or the reporting requirements under NJOMB Treasury Circular Letter or 15-08, "Audits of State and Local Governments, and "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 thirty-four 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 sixty-six 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, 2014-2015, and 2015-16 was stable; however, with a number of teacher retirements one teacher position was reinstated. The funding for the 2016-17 budget year included tuition adjustments from two receiving high schools, which resulted in the district owing \$116,305. As a result it was necessary to cut a part-time basic skills position, a para professional/instructional support position and reduce the computer education teacher position to 40%. Two recent teacher retirements will assist the district with offsetting funding shortages.

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, 2016, the District directed its efforts and resources toward the following goals and initiatives:

Pupil Performance Objectives

1. By June 2016, the number of grade 1-8 students identified for Title I mathematics using multiple measures will reflect less than 13% of the total population.

This objective was not attained with 23.7% of the students in grades 1-2 scoring above the NWEA suggested score percentage and students in grades 3-8 scoring within the 3, 4, and 5 range on the PARCC. Other factors included in the identification of eligible students included, NWEA scores (3-8), teacher recommendations, and earned grades during the 2015-16 school year. This percentage goal was selected based on last year's goal, which did not include PARCC scores.

2. By June 2016, 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.

This objective was attained with 23.3% of the students in grades 1-2, scoring above the NWEA suggested score percentage in English Language Arts section of the MAP and grades 3-8 students scoring within the 3, 4, and 5 range on the PARCC. Other factors included in the identification of eligible students included, NWEA scores (3-8), teacher recommendations, and earned grades during the 2015-16 school year.

3. By June 2016, 100% of the instructional staff will gain a better understanding of the Danielson Domains, specifically Domains 1B & 2B to support the development of creating a culturally-sensitive school environment and holding high expectations for all students by effectively collecting and using data to drive instruction at each grade level.

This objective was attained with 100% of the teaching staff receiving professional development with regard to the Domains 1B and 2B.

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, phonics/ spelling/ vocabulary development, and instructional strategies for the implementation of the GoMath! 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, on May 4, 2016, the New Jersey State Board of Education certified that the Quinton Township School District met the requirements of the N.J.A.C.6A:30, "evaluation of the Performance of School Districts." In accordance with those requirements, the Quinton Township School District was certified for a period of three years or until the next full NJQSAC review is scheduled.

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, 2016, the District's outstanding debt issues included \$2,201,000 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,

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circulars 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,

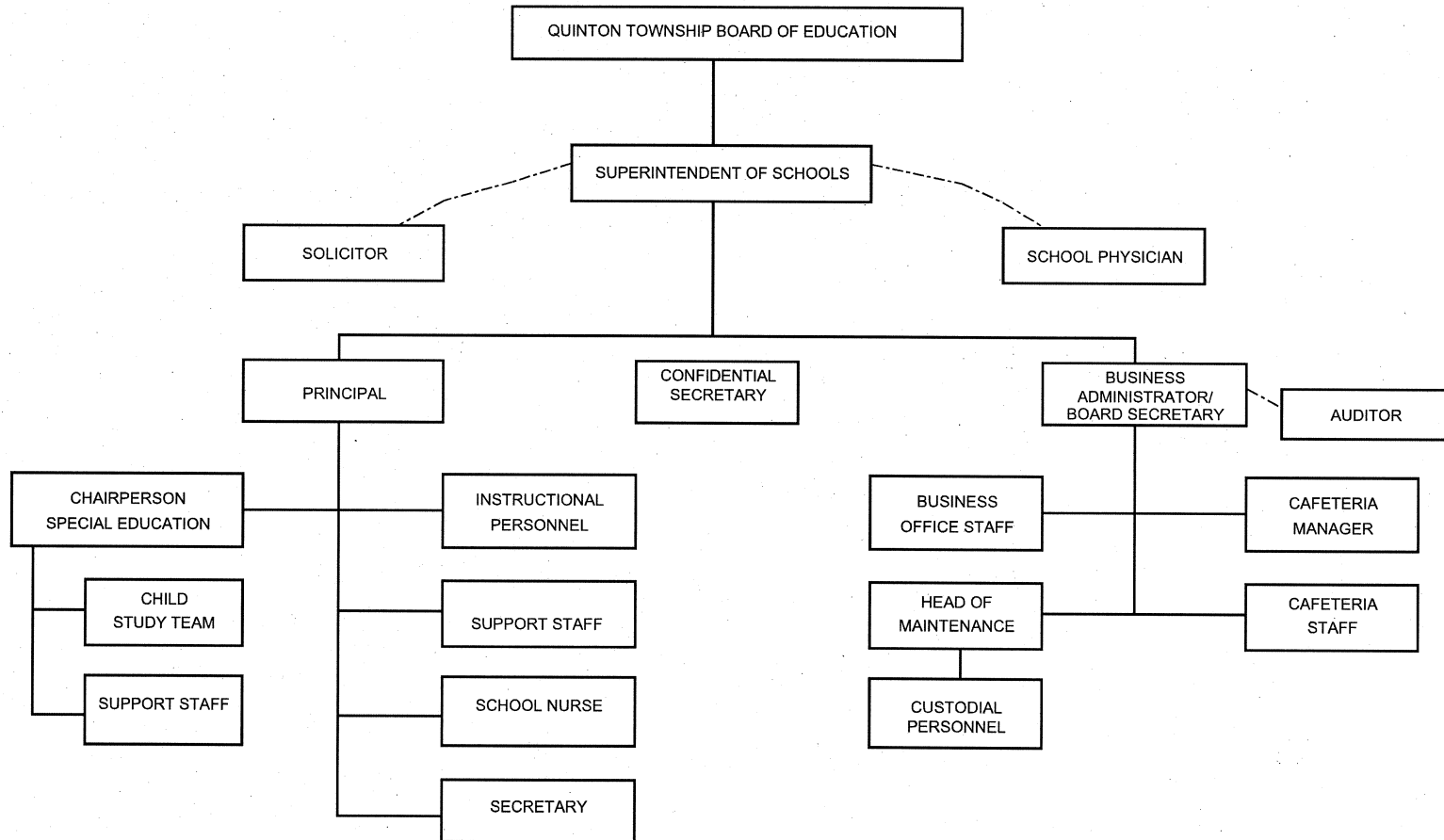
Margaret Delia

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, 2016

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Pam DeWilde, President	2018
Stacey B. Sickler, Vice President	2018
Mary Layman	2016
Thomas McKee III	2016
Joanne Nacucchio	2017
Tracy Scull	2017
Michael Sites	2016
Alicia Sperry	2018
Kayla Surran	2017
<u>OTHER OFFICIALS</u>	
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, Suite 100
P. O. Box 279
Glassboro, NJ 08028

ATTORNEY/NEGOTIATOR

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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

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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
Jeffrey T. Ridgway, 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, 2016, 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, 2016, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the other information, such as 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 and schedule of expenditures of federal and state awards, 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, are 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 September 1, 2016, 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

September 1, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Quinton Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
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, 2016. Comparative financial data between the current year (2015-2016) and the prior year (2014-2015) 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, 2016
Unaudited

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

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

Quinton Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
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
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

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 \$6,758,404 on June 30, 2016. 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 2016		FY 2015		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2016	FY 2015
ASSETS						
Current and other assets	\$ 1,310,832	\$ 57,928	\$ 1,309,646	\$ 49,761	\$ 1,368,760	\$ 1,359,407
Capital assets	5,381,213	8,431	5,848,983	9,777	5,389,644	5,858,760
Total assets	6,692,045	66,359	7,158,629	59,538	6,758,404	7,218,167
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	163,991		71,180		163,991	71,180
LIABILITIES						
Current liabilities	28,765		5,426		28,765	5,426
Noncurrent liabilities	2,232,473		2,465,423		2,232,473	2,465,423
Net pension liability	999,378		943,080		999,378	943,080
Total liabilities	3,260,616		3,413,929		3,260,616	3,413,929
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	99,752		63,778		99,752	63,778
NET POSITION						
Invested in capital assets, Net of related debt	3,180,213	8,431	3,422,983	9,777	3,188,644	3,432,760
Restricted	1,330,500		1,341,533		1,330,500	1,341,533
Unrestricted	(1,015,045)	57,928	(1,012,414)	49,761	(957,117)	(962,653)
Total net position	\$ 3,495,668	\$ 66,359	\$ 3,752,102	\$ 59,538	\$ 3,562,027	\$ 3,811,640

Quinton Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Financial Analysis of the District as a Whole (Continued)

The District's combined net position was \$3,562,027 on June 30, 2016. This was a decrease of \$249,613.

Table 3 Shows changes in net position for fiscal year 2016.

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 2016		FY 2015		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2016	FY 2015
REVENUES:						
Program revenues						
Charges for services		\$ 64,071		\$ 63,026	\$ 64,071	\$ 63,026
Federal & state categorical grants	\$ 352,924	116,472	\$ 317,662	119,255	469,396	436,917
General revenues						
Property taxes	2,527,377		2,527,952		2,527,377	2,527,952
Grants and entitlements	4,054,278		4,018,067		4,054,278	4,018,067
Other	39,524		76,059		39,524	76,059
Total revenues	6,974,103	180,543	6,939,740	182,281	7,154,646	7,122,021
EXPENSES:						
Instruction-related	2,356,056		2,222,335		2,356,056	2,222,335
Tuition and student support services	1,705,277		1,350,822		1,705,277	1,350,822
General administration	213,251		195,980		213,251	195,980
School administration	112,818		109,080		112,818	109,080
Central services	154,717		150,056		154,717	150,056
Administrative information tech.			3,945			3,945
Plant operations & maintenance	895,351		936,742		895,351	936,742
Pupil transportation	411,077		406,084		411,077	406,084
Employee benefits	1,201,392		1,129,248		1,201,392	1,129,248
Interest on debt	92,612		99,813		92,612	99,813
Capital outlay	87,986		38,513		87,986	38,513
Food service		173,722		172,595	173,722	172,595
Total expenses	7,230,537	173,722	6,642,618	172,595	7,404,259	6,815,213
Increase (decrease) in net position	\$ (256,434)	\$ 6,821	\$ 297,122	\$ 9,686	\$ (249,613)	\$ 306,808

Quinton Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Changes in Net Position (Continued) - The District's predominant expenses are related to instruction and student support services, which is approximately 54.9%. Employee benefits made up 16.2% of the District's expenses. Another 6.5% is related to Administrative and Business departments, 5.6% for transportation expenses, and 12.1% is related to Maintenance & Operations. Interest on debt made up 1.2% and food service 2.3% of the overall expenditures. The remaining 1.2% is capital outlay.

Governmental Activities

Revenues for governmental activities (Exhibit B-2) were \$7,051,402, while total expenses amounted to \$7,073,555. This resulted in a decrease in net position in governmental activities of \$22,153 for FY 2016.

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 \$6,821 (Exhibit B-5).
- Charges for services represent \$64,071 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 \$116,472.

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 \$1,282,067 (See Exhibit B-2). Increased state and federal aid amounted to \$62,007. The District's expenditures increased \$492,272, of which \$319,417 is the result of out of district tuition costs.

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 \$470,185 in fund balance and \$150 budgeted interest on capital reserve. Actual expenditure increases led to a decrease of \$22,153 in fund balance (see Exhibit B-2).

Quinton Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Capital Assets

The Quinton Township School District's investment in capital assets for its governmental, fiduciary and business type activities as of June 30, 2016, amounts to \$5,389,958 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture (see Table 4) (more detailed information about capital assets can be found in Note 6 to the financial statements).

Table 4

Quinton Township School District's Capital Assets

	FY 2016			FY 2015			Total	
	Governmental	Fiduciary	Business-	Governmental	Fiduciary	Business-	FY 2016	FY 2015
			Type			Type		
Land	\$ 8,757			\$ 8,757			\$ 8,757	\$ 8,757
Construction in progress				77,299				77,299
Site improvements	22,100			29,997			22,100	29,997
Buildings	5,267,263			5,637,106			5,267,263	5,637,106
Machinery & equipment	83,093	\$ 314	\$ 8,431	95,824	\$ 786	\$ 9,777	91,838	106,387
Total	\$ 5,381,213	\$ 314	\$ 8,431	\$ 5,848,983	\$ 786	\$ 9,777	\$ 5,389,958	\$ 5,859,546

Long-Term Debt

At year-end, the District had \$2,232,473 of outstanding debt. Of this amount, \$2,201,000 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 \$31,473 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, 2016

	Governmental Activities	Business-type Activities	Total Governmental Funds FY 2016
ASSETS			
Cash and cash equivalents	\$ 776,815	\$ 47,975	\$ 824,790
Interfunds receivable	9		9
Receivables, net	349,566	3,503	353,069
Inventory		6,450	6,450
Restricted assets:			
Cash and cash equivalents	107,274		107,274
Capital reserve account - cash	77,168		77,168
Capital assets:			
Non-depreciable assets	8,757		8,757
Assets net of depreciation	5,372,456	8,431	5,380,887
Total Assets	<u>6,692,045</u>	<u>\$ 66,359</u>	<u>6,758,404</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pension	<u>163,991</u>		<u>163,991</u>
LIABILITIES			
Accounts payable	28,765		28,765
Non-current liabilities:			
Due within one year	241,000		241,000
Due beyond one year	1,991,473		1,991,473
Net pension liability	999,378		999,378
Total liabilities	<u>3,260,616</u>		<u>3,260,616</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>99,752</u>		<u>99,752</u>
NET POSITION			
Invested in capital assets, net of related debt	3,180,213	\$ 8,431	3,188,644
Restricted for:			
Capital projects	184,442		184,442
Debt service	2		2
Other purposes	1,146,056		1,146,056
Unrestricted	(1,015,045)	57,928	(957,117)
Total net position	<u>\$ 3,495,668</u>	<u>\$ 66,359</u>	<u>\$ 3,562,027</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

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	\$ 1,774,170			\$ (1,774,170)		\$ (1,774,170)
Special education	461,616		\$ 314,522	(147,094)		(147,094)
Other special education	86,077			(86,077)		(86,077)
Other instruction	34,193			(34,193)		(34,193)
Support services:						
Tuition	1,153,824			(1,153,824)		(1,153,824)
Student & instructional related services	551,453		23,925	(527,528)		(527,528)
General administrative services	213,251			(213,251)		(213,251)
School administrative services	112,818			(112,818)		(112,818)
Central services	154,717			(154,717)		(154,717)
Plant operations & maintenance	895,351			(895,351)		(895,351)
Pupil transportation	411,077			(411,077)		(411,077)
Employee benefits	1,201,392		14,477	(1,186,915)		(1,186,915)
Interest on long-term debt	92,612			(92,612)		(92,612)
Capital outlay	87,986			(87,986)		(87,986)
Total governmental activities	7,230,537		352,924	(6,877,613)		(6,877,613)
Business-type activities:						
Food service	173,722	\$ 64,071	116,472		\$ 6,821	6,821
Total business-type activities	173,722	64,071	116,472		6,821	6,821
Total primary government	\$ 7,404,259	\$ 64,071	\$ 469,396	\$ (6,877,613)	\$ 6,821	\$ (6,870,792)
General revenues:						
Taxes:						
Property taxes, levied for general purpose				\$ 2,307,609		\$ 2,307,609
Taxes levied for debt service				219,768		219,768
Federal and state aid not restricted				4,054,278		4,054,278
Tuition charges				69,963		69,963
Investment earnings				2,136		2,136
Miscellaneous income				44,724		44,724
Loss on disposal of capital assets				(77,299)		(77,299)
Total general revenues, special items, extraordinary items, and transfers				6,621,179		6,621,179
Change in net position				(256,434)	\$ 6,821	(249,613)
Net position - beginning				3,752,102	59,538	3,811,640
Net position - end				\$ 3,495,668	\$ 66,359	\$ 3,562,027

FUND FINANCIAL STATEMENTS

QUINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds		Non-Major Funds		Total Governmental Funds FY 2016
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
ASSETS					
Cash and cash equivalents	\$ 870,047			\$ 107,274	\$ 977,321
Tax levy receivable	192,301		\$ 18,314		210,615
Interfunds receivable	9				9
Receivables	70,602	\$ 68,349			138,951
Restricted cash and cash equivalents	77,168				77,168
Total assets	\$1,210,127	\$ 68,349	\$ 18,314	\$ 107,274	\$ 1,404,064
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft		\$ 74,920	\$ 18,312		\$ 93,232
Accounts payable	\$ 28,765				28,765
Total liabilities	28,765	74,920	18,312		121,997
Fund balances:					
Restricted for:					
Capital reserve account	77,168				77,168
Excess surplus - current year	456,952				456,952
Excess surplus - prior year designated for subsequent year's expenditures	635,178				635,178
Capital projects fund				\$ 107,274	107,274
Debt service fund			2		2
Assigned to:					
Designated by the BOE for subsequent year's expenditures	53,926				53,926
Unassigned:					
General fund	(41,862)				(41,862)
Special revenue fund		(6,571)			(6,571)
Total fund balances	1,181,362	(6,571)	2	107,274	1,282,067
Total liabilities and fund balances	\$1,210,127	\$ 68,349	\$ 18,314	\$ 107,274	

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	<u>FY 2016</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 \$9,435,580 and the accumulated depreciation is \$4,054,367 (see Note 7).	5,381,213
Net pension liability adjustment for GASB Statement No. 68 and 71	(935,139)
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).	(2,232,473)
Net position of governmental activities	<u>\$ 3,495,668</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds		Non-Major Funds		Total Governmental Funds FY 2016
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
REVENUES:					
Local tax levy	\$ 2,307,609		\$ 219,768		\$ 2,527,377
Tuition charges	69,963				69,963
Interest earned on investments	2,020				2,020
Interest earned on capital reserve funds	116				116
Miscellaneous	44,724	\$ 13,487			58,211
	<u>2,424,432</u>	<u>13,487</u>	<u>219,768</u>		<u>2,657,687</u>
State sources	3,956,433	63,902	97,845		4,118,180
Federal sources		275,535			275,535
	<u>6,380,865</u>	<u>352,924</u>	<u>317,613</u>		<u>7,051,402</u>
Total revenues					
EXPENDITURES:					
Current:					
Regular instruction	1,779,285				1,779,285
Special education instruction	147,094	314,522			461,616
Other special instruction	86,077				86,077
Other instruction	34,193				34,193
Support services & undistributed costs:					
Tuition	1,153,824				1,153,824
Student & instruction related services	514,841	25,737			540,578
General administrative services	213,251				213,251
School administrative services	112,818				112,818
Central services	154,717				154,717
Plant operations and maintenance	515,590				515,590
Pupil transportation	411,077				411,077
Employee benefits	1,190,454	14,477			1,204,931
Debt service:					
Principal			225,000		225,000
Interest and other charges			92,612		92,612
Capital outlay	36,143			\$ 51,843	87,986
	<u>6,349,364</u>	<u>354,736</u>	<u>317,612</u>	<u>51,843</u>	<u>7,073,555</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	31,501	(1,812)	1	(51,843)	(22,153)
Net change in fund balances	31,501	(1,812)	1	(51,843)	(22,153)
Fund balance - July 1	1,149,861	(4,759)	1	159,117	1,304,220
Fund balance - June 30	<u>\$ 1,181,362</u>	<u>\$ (6,571)</u>	<u>\$ 2</u>	<u>\$ 107,274</u>	<u>\$ 1,282,067</u>

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, 2016

Total net change in fund balances - Governmental Funds (from B-2)	\$ (22,153)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
<p>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.</p>	
Depreciation expense	(390,471)
<p>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.</p>	
Bond principal payments	225,000
<p>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.</p>	
	(77,299)
<p>Pension contributions are reported in Governmental Funds as expenditures. However in the statement of activities, the contributions are adjusted for actuarial valuation adjustments.</p>	
	539
<p>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.</p>	
	7,950
Change in net position of governmental activities	<u>\$ (256,434)</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities - Food Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 47,975
Accounts receivable	3,503
Inventories	6,450
Total current assets	57,928
Noncurrent assets:	
Furniture, machinery & equipment	83,140
Less: accumulated depreciation	(74,709)
Total non-current assets	8,431
Total assets	\$ 66,359
NET POSITION	
Invested in capital assets net of related debt	\$ 8,431
Unrestricted	57,928
Total net position	\$ 66,359

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	Business-type Activities - Food Service Fund
OPERATING REVENUES:	
Local sources:	
Daily sales - reimbursable programs:	\$ 43,830
Daily sales - non-reimbursable programs	20,241
	64,071
OPERATING EXPENSES:	
Salaries	50,316
Employee benefits	3,849
Purchased professional technical services	2,880
Supplies and materials	6,538
Other purchased services (400-500 series)	70
Cost of sales	108,723
Depreciation	1,346
	173,722
Total operating expenses	173,722
Operating income (loss)	(109,651)
NON-OPERATING REVENUES:	
State sources:	
National school lunch program - state	1,683
Federal sources:	
National school lunch program	67,929
National school breakfast program	33,439
Food distribution program	13,421
	116,472
Total non-operating revenues (expenses)	116,472
Net income (loss)	6,821
Total net position - beginning	59,538
Total net position - ending	\$ 66,359

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016

	Business-type Activities - Food Service Fund
Cash flows from operating activities:	
Receipts from customers	\$ 64,071
Payments to suppliers	(105,950)
Payments to employees	(50,316)
Payments for employee benefits	(3,849)
Net cash provided (used) by operating activities	(96,044)
 Cash flows from non-capital financing activities:	
Cash received from state, federal & local reimbursements	105,013
Net cash provided by non-capital financing activities	105,013
Net increase in cash and cash equivalents	8,969
Cash and cash equivalents - July 1	39,006
Cash and cash equivalents - June 30	\$ 47,975
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (109,651)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	1,346
Food distribution program	13,421
Change in assets and liabilities: (Increase) decrease in inventory	(1,160)
	\$ (96,044)

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Technology Trust	Unemployment Compensation Trust	Agency Funds	FY 2016
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 12,708	\$ 13,223	\$ 14,436	\$ 40,367
Non-current assets:				
Capital assets, net	314			314
Total assets	<u>\$ 13,022</u>	<u>\$ 13,223</u>	<u>\$ 14,436</u>	<u>40,681</u>
LIABILITIES				
Current liabilities:				
Due to student groups			\$ 9,915	9,915
Payroll deductions and withholdings			4,512	4,512
Interfund payable - general fund			9	9
Total current liabilities			<u>\$ 14,436</u>	<u>14,436</u>
NET POSITION				
Invested in capital assets net of of related debt	\$ 314			314
Held in trust for:				
Unemployment claims		\$ 13,223		13,223
Technology expenditures	12,708			12,708
Total net position	<u>\$ 13,022</u>	<u>\$ 13,223</u>		<u>\$ 26,245</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Trust Funds		FY 2016
	Technology Trust	Unemployment Compensation Trust	
ADDITIONS:			
Contributions:			
Plan members		\$ 5,496	\$ 5,496
Others	\$ 5,270		5,270
Total contributions	5,270	5,496	10,766
Investment earnings:			
Interest	13	14	27
Total investment earnings	13	14	27
Total additions	5,283	5,510	10,793
DEDUCTIONS:			
Depreciation	471		471
Total deductions	471		471
Change in net position	4,812	5,510	10,322
Net position - July 1	8,210	7,713	15,923
Net position - June 30	\$ 13,022	\$ 13,223	\$ 26,245

NOTES TO THE FINANCIAL STATEMENTS

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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, and (b) 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, 2016**

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 activity (food service). 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, 2016**

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, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUNDS (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

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Continued)

certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. 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, 2016, consisted of the following:

Food	\$ 3,488
Commodities	<u>2,962</u>
	<u>\$ 6,450</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, 2016**

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, 2016**

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, 2016**

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, 2016**

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, 2016**

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 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 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.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Recent Accounting Pronouncements Not Yet Effective (Continued)

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." 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 March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues and amendment of GASB Statements No. 67, No. 68 and No. 73." This statement, which is effective for fiscal periods beginning after June 15, 2016. Although not determinable, the impact of this statement on the net position of the district is anticipated to not be significant.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (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, 2016 and 2015, was \$1,049,599 and \$645,279. As of June 30, 2016 and 2015, \$0 of the District's bank balance of \$1,211,814 and \$937,398, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2016 and 2015, 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.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3: INVESTMENTS (CONTINUED)

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

NOTE 4: RECEIVABLES

Receivables at June 30, 2016, (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	\$ 57,360	\$ 52
Township of Quinton	210,615	
Other LEA's	13,242	
Other	8,609	
Federal aid	59,740	3,451
	<u>\$ 349,566</u>	<u>\$ 3,503</u>

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of \$1,000 in the 2000-2001 budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (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, 2016, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2015	\$ 77,052
Interest earnings	116
Deposits	0
Ending balance, June 30, 2016	<u>\$ 77,168</u>

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2016.

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2016</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>86,056</u>		<u>77,299</u>	<u>8,757</u>
Site improvements	195,983			195,983
Building & building improvements	8,518,219			8,518,219
Machinery & equipment	<u>767,387</u>		54,766	<u>712,621</u>
Totals at historical cost	<u>9,481,589</u>		<u>54,766</u>	<u>9,426,823</u>
Less: accumulated depreciation				
Site improvements	(165,985)	\$ (7,897)		(173,882)
Building & building improvements	(2,881,113)	(369,842)		(3,250,955)
Machinery & equipment	<u>(671,564)</u>	<u>(12,732)</u>	54,766	<u>(629,530)</u>
Total accumulated depreciation	<u>(3,718,662)</u>	<u>(390,471)</u>	<u>54,766</u>	<u>(4,054,367)</u>
Governmental activities capital assets, net	<u>\$ 5,848,983</u>	<u>\$ (390,471)</u>	<u>\$ 77,299</u>	<u>\$ 5,381,213</u>
Business-type activities:				
Machinery & equipment	\$ 83,140			\$ 83,140
Less: accumulated depreciation	<u>(73,363)</u>	\$ (1,346)		<u>(74,709)</u>
Business-type capital assets, net	<u>\$ 9,777</u>	<u>\$ (1,346)</u>		<u>\$ 8,431</u>
Fiduciary-type activities:				
Machinery & equipment	\$ 10,394			\$ 10,394
Less: accumulated depreciation	<u>(9,603)</u>	\$ (471)		<u>(10,074)</u>
Total	<u>\$ 791</u>	<u>\$ (471)</u>		<u>\$ 320</u>

Depreciation was charged to the following governmental programs:

Instruction	\$ 10,710
Operation and maintenance	<u>379,761</u>
Total	<u>\$ 390,471</u>

NOTE 7: GENERAL LONG-TERM DEBT

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Permanently funded debt as of June 30, 2016, 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% to 4.125%. The remaining balance at June 30, 2016, was \$755,000.

\$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 3% to 4%. The remaining balance at June 30, 2016, was \$1,446,000.

Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
Compensated absences	\$ 39,423	\$ 705	\$ 8,655	\$ 31,473	\$ 6,000
Bonds payable	2,426,000		225,000	2,201,000	235,000
	<u>\$ 2,465,423</u>	<u>\$ 705</u>	<u>\$ 233,655</u>	<u>\$ 2,232,473</u>	<u>\$ 241,000</u>

Bonds Payable

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

Year Ended June 30,	Principal	Interest	Total
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	250,000	48,988	298,988
2022-2026	580,000	149,800	729,800
2027-2029	390,000	31,200	421,200
	<u>\$ 2,201,000</u>	<u>\$ 517,980</u>	<u>\$ 2,718,980</u>

Bonds Authorized But Not Issued

As of June 30, 2016, 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, 2016**

NOTE 7: 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, 2016, it is not necessary for the Board to establish a liability for arbitrage rebate.

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

NOTE 8: PENSION FUNDS

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (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.

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

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy (Continued) - New Jersey legislation. TPAF and PERS provide for employee contributions of 7.06% 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, 2016, 2015, and 2014, were \$38,275, \$41,525, and \$38,307, respectively, equal to the required contributions for each year. The School District's share of TPAF for the years ending June 30, 2016, 2015, and 2014, were \$371,643, \$339,856, and \$244,870, 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, 2016, 2015, and 2014: \$164,978, \$159,761, and \$152,885 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, 2016, 2015, and 2014, were \$2,973,581, \$2,854,649, and \$2,785,076, covered payroll was \$2,222,562, \$2,169,475, and \$1,991,320 for TPAF and \$317,262, \$294,178, and \$313,974 for PERS.

For the year ended June 30, 2016, the District recognized pension expense of \$37,736. At June 30, 2016, 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	\$ 101,874	
Net difference between expected and actual experience	23,842	
Net difference between projected and actual earnings on pension plan investments		\$ 2,018
Changes in proportion and differences between District contributions and proportionate share of contributions		97,734
District contributions subsequent to the measurement date	38,275	
	\$ 163,991	\$ 99,752

\$38,275, 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, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION FUNDS (CONTINUED)

Year Ended June 30,	Amount
2017	\$ 2,152
2018	2,152
2019	2,152
2020	16,203
2021	3,305
Thereafter	0
	<u>\$ 25,964</u>

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective deferred outflows of resources	\$ 952,194,675	\$ 3,578,755,666
Collective deferred inflows of resources	1,479,224,662	993,410,455
Collective net pension liability	<u>18,722,735,003</u>	<u>22,447,996,119</u>
District's proportion	0.0050370847%	0.0044519698%

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, 2016, 2015, and 2014, were \$7,308 \$4,030, and \$3,455 for covered employees. The District also contributed for life and disability insurance.

NOTE 9: POST-EMPLOYMENT 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

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the state contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

NOTE 10: COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits Association employees to accumulate sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave if the employee has a minimum of 100 days in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

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, 2016, is \$31,473. The liability for compensated absences in the Food Service Fund at June 30, 2016, is \$0.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11: DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years.

Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

ING	Lincoln Investment Planning, Inc.
Diversified Investment Advisors	MetLife

NOTE 12: LABOR CONTRACTS

As of June 30, 2016, 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, 2019.

NOTE 13: OTHER EMPLOYEE BENEFITS PLAN

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

NOTE 14: RISK MANAGEMENT

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

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2016, 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:

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14: RISK MANAGEMENT (CONTINUED)

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

New Jersey Unemployment Compensation Insurance:

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

<u>Fiscal Year</u>	<u>Interest Contributions</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 14	\$ 5,496			\$ 13,223
2014-2015	6	5,124		\$ 3,210	7,713
2013-2014	7	5,175		3,757	5,793

NOTE 15: 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, 2016, amounted to \$6,861. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 6,861
2018	6,861
2019	2,859
	<u>\$ 16,581</u>

NOTE 16: FUND BALANCE APPROPRIATED

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

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

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

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

Specific classifications of fund balance are summarized below:

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2016.

Restricted Fund Balance:

Capital Reserve Account - Of the \$77,168 balance in the capital reserve account at June 30, 2016, \$0 has been designated for utilization in the 2016-2017 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, 2016, 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, 2016, excess surplus created in FY 2015 of \$635,178 will be utilized for expenditures in the 2016-2017 budget, while excess surplus created in FY 2016 of \$456,952 is restricted and will be utilized for budget expenditures in 2017-2018.

Debt Service Fund - At June 30, 2016, there was \$2 fund balance.

Committed Fund Balance - The District had no fund balance at June 30, 2016.

Assigned Fund Balance - At June 30, 2016, the Board has assigned \$53,926 of General Fund balance to expenditures in the 2016-2017 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, 2016, the District has a deficit of (\$41,862) of unassigned fund balance in the General Fund. The District also has a deficit of (\$6,571) of unassigned fund balance in the Special Revenue Fund.

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016, is \$1,092,130.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$41,862 (Exhibit B-1) in the General Fund and \$6,571 in the Special Revenue Fund as of June 30, 2016, 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 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 19: INTERFUND RECEIVABLES AND PAYABLES

The interfund balances remaining on the balance sheet at June 30, 2016.

	From	To
General Fund	\$ 9	
Agency Fund		\$ 9
	\$ 9	\$ 9

NOTE 20: INVESTMENT IN SOLAR RENEWABLE ENERGY CERTIFICATES (SREC'S)

The SREC program provides a means for Solar Renewable Energy Certificates (SREC's) to be created for every megawatt-hour of solar electricity created. The SREC is sold separately from the electricity and represents the "solar" aspect of the electricity that was produced. The value of a SREC is determined by the market subject to supply and demand constraints. SRECS can be sold to electricity suppliers needing to meet their solar RPS requirement. The market is typically capped by a fine or solar alternative compliance payment paid by any electricity suppliers for every SREC they fall short of the requirement.

The School District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quotes prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. As of June 30, 2016, the investment in SREC's was \$0. All SREC's available as of June 30, 2016, were sold within 60 days of year-end and the amount was recorded as a receivable for \$8,512.

NOTE 21: 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 2015-2016 governmental operations, excluding capital projects, while local tax levy accounted for approximately 36%.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 22: COMMITMENTS AND CONTINGENCIES

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, 2016 and September 1, 2016, 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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 2,307,609		\$ 2,307,609	\$ 2,307,609	
Tuition from LEA's				69,963	\$ 69,963
Interest on investments	2,000		2,000	2,020	20
Interest on capital reserve funds	150		150	116	(34)
Miscellaneous				44,724	44,724
Total - local sources	<u>2,309,759</u>		<u>2,309,759</u>	<u>2,424,432</u>	<u>114,673</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	176,848		176,848	176,848	
Additional adjustment aid	94,740		94,740	94,740	
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				26,431	26,431
Other state aid - nonpublic transportation				1,740	1,740
TPAF post-retirement medical (on-behalf non-budgeted)				201,999	201,999
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				169,644	169,644
Reimbursed TPAF social security contributions (non-budgeted)				164,978	164,978
Total - state sources	<u>3,400,194</u>		<u>3,400,194</u>	<u>3,964,986</u>	<u>564,792</u>
Total revenues	<u>\$ 5,709,953</u>		<u>\$ 5,709,953</u>	<u>\$ 6,389,418</u>	<u>\$ 679,465</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	\$ 88,704		\$ 88,704	\$ 87,797	\$ 907
Kindergarten	156,352		156,352	155,961	391
Grades 1-5	861,291	\$ (23,938)	837,353	828,808	8,545
Grades 6-8	430,854	(18,896)	411,958	407,041	4,917
Regular programs - home instruction:					
Salaries of teachers	1,500	(1,500)			
Purchased professional - education services	1,500	2,535	4,035	4,035	
Regular programs - undistributed instruction:					
Other salaries for instruction	52,813	(2,460)	50,353	47,456	2,897
Purchased professional - education services	31,750	11,400	43,150	42,535	615
Purchased technical services	575		575	220	355
Other purchased services (400-500 series)	54,210	21,312	75,522	73,811	1,711
General supplies	105,476	359	105,835	105,313	522
Textbooks	24,250	(318)	23,932	20,597	3,335
Miscellaneous expenditures	7,800	(450)	7,350	5,711	1,639
Total regular programs	1,817,075	(11,956)	1,805,119	1,779,285	25,834
Resource room:					
Salaries of teachers	115,940	26,341	142,281	141,330	951
Other salaries for instruction	14,000	(8,063)	5,937	4,943	
General supplies	1,060		1,060	821	239
Total resource room	131,000	18,278	149,278	147,094	1,190
Total special education	131,000	18,278	149,278	147,094	1,190
Basic skills/remedial:					
Salaries of teachers	101,307	(20,403)	80,904	76,079	4,825
Other salaries for instruction	15,036	(4,998)	10,038	9,349	689
General supplies	850		850	649	201
Total basic skills/remedial	117,193	(25,401)	91,792	86,077	5,715
School sponsored co-curricular activities:					
Salaries	33,499	450	33,949	32,308	1,641
Total school sponsored co-curricular activities	33,499	450	33,949	32,308	1,641

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs - instruction:					
Salaries	2,030		2,030	1,885	145
Total other instructional programs	2,030		2,030	1,885	145
Total other programs	152,722	(24,951)	127,771	120,270	7,501
Total - instruction	2,100,797	(18,629)	2,082,168	2,046,649	34,525
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	885,252		885,252	846,236	39,016
Tuition to other LEAs within state - special	25,400		25,400	25,400	
Tuition to county special services district/ regional day schools	252,761	54,103	306,864	278,151	28,713
Tuition to private schools for the handicapped - within state	58,140	(54,103)	4,037	4,037	
Total undistributed expenditures - instruction	1,221,553		1,221,553	1,153,824	67,729
Attendance and social work services:					
Salaries	14,180		14,180	14,111	69
Total attendance and social work services	14,180		14,180	14,111	69
Health services:					
Salaries	75,857		75,857	74,994	863
Purchased professional - technical services	3,725		3,725	3,150	575
Other purchased services (400-500 series)	850		850	341	509
Supplies and materials	7,340	(1,105)	6,235	5,960	275
Total health services	87,772	(1,105)	86,667	84,445	2,222
Related services:					
Salaries of teachers	59,278		59,278	59,278	
Purchased professional - education services	30,000	1,822	31,822	30,732	1,090
Supplies and materials	452	35	487	486	1
Total related services	89,730	1,857	91,587	90,496	1,091
Extraordinary services:					
Salaries other instructional staff	17,832	10,769	28,601	27,049	1,552
Purchased professional - education services	79,940	37,503	117,443	117,442	1
Total extraordinary services	97,772	48,272	146,044	144,491	1,553
Guidance services:					
Salaries of other professional staff	49,552		49,552	49,552	
Supplies and materials	5,750		5,750	5,045	705
Total guidance services	55,302		55,302	54,597	705

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child study team:					
Salaries of other professional staff	69,477	(1,900)	67,577	67,303	274
Purchased professional - education services	8,500	5,202	13,702	11,050	2,652
Other purchased professional - technical services	2,500	1,403	3,903	3,902	1
Supplies and materials	3,607	(1,200)	2,407	803	1,604
Miscellaneous expenditures	200		200	110	90
Total child study team	84,284	3,505	87,789	83,168	4,621
Improvement of instruction services:					
Salaries of other professional staff	12,000		12,000	3,944	8,056
Total improvement of instruction services	12,000		12,000	3,944	8,056
Educational media services/school library:					
Salaries	30,448	(2,400)	28,048	26,866	1,182
Other purchased services (400-500 series)	1,820	24	1,844	1,844	
Supplies and materials	3,470	(24)	3,446	2,870	576
Total educational media services/school library	35,738	(2,400)	33,338	31,580	1,758
Instructional staff training:					
Purchased professional - education services	26,500		26,500	3,625	22,875
Other purchased services (400-500 series)	5,500		5,500	4,384	1,116
Total instructional staff training	32,000		32,000	8,009	23,991
Support services general administration:					
Salaries	146,733		146,733	146,257	476
Legal services	3,000		3,000	1,151	1,849
Audit fees	12,000	(325)	11,675	11,675	
Architectural/engineering services		1,500	1,500	1,500	
Other professional services	30,600	415	31,015	15,969	15,046
Communications/telephone	15,400	(506)	14,894	14,604	290
BOE other purchased services	500		500		500
Other purchased services (400-500 series)	15,600	(416)	15,184	10,701	4,483
Supplies and materials	5,000	(3,275)	1,725	1,098	627
BOE in house training/meeting supplies	800		800	637	163
Judgments against the school district	2,500		2,500	2,500	
Miscellaneous expenditures	3,500	127	3,627	3,627	
BOE membership dues and fees	4,000	(127)	3,873	3,532	341
Total support services general administration	239,633	(2,607)	237,026	213,251	23,775

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration:					
Salaries of principals/assistant principals	91,284		91,284	91,284	
Salaries of secretarial and clerical assistants	15,896	658	16,554	16,481	73
Other purchased services (400-500 series)	1,500	(358)	1,142	842	300
Supplies and materials	3,500	(370)	3,130	2,993	137
Miscellaneous expenditures	1,150	70	1,220	1,218	2
Total support services school administration	113,330		113,330	112,818	512
Central services:					
Salaries	126,830	2,607	129,437	129,435	2
Purchased technical services	20,750	(1,362)	19,388	18,712	676
Miscellaneous purchased services (400-500 series)	2,000		2,000	1,360	640
Supplies and materials	5,200	1,362	6,562	4,103	2,459
Miscellaneous expenditures	1,200		1,200	1,107	93
Total central services	155,980	2,607	158,587	154,717	3,870
Required maintenance for school facilities:					
Cleaning, repair, and maintenance services	105,950	(31,500)	74,450	73,137	1,313
Supplies and materials	2,500		2,500	5	2,495
Total required maintenance for school facilities	108,450	(31,500)	76,950	73,142	3,808
Other operation & maintenance of plant services:					
Salaries	185,438		185,438	173,653	11,785
Purchased professional and technical services	3,825	(101)	3,724	3,094	630
Cleaning, repair, and maintenance services	59,000	5,800	64,800	64,800	
Insurance	32,750	1,800	34,550	34,550	
Miscellaneous purchased services (400-500 series)	450		450	336	114
General supplies	32,600	16,318	48,918	48,918	
Energy (electricity)	85,000	2,807	87,807	87,807	
Energy (oil)	80,000	(26,624)	53,376	18,313	35,063
Total other operation & maintenance of plant services	479,063		479,063	431,471	47,592
Security:					
Salaries	13,706		13,706	10,977	2,729
Total security	13,706		13,706	10,977	2,729
Total operation & maintenance of plant services	601,219	(31,500)	569,719	515,590	54,129

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	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	192,015	27,400	219,415	218,799	616
Contracted services (other than between home and school) - vendors	3,000		3,000	1,916	1,084
Contracted services (regular students) - ESC & CTSA	90,000	(18,000)	72,000	66,522	5,478
Contracted services (special education students) - ESC & CTSA	140,500	(9,400)	131,100	108,471	22,629
Aid in lieu - nonpublic	8,840	250	9,090	8,601	489
Aid in lieu - choice	3,536	(250)	3,286	1,768	1,518
Total student transportation services	<u>442,891</u>		<u>442,891</u>	<u>411,077</u>	<u>31,814</u>
Unallocated benefits:					
Social security contributions	50,000		50,000	38,882	11,118
Other retirement contributions - regular	53,000		53,000	48,120	4,880
Unemployment compensation	2,000		2,000	173	1,827
Workers' compensation	30,000		30,000	29,345	655
Health benefits	593,534		593,534	526,636	66,898
Tuition reimbursement	12,000		12,000	6,645	5,355
Other employee benefits	19,130		19,130	4,032	15,098
Total unallocated benefits	<u>759,664</u>		<u>759,664</u>	<u>653,833</u>	<u>105,831</u>
TPAF post-retirement medical (on-behalf non-budgeted)				201,999	(201,999)
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				169,644	(169,644)
Reimbursed TPAF social security contributions (non-budgeted)				164,978	(164,978)
Total non-budgeted				<u>536,621</u>	<u>(536,621)</u>
Total undistributed expenditures	4,043,048	18,629	4,061,677	4,266,572	(204,895)
Total expenditures - current expense	<u>6,143,845</u>		<u>6,143,845</u>	<u>6,313,221</u>	<u>(170,370)</u>
CAPITAL OUTLAY:					
Facilities acquisition and construction services:					
Assessment for debt service on SDA Funding	36,143		36,143	36,143	
Total facilities acquisition and construction services	<u>36,143</u>		<u>36,143</u>	<u>36,143</u>	
Total capital outlay	<u>36,143</u>		<u>36,143</u>	<u>36,143</u>	
Total expenditures	<u>\$ 6,179,988</u>		<u>\$ 6,179,988</u>	<u>\$ 6,349,364</u>	<u>\$ (170,370)</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	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	\$ (470,035)		\$ (470,035)	\$ 40,054	\$ 509,095
Net changes in fund balance	(470,035)		(470,035)	40,054	509,095
Fund balances - July 1	1,461,341		1,461,341	1,461,341	
Fund balances - June 30	<u>\$ 991,306</u>		<u>\$ 991,306</u>	<u>\$ 1,501,395</u>	<u>\$ 509,095</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				\$ 77,168	
Excess surplus - designated for subsequent year's expenditures				635,178	
Excess surplus - current year				456,952	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				53,926	
Unassigned Fund Balance				<u>278,171</u>	
				1,501,395	
Reconciliation to Governmental Fund Statements (GAAP):					
June state aid payments not recognized on GAAP Basis				<u>(320,033)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 1,181,362</u>	

QUINTON TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 246,179	29,356	\$ 275,535	\$ 275,535	
State sources	65,714		65,714	65,714	
Local sources	5,357	8,130	13,487	13,487	
Total revenues	\$ 317,250	\$ 37,486	\$ 354,736	\$ 354,736	
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 113,504	\$ 26,084	\$ 139,588	\$ 139,588	
Other salaries for instruction	64,993		64,993	64,993	
Purchased professional and technical services	1,264	1,442	2,706	2,706	
Tuition	103,336		103,336	103,336	
General supplies	2,604	1,295	3,899	3,899	
Total instruction	285,701	28,821	314,522	314,522	
Support Services:					
Other salaries	1,000		1,000	1,000	
Personal services - employee benefits	8,450	6,027	14,477	14,477	
Purchased professional and technical services	11,000		11,000	11,000	
Other purchased services (400-500 series)	5,999	2,415	8,414	8,414	
Contracted service transportation (between home and school) - vendors	3,600	(80)	3,520	3,520	
Cost of sales	1,500	303	1,803	1,803	
Total support services	31,549	8,665	40,214	40,214	
Total expenditures	\$ 317,250	37,486	\$ 354,736	\$ 354,736	

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, 2016

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

	General Fund C-1	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1] \$ 6,389,418	[C-2] \$ 354,736
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	311,480	4,759
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(320,033)</u>	<u>(6,571)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] <u>\$ 6,380,865</u>	[B-2] <u>\$ 352,924</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] <u>\$ 6,349,364</u>	<u>\$ 354,736</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] <u>\$ 6,349,364</u>	[B-2] <u>\$ 354,736</u>

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 Three Fiscal Years

	Fiscal Year Ended		
	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0044519698%	0.0050370847%	0.0050840131%
District's proportionate share of the net pension liability (asset)	\$ 999,378	\$ 943,080	\$ 971,656
District's covered-employee payroll	294,178	313,974	348,348
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	339.72%	300.37%	278.93%
Plan fiduciary net position as a percentage of the total pension liability	47.92%	52.08%	48.72%

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

	Fiscal Year Ended		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 38,275	\$ 41,525	\$ 38,307
Contributions in relation to the contractually required contribution	<u>38,275</u>	<u>41,525</u>	<u>38,307</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 294,178	\$ 313,974	\$ 348,348
Contributions as a percentage of covered-employee payroll	13.01%	13.23%	11.00%

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

	Fiscal Year Ended		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability (asset)	0.0242945076%	0.0219285515%	0.0219285515%
District's proportionate share of the net pension liability (asset)	\$ 15,355,166	\$ 11,720,097	\$ 11,285,602
District's covered-employee payroll	2,169,475	1,991,320	2,329,433
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	707.78%	588.56%	484.48%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	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, 2016**

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, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014, 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	3.04%
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 RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees

The actuarial assumptions used in the July 1, 2014, 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, 2016

	Total Brought Forward Ex. E-1a	Title I Part A	(See E-2) Preschool Education	Totals	
				FY 2016	FY 2015
REVENUES:					
Federal sources	\$ 163,103	\$ 112,432		\$ 275,535	\$ 265,149
State sources			\$ 65,714	65,714	47,586
Local sources	13,487			13,487	4,021
Total revenues	176,590	112,432	65,714	354,736	316,756
EXPENDITURES:					
Instruction:					
Salaries of teachers	42,342	31,532	65,714	139,588	128,342
Other salaries for instruction		64,993		64,993	53,060
Purchased professional and technical services	2,706			2,706	
Tuition	103,336			103,336	96,281
General supplies	3,899			3,899	452
Other objects					287
Total instruction	152,283	96,525	65,714	314,522	278,422
Support services:					
Other salaries	1,000			1,000	1,021
Personal services - employee benefits	7,170	7,307		14,477	12,906
Purchased professional and technical services					385
Purchased professional - educational services	6,000	5,000		11,000	12,245
Other purchased services (400-500 series)	4,814	3,600		8,414	7,621
Contracted service transportation (between home and school) - vendors	3,520			3,520	3,000
Contracted service transportation (other than between home and school) - vendors					600
Cost of sales	1,803			1,803	556
Total support services	24,307	15,907		40,214	38,334
Total expenditures	\$ 176,590	\$ 112,432	\$ 65,714	\$ 354,736	\$ 316,756

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward Ex. E-1b	IDEA Preschool Program	Title I McKinney Vento Homeless	Rural Education Achievement Program	Title II, Part A Teacher & Principal Training & Recruiting	Total Carried Forward
REVENUES:						
Federal sources	\$ 100,955	2,381	\$ 22,383	\$ 29,356	\$ 8,028	\$ 163,103
Local sources	13,487					13,487
Total revenues	114,442	2,381	22,383	29,356	8,028	176,590
EXPENDITURES:						
Instruction:						
Salaries of teachers	2,878		13,940	23,496	2,028	42,342
Purchased professional and technical services	2,706					2,706
Tuition	100,955	2,381				103,336
General supplies	2,922		977			3,899
Total instruction	109,461	2,381	14,917	23,496	2,028	152,283
Support services:						
Other salaries			1,000			1,000
Personal services - employee benefits	167		1,143	5,860		7,170
Purchased professional - educational services					6,000	6,000
Other purchased services (400-500 series)	4,814					4,814
Contracted service transportation (between home and school) - vendors			3,520			3,520
Cost of sales			1,803			1,803
Total support services	4,981		7,466	5,860	6,000	24,307
Total expenditures	\$ 114,442	\$ 2,381	\$ 22,383	\$ 29,356	\$ 8,028	\$ 176,590

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Historical Stones	Safety Grant	Culture Club	Sustainable New Jersey	IDEA Part B	Total Carried Forward
REVENUES:						
Federal sources					\$ 100,955	\$ 100,955
Local sources	\$ 958	\$ 2,399	\$ 8,130	\$ 2,000		13,487
Total revenues	958	2,399	8,130	2,000	100,955	114,442
EXPENDITURES:						
Instruction:						
Salaries of teachers	406		2,182	290		2,878
Purchased professional and technical services			1,848	858		2,706
Tuition					100,955	100,955
General supplies	552		1,518	852		2,922
Total instruction	958		5,548	2,000	100,955	109,461
Support services:						
Personal services - employee benefits			167			167
Other purchased services (400-500 series)		2,399	2,415			4,814
Total support services		2,399	2,582			4,981
Total expenditures	\$ 958	\$ 2,399	\$ 8,130	\$ 2,000	\$ 100,955	\$ 114,442

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures -
Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of teachers	\$ 65,714	\$ 65,714	
Total expenditures	\$ 65,714	\$ 65,714	

CALCULATION OF BUDGET AND CARRYOVER

Total revised 2015-2016 Preschool education aid allocation	\$ 65,714
Add: Actual ECPA Carryover (June 30, 2015)	
Add: Budgeted transfer from the General Fund 2015-2016	
Total Preschool Education Aid Funds available for 2015/2016 budget	65,714
Less: 2014-2015 budgeted preschool education aid (including prior year budgeted carryover)	65,714
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2016	
Add: June 30, 2016, unexpended preschool education aid	
2015-2016 Carryover - preschool education aid/preschool	
2015-2016 Preschool education aid carryover budgeted for preschool programs 2015-2016	

CAPITAL PROJECTS FUND

QUINTON TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 June 30, 2016

Project Title/Issue	Original Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriation June 30, 2016
			Prior Years	Current Year	
Install roof-mounted photovoltaic system	12/30/09	\$ 569,520	\$ 410,403	\$ 51,843	\$ 107,274

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, 2016

OPERATING EXPENSES:	
Construction services	\$ 51,843
Total expenses	<u>51,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,843)</u>
Fund balance - beginning	<u>159,117</u>
Fund balance - ending	<u><u>\$ 107,274</u></u>

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, 2016

	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	410,359	\$ 51,843	462,202	481,005
	<u>410,403</u>	<u>51,843</u>	<u>462,246</u>	<u>\$ 569,520</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 159,117</u>	<u>\$ (51,843)</u>	<u>\$ 107,274</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			

PROPRIETARY FUNDS

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2016

	Business-type Activities Food Service Fund	
	FY 2016	FY 2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 47,975	\$ 39,006
Accounts receivable:		
State	52	142
Federal	3,451	5,323
Inventory	6,450	5,290
Total current assets	<u>57,928</u>	<u>49,761</u>
Noncurrent assets		
Furniture, machinery & equipment	83,140	83,140
Less: accumulated depreciation	(74,709)	(73,363)
Total noncurrent assets	<u>8,431</u>	<u>9,777</u>
Total assets	<u>\$ 66,359</u>	<u>\$ 59,538</u>
Net position		
Invested in capital assets net of related debt	\$ 8,431	\$ 9,777
Unrestricted	57,928	49,761
Total net position	<u>\$ 66,359</u>	<u>\$ 59,538</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, 2016

	Business-type Activities Food Service Fund	
	FY 2016	FY 2015
OPERATING REVENUES:		
Local sources:		
Daily sales - reimbursable programs	\$ 43,830	\$ 46,534
Daily sales - non-reimbursable programs	20,241	16,492
Total operating revenue	<u>64,071</u>	<u>63,026</u>
OPERATING EXPENSES:		
Salaries	50,316	50,184
Employee benefits	3,849	3,780
Purchased professional/technical services	2,880	2,994
Supplies and materials	6,538	2,816
Other purchased services (400-500 series)	70	
Cost of sales	108,723	111,371
Depreciation	1,346	1,450
Total operating expenses	<u>173,722</u>	<u>172,595</u>
Operating income (loss)	<u>(109,651)</u>	<u>(109,569)</u>
NON-OPERATING REVENUES:		
Local sources:		
County Health and Wellness Grant		5,000
State sources:		
National school lunch program - state	1,683	1,852
Federal sources:		
National school lunch program	67,929	69,893
National school breakfast program	33,439	33,498
Food distribution program	13,421	9,012
Total non-operating revenues (expenses)	<u>116,472</u>	<u>119,255</u>
Income (loss) before operating transfers	<u>6,821</u>	<u>9,686</u>
Net income (loss)	6,821	9,686
Total net position - July 1	59,538	49,852
Total net position - June 30	<u>\$ 66,359</u>	<u>\$ 59,538</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Business-type Activities Food Service Fund	
	FY 2016	FY 2015
Cash flows from operating activities:		
Receipts from customers	\$ 64,071	\$ 63,026
Payments to suppliers	(105,950)	(108,980)
Payments to employees	(50,316)	(50,184)
Payments for employee benefits	(3,849)	(3,780)
Net cash provided (used) by operating activities	<u>(96,044)</u>	<u>(99,918)</u>
Cash flows from non-capital financing activities:		
Cash received from state, federal, and local reimbursements	105,013	113,720
Net cash provided by non-capital financing activities	<u>105,013</u>	<u>113,720</u>
Net increase in cash and cash equivalents	8,969	13,802
Cash and cash equivalents - July 1	39,006	25,204
Cash and cash equivalents - June 30	<u>\$ 47,975</u>	<u>\$ 39,006</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (109,651)	\$ (109,569)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	1,346	1,450
Food distribution program	13,421	9,012
Change in assets and liabilities:		
(Increase) decrease in inventory	(1,160)	(811)
	<u>\$ (96,044)</u>	<u>\$ (99,918)</u>

FIDUCIARY FUNDS

QUINTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Trust Funds		Agency Funds		Total	
	Technology Trust	Unemployment Compensation Trust	Student Activity	Payroll & Payroll Agency	FY 2016	FY 2015
ASSETS						
Cash and cash equivalents	\$ 12,708	\$ 13,223	\$ 9,915	\$ 4,521	\$ 40,367	\$ 32,930
Capital assets, net	314				314	786
Total assets	\$ 13,022	\$ 13,223	\$ 9,915	\$ 4,521	40,681	33,716
LIABILITIES						
Due to student groups			\$ 9,915		9,915	10,794
Payroll deductions and withholdings				\$ 4,512	4,512	6,992
Interfund payable:						
Due general fund				9	9	7
Total liabilities			\$ 9,915	\$ 4,521	14,436	17,793
NET POSITION						
Invested in capital assets net of related debt	\$ 314				314	786
Held in trust for:						
Unemployment claims		\$ 13,223			13,223	7,713
Technology expenditures	12,708				12,708	7,424
Total net position	\$ 13,022	\$ 13,223			\$ 26,245	\$ 15,923

QUINTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Trust Funds		Total	
	Technology	Unemployment		
	Trust	Compensation	FY 2016	FY 2015
ADDITIONS:				
Contributions:				
Plan members		\$ 5,496	\$ 5,496	\$ 5,124
Others	\$ 5,270		5,270	10,250
Total contributions	5,270	5,496	10,766	15,374
Investment earnings:				
Interest	13	14	27	36
Total investment earnings	13	14	27	36
Total additions	5,283	5,510	10,793	15,410
DEDUCTIONS:				
General supplies				28,368
Unemployment claims				3,210
Depreciation	471		471	471
Total deductions	471		471	32,049
Change in net position	4,812	5,510	10,322	(16,639)
Net position July 1	8,210	7,713	15,923	32,562
Net position June 30	\$ 13,022	\$ 13,223	\$ 26,245	\$ 15,923

QUINTON TOWNSHIP SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
ACTIVITIES:				
Quinton School	\$ 10,794	\$ 31,020	\$ 31,899	\$ 9,915

QUINTON TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS				
Cash and cash equivalents	\$ 6,999	\$ 3,871,145	\$ 3,873,623	\$ 4,521
	<u>\$ 6,999</u>	<u>\$ 3,871,145</u>	<u>\$ 3,873,623</u>	<u>\$ 4,521</u>
LIABILITIES				
Employees' net pay		\$ 1,714,880	\$ 1,714,880	
Payroll deductions and withholdings	\$ 6,992	2,156,170	2,158,650	\$ 4,512
Interfund payable	7	95	93	9
	<u>\$ 6,999</u>	<u>\$ 3,871,145</u>	<u>\$ 3,873,623</u>	<u>\$ 4,521</u>

LONG-TERM DEBT

QUINTON TOWNSHIP SCHOOL DISTRICT
 Schedule of Serial Bonds
 June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
Refunding Bonds - Series 2007	11/20/07	\$ 1,705,000	03/01/17	\$ 145,000	4.000%	\$ 895,000		\$ 140,000	\$ 755,000
			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	02/15/17	90,000	3.000%	1,531,000	None	85,000	1,446,000
			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%				
						<u>1,531,000</u>		<u>85,000</u>	<u>1,446,000</u>
						<u>\$ 2,426,000</u>		<u>\$ 225,000</u>	<u>\$ 2,201,000</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 219,768		\$ 219,768	\$ 219,768	
State sources:					
Debt service aid type II	97,845		97,845	97,845	
Total revenues	<u>317,613</u>		<u>317,613</u>	<u>317,613</u>	
EXPENDITURES:					
Regular debt service:					
Interest	92,613		92,613	92,612	\$ 1
Redemption of principal	225,000		225,000	225,000	
Total regular debt service	<u>317,613</u>		<u>317,613</u>	<u>317,612</u>	<u>1</u>
Total expenditures	<u>317,613</u>		<u>317,613</u>	<u>317,612</u>	<u>1</u>
Excess (deficiency) of revenues & other financing sources over (under) expenditures and other financing uses				1	(1)
Fund balance - July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund balance - June 30	<u>\$ 1</u>		<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ (1)</u>

**STATISTICAL SECTION
(UNAUDITED)**

**QUINTON TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION**

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

QUINTON TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2016
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Invested in capital assets, net of related debt	\$ 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	\$ 3,180,213
Restricted	550,341	698,870	1,059,975	831,202	3,821,716	932,017	894,040	984,602	1,341,533	1,330,500
Unrestricted	116,366	130,200	(136,530)	(156,067)	(112,564)	(120,685)	(102,905)	(74,980)	(1,012,414)	(1,015,045)
Total governmental activities net position	<u>\$ 1,669,989</u>	<u>\$ 1,738,187</u>	<u>\$ 1,855,710</u>	<u>\$ 1,932,137</u>	<u>\$ 4,917,793</u>	<u>\$ 4,698,412</u>	<u>\$ 4,474,538</u>	<u>\$ 4,388,329</u>	<u>\$ 3,752,102</u>	<u>\$ 3,495,668</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 13,809	\$ 11,037	\$ 11,583	\$ 18,407	\$ 16,551	\$ 14,695	\$ 12,839	\$ 11,227	\$ 9,777	\$ 8,431
Restricted					7					
Unrestricted	19,934	17,451	23,429	40,750	47,972	48,991	45,231	38,625	49,761	57,928
Total business-type activities net position	<u>\$ 33,743</u>	<u>\$ 28,488</u>	<u>\$ 35,012</u>	<u>\$ 59,157</u>	<u>\$ 64,530</u>	<u>\$ 63,686</u>	<u>\$ 58,070</u>	<u>\$ 49,852</u>	<u>\$ 59,538</u>	<u>\$ 66,359</u>
District-wide:										
Invested in capital assets, net of related debt	\$ 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	\$ 3,188,644
Restricted	550,341	698,870	1,059,975	831,202	3,821,716	932,017	894,040	984,602	1,341,533	1,330,500
Unrestricted	136,300	147,651	(113,101)	(115,317)	(64,592)	(71,694)	(57,674)	(36,355)	(962,653)	(957,117)
Total District-wide	<u>\$ 1,703,732</u>	<u>\$ 1,766,675</u>	<u>\$ 1,890,722</u>	<u>\$ 1,991,294</u>	<u>\$ 4,982,316</u>	<u>\$ 4,762,098</u>	<u>\$ 4,532,608</u>	<u>\$ 4,438,181</u>	<u>\$ 3,811,640</u>	<u>\$ 3,562,027</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
 Changes in Net Assets/Net Position
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2016
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES:										
Governmental activities:										
Instruction										
Regular	\$ 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	\$ 1,774,170
Special education	759,392	785,273	572,604	751,713	538,101	378,334	383,088	426,283	392,601	461,616
Other special education	37,970	40,363	45,454	54,923	55,376	57,929	60,951	64,566	78,913	86,077
Other instruction	9,891	15,196	27,630	24,702	21,142	12,105	15,907	19,658	24,509	34,193
Support services										
Tuition	1,173,689	1,223,725	933,497	839,128	1,002,081	1,444,631	1,277,332	1,316,172	834,407	1,153,824
Student instruction and related services	354,214	365,590	406,113	459,975	420,988	427,294	420,987	419,055	516,415	551,453
General administration	220,745	239,005	267,800	227,213	225,433	249,069	220,975	157,218	195,980	213,251
School administrative services	88,377	91,988	95,236	93,270	101,315	105,679	108,290	109,228	109,080	112,818
Central services	105,328	114,184	122,935	121,487	126,528	159,119	134,101	138,704	150,056	154,717
Administrative information technology	2,603	2,849	1,972	6,826	2,407	710	877	1,153	3,945	
Plant operations and maintenance	292,247	319,428	318,676	402,756	461,492	485,393	857,647	892,364	936,742	895,351
Pupil transportation	367,133	373,515	402,393	437,155	348,761	358,172	433,606	518,502	406,084	411,077
Unallocated benefits	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	1,201,392
Interest on long-term debt	107,730	75,807	72,950	66,650	62,450	153,286	113,313	106,713	99,813	92,612
Capital outlay		6,784	3,619	21,049	671	552	2,897	36,143	38,513	87,986
Unallocated depreciation	88,272	91,639	90,271	87,676	99,647	154,450				
Total governmental activities expenses	<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>	<u>7,230,537</u>
Business-type activities										
Food service	144,130	146,095	179,696	142,979	149,157	171,360	177,446	192,012	172,595	173,722
Total business-type activities expense	<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>	<u>173,722</u>
Total District expenses	<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>	<u>\$ 7,404,259</u>
PROGRAM REVENUES:										
Governmental activities										
Charges for services										
Instruction (tuition)	\$ 33,801	\$ 65,898	\$ 66,059	\$ 65,134	\$ 55,568					
Operating grants and contributions	513,626	535,835	329,351	473,862	326,664	\$ 296,606	\$ 290,779	\$ 316,595	\$ 317,662	\$ 352,924
Total governmental activities program revenues	<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>	<u>352,924</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets/Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2016
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services										
Food service	65,763	66,967	68,573	66,349	63,042	68,856	62,890	65,200	63,026	64,071
Operating grants and contributions	70,482	73,873	114,028	100,775	91,488	101,660	108,940	118,594	119,255	116,472
Total business-type activities program revenues	136,245	140,840	182,601	167,124	154,530	170,516	171,830	183,794	182,281	180,543
Total District program revenue	\$ 683,672	\$ 742,573	\$ 578,011	\$ 706,120	\$ 536,762	\$ 467,122	\$ 462,609	\$ 500,389	\$ 499,943	\$ 533,467
Net (expense) revenue:										
Governmental activities	\$ (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)	\$ (6,877,613)
Business-type activities	(7,885)	(5,255)	2,905	24,145	5,373	(844)	(5,616)	(8,218)	9,686	6,821
Total District-wide net expense	\$ (5,319,173)	\$ (5,483,799)	\$ (5,588,025)	\$ (5,739,770)	\$ (5,565,581)	\$ (6,390,991)	\$ (6,545,682)	\$ (6,640,497)	\$ (6,315,270)	\$ (6,870,792)
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes levied for government purposes (net)	\$ 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	\$ 2,307,609
Taxes levied for debt service	106,341	103,500	101,682	91,493	111,695	239,279	214,935	217,738	220,343	219,768
Unrestricted grants and contributions	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	4,054,278
Restricted grants				553,381	2,717,885	110,656				
Tuition charges	124,031	228,103	179,883	174,561	189,818	75,874	52,580	86,591	69,749	69,963
Investment earnings	46,044	24,919	10,007	9,866	6,754	4,553	2,846	1,620	1,664	2,136
Miscellaneous income	684	11,763	2,969	5,947	15,062	27,684	9,193	44,516	5,681	44,724
Loss on disposal of assets	(1,890)	(1,050)							(529)	(77,299)
Cost of issuance		(125,214)								
Premiums received on sale of bonds		20,214								
Prior year receivables canceled									(506)	
Transfers	(5,000)									
Total governmental activities	5,325,729	5,546,742	5,708,453	5,840,342	8,556,610	6,170,766	6,316,192	6,546,070	6,622,078	6,621,179
Business-type activities:										
Contributed capital			3,619							
Transfers	5,000									
Total business-type activities	5,000		3,619							
Total District-wide	\$ 5,330,729	\$ 5,546,742	\$ 5,712,072	\$ 5,840,342	\$ 8,556,610	\$ 6,170,766	\$ 6,316,192	\$ 6,546,070	\$ 6,622,078	\$ 6,621,179
Change in net position:										
Governmental activities	\$ 14,441	\$ 68,198	\$ 117,523	\$ 76,427	\$ 2,985,656	\$ (219,381)	\$ (223,874)	\$ (86,209)	\$ 297,122	\$ (256,434)
Business-type activities	(2,885)	(5,255)	6,524	24,145	5,373	(844)	(5,616)	(8,218)	9,686	6,821
Total District	\$ 11,556	\$ 62,943	\$ 124,047	\$ 100,572	\$ 2,991,029	\$ (220,225)	\$ (229,490)	\$ (94,427)	\$ 306,808	\$ (249,613)

QUINTON TOWNSHIP SCHOOL DISTRICT
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2016
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Restricted					\$ 892,677	\$ 683,272	\$ 615,703	\$ 725,184	\$ 1,084,825	\$ 1,169,298
Assigned					30,028	10,900	49,633	21,574	97,590	53,926
Unassigned					(18,584)	(26,304)	(16,759)	(33,704)	(32,554)	(41,862)
Reserved	\$ 583,786	\$ 751,123	\$1,066,495	\$ 719,343						
Unreserved	146,959	135,496	(46,430)	(62,104)						
Total general fund	<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>	<u>\$ 1,181,362</u>
All other governmental funds:										
Unreserved, reported in:										
Debt service fund		\$ 6,508	\$ 6,508			\$ 1	\$ 1		\$ 1	\$ 2
Capital projects fund				\$ 111,859	\$ 2,899,039	237,844	237,844	\$ 237,844	159,117	107,274
Special revenue fund	\$ (14,157)	(14,157)	(8,806)	(9,101)	(9,101)	(5,208)	(5,078)	(5,665)	(4,759)	(6,571)
Total all other governmental funds	<u>\$ (14,157)</u>	<u>\$ (7,649)</u>	<u>\$ (2,298)</u>	<u>\$ 102,758</u>	<u>\$ 2,889,938</u>	<u>\$ 232,637</u>	<u>\$ 232,767</u>	<u>\$ 232,179</u>	<u>\$ 154,359</u>	<u>\$ 100,705</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
Tax Levy	\$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	\$2,527,377
Tuition charges	124,031	228,103	179,883	174,561	189,818	75,874	52,580	86,591	69,749	69,963
Interest earnings	46,044	24,919	10,007	9,866	6,754	4,553	2,846	1,620	1,664	2,136
Miscellaneous	684	11,763	2,969	9,723	19,315	31,536	12,833	44,516	9,702	58,211
State sources	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	4,118,180
Federal sources	233,993	229,651	230,667	901,209	226,606	343,239	236,225	260,532	265,149	275,535
Total revenue	5,846,245	6,188,627	6,037,804	6,314,204	8,883,274	6,467,372	6,606,971	6,862,665	6,940,775	7,051,402
EXPENDITURES:										
Instruction:										
Regular	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	1,779,285
Special	739,301	743,501	532,468	686,354	484,542	383,509	382,893	430,123	392,601	461,616
Other	37,760	40,168	47,913	54,549	57,701	57,929	60,951	64,566	78,913	86,077
School sponsored/other instructional	9,891	15,196	27,630	24,702	21,142	12,105	15,907	19,658	24,509	34,193
Undistributed:										
Instruction	1,173,689	1,223,725	933,497	839,128	1,002,081	1,444,631	1,277,332	1,316,172	834,407	1,153,824
Student & instruction related services	341,414	356,990	384,073	454,411	413,734	416,885	419,099	418,686	501,059	540,578
General administration	194,442	209,806	222,684	213,883	215,268	239,213	219,645	203,091	195,980	213,251
School administration	88,377	91,988	95,236	93,270	101,315	105,679	108,290	109,228	109,080	112,818
Central administration	105,328	114,184	122,935	121,487	126,528	159,119	134,101	138,704	150,056	154,717
Administration information technology	2,603	2,849	1,972	6,826	2,407	710	877	1,153	3,945	
Operations & maintenance of plant services	290,274	339,450	342,203	400,501	457,498	481,399	467,628	496,773	556,729	515,590
Student transportation	367,133	373,515	402,393	437,155	348,761	358,172	433,606	518,502	406,084	411,077
Unallocated benefits	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	1,204,931
Capital outlay	45,547	13,085	3,619	332,259	1,767,910	2,662,712	2,897	36,143	155,801	87,986
Debt service expenditures										
Principal	95,000	115,000	115,000	120,000	125,000	190,000	200,000	210,000	220,000	225,000
Interest	107,730	75,807	72,950	66,650	62,450	153,286	113,313	106,713	99,813	92,612
Total expenditures	5,831,484	6,026,245	5,899,007	6,571,974	7,670,212	9,360,926	6,626,132	6,810,359	6,581,283	7,073,555
Excess deficiency of revenues over (under) expenditures	14,761	162,382	138,797	(257,770)	1,213,062	(2,893,554)	(19,161)	52,306	359,492	(22,153)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	\$ 9,761	\$ 162,382	\$ 138,797	\$ (257,770)	\$ 3,034,062	\$ (2,893,554)	\$ (19,161)	\$ 63,889	\$ 358,986	\$ (22,153)
Debt service as a percentage of noncapital expenditures	3.50%	3.17%	3.19%	2.99%	3.18%	5.13%	4.73%	4.68%	4.98%	4.55%

Source: District records

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

Fiscal Year Ended June 30,	Miscellaneous	Prior Year Refunds	Clean Energy/ SREC	AVA Closeout	Annual Totals
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
2016	1,043	4,770	38,911		44,724
	<u>\$ 37,785</u>	<u>\$ 47,463</u>	<u>\$ 70,931</u>	<u>\$ 12,044</u>	<u>\$ 168,223</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
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	1.887
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	1.937
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	1.195
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	1.132
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	1.173
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	1.239
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	1.271
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	1.302
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	1.328
2016	6,212,300	142,345,400	21,347,900	3,152,100	15,572,100	0	519,000	189,148,800	611,174	189,759,974	N/A	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	
2007	1.801	0.086	1.887	0.240	0.024	1.140	3.291
2008	1.853	0.084	1.937	0.240	0.026	1.226	3.429
2009	1.136	0.059	1.195	0.258	0.028	1.254	2.735
2010	1.084	0.048	1.132	0.183	0.016	0.726	2.057
2011	1.115	0.058	1.173	0.167	0.017	0.695	2.052
2012	1.115	0.124	1.239	0.165	0.022	0.918	2.344
2013	1.157	0.114	1.271	0.175	0.023	0.994	2.463
2014	1.190	0.112	1.302	0.175	0.023	0.994	2.494
2015	1.212	0.116	1.328	0.241	0.021	0.971	2.561
2016	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	2016		2007	
	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	1.40%	1,582,900	1.30%
Taxpayer #1	2,373,600	1.25%	1,564,500	1.29%
Wild Oaks Club			1,493,200	1.23%
4 C's Rental	1,696,000	0.89%	1,022,400	0.84%
Ram Golf LLC	1,262,800	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	701,000	0.35%	626,800	0.52%
Verizon			654,622	0.54%
Cerestern LLC	690,000	0.36%		
Taxpayer #4	676,100	0.36%	621,700	0.51%
Taxpayer #5			607,200	0.50%
American Tower Corporation			600,000	0.49%
Taxpayer #6			595,600	0.49%
	<u>\$ 12,398,100</u>	<u>6.53%</u>	<u>\$ 9,368,922</u>	<u>7.70%</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	
2007	\$ 2,321,254	\$ 2,321,254	100.00%	
2008	2,393,690	2,393,690	100.00%	\$ 199,474
2009	2,074,528	1,875,054	90.38%	172,876
2010	2,143,253	1,970,377	91.93%	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
2016	2,527,377	2,316,762	91.67%	210,615

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			Bond Anticipation Notes	Business-type	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases		Capital Leases		
2007	\$ 1,795,000					\$ 1,795,000	1.81%
2008	1,785,000					1,785,000	1.71%
2009	1,670,000					1,670,000	1.51%
2010	1,550,000					1,550,000	1.40%
2011	3,246,000					3,246,000	3.09%
2012	3,056,000			\$ 470,000		3,526,000	3.27%
2013	2,856,000					2,856,000	2.66%
2014	2,646,000					2,646,000	2.46%
2015	2,426,000					2,426,000	2.19%
2016	2,201,000					2,201,000	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			
2007	\$ 1,795,000		\$ 1,795,000	1.48%	632
2008	1,785,000		1,785,000	0.96%	628
2009	1,670,000		1,670,000	0.90%	586
2010	1,550,000		1,550,000	0.83%	543
2011	3,246,000		3,246,000	1.74%	1,219
2012	3,056,000		3,056,000	1.62%	1,156
2013	2,856,000		2,856,000	1.51%	1,088
2014	2,646,000		2,646,000	1.40%	1,016
2015	2,426,000		2,426,000	1.28%	937
2016	2,201,000		2,201,000	1.16%	857

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, 2015
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Quinton	\$ 2,336,700	100.00%	\$ 2,336,700
Salem County General Obligation Debt	40,394,432	3.67%	1,483,655
Subtotal, overlapping debt			3,820,355
Township of Quinton School District			2,201,000
Total direct and overlapping debt			<u>\$ 6,021,355</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								
	2015	\$ 194,958,312								
	2014	192,176,584								
	2013	192,475,821								
		<u>\$ 579,610,717</u>								
Average equalized valuation of taxable property		\$ 193,203,572								
Debt limit (3% of average equalized value)		5,796,107								
Total net debt applicable to limit		<u>2,201,000</u>								
Legal debt margin		<u>\$ 3,595,107</u>								
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 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	\$ 5,796,107
Total net debt applicable to limit	<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>	<u>2,201,000</u>
Legal debt margin	<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>	<u>\$ 3,595,107</u>
Total net debt applicable to the limit as a percentage of debt limit	39.96%	38.92%	36.48%	31.55%	58.32%	50.45%	47.63%	45.49%	42.42%	37.97%

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
2007	2,841	\$ 99,199,197	\$ 34,917	5.30%
2008	2,843	104,082,230	36,610	5.30%
2009	2,851	110,881,092	38,892	6.70%
2010	2,852	110,700,380	38,815	12.00%
2011	2,662	105,042,520	39,460	11.40%
2012	2,643	107,881,974	40,818	11.70%
2013	2,626	107,185,442	40,817	6.20%
2014	2,604	107,446,248	41,262	9.20%
2015	2,589	110,938,650	42,850	7.80%
2016	2,569	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	2016		2007	
	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%		
Bobbit Pontiac	25	1.93%		
Quinton Township	20	1.54%		
Smick's Lumber	20	1.54%		
EMS Café	15	1.16%		
Salem Packing	15	1.16%		
Hitchner's Furniture	10	0.77%		
Quinton Diner	10	0.77%		
Bud's Market	5	0.39%		
Marty's Crabs	5	0.39%		
	<u>215</u>	<u>11.94%</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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	28	31	31	29	27	27	28	28.0	28.0	30.0
Special education	5	5	5	5	5	4	4	4.5	4.5	5.0
Other special education	5	5	5	6	5	2	1	1.0	1.0	2.0
Other instruction	3	3	3	3	3	4	4	3.5	3.0	3.5
Support services:										
Student & instruction related services	3	3	3	3	3	3	3	3.0	3.5	3.5
General administration	2	2	2	2	2	2	2	1.5	1.5	1.5
School administration	2	2	2	2	2	2	2	2.0	2.0	2.0
Business administrative services	2	2	2	2	2	2	2	2.0	2.0	2.5
Plants operations and maintenance	4	4	4	4	4	5	5	4.5	4.5	4.5
Food service	3	3	3	3	3	3	3	3.0	3.0	2.0
Total	<u>57</u>	<u>60</u>	<u>60</u>	<u>59</u>	<u>56</u>	<u>54</u>	<u>54</u>	<u>53</u>	<u>53</u>	<u>57</u>

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				
2007	346	\$ 5,583,207	\$ 16,136	20.12%	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%
2016	349	6,667,957	19,106	11.71%	35.0	12.5	1:24	354.0	336.8	-0.80%	95.16%

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	346	338	371	350	353	371	370	344	357	349

Number of Schools at June 30, 2016
 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, 2016

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

School Facilities	Gross Square Footage	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Quinton	58,738	\$ 22,669	\$ 50,496	\$ 22,044	\$ 50,717	\$ 37,413	\$ 45,825	\$ 24,326	\$ 25,475	\$126,561	\$ 73,142	\$ 478,668

* 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, 2016
Unaudited

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

	Coverage	Deductible	
Article I - Property			
Blanket buildings & contents	\$ 11,174,950	\$ 1,000	per occurrence
Article II - Electronic Data Processing			
Blanket - hardware/software	260,000	1,000	per occurrence
Article III - Equipment Breakdown			
Combined single limit	100,000,000	1,000	
Article IV - Crime			
<i>Insuring Agreement 1 - Public employee dishonesty w/ faithful performance</i>	100,000	1,000	per occurrence
<i>Insuring Agreement 2 - Theft, disappearance & destruction - loss of money & securities on or off premises</i>	25,000	500	per occurrence
<i>Insuring Agreement 3 - Theft, disappearance & destruction - money orders & counterfeit paper currency</i>	25,000	500	per occurrence
<i>Insuring Agreement 4 - Forgery or alteration</i>	100,000	1,000	per occurrence
<i>Insuring Agreement 5 - Computer fraud</i>	50,000	1,000	per occurrence
Article V - Comprehensive General Liability			
Bodily injury and property damage	11,000,000	None	combined single limit
Bodily injury from products and completed operations	11,000,000	None	annual aggregate
Sexual abuse	11,000,000	None	per occurrence
Personal and advertising - injury limit	11,000,000	None	per occurrence/annual aggregate
Employee benefits liability	11,000,000	1,000	per claim/annual aggregate
Premises Medical payments	10,000	None	each accident
Premises Medical payments	5,000	None	limit per person
Terrorism	1,000,000	None	per occurrence
Article VI - Automobile			
Bodily injury and property damage	11,000,000	None	combined single limit
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. Accident Medical Expense Benefit	5,000,000	25,000	
Public Employee Surety Bonds			
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, 2016, 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 September 1, 2016.

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

September 1, 2016

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 *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES,
AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE),
AND NEW JERSEY OMB'S CIRCULAR 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 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, 2016. 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 federal and state statutes, regulations, and the terms and conditions of 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 the audit requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), *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's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and New Jersey OMB's Circular 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, 2016.

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 Uniform Guidance and New Jersey OMB's Circular 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 Uniform Guidance and New Jersey OMB Circular's 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 Uniform Guidance and New Jersey OMB's Circular 15-08**

We have audited the financial statements of Quinton Township School District as of and for the year ended June 30, 2016, and have issued our report thereon dated September 1, 2016, 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 Uniform Guidance and New Jersey OMB's Circular 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

September 1, 2016

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2016			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	S010A150030	NCLB428016	\$112,432	07/1/15-	06/30/16			\$ 58,263	\$ (112,432)					\$ (54,169)	\$ 112,432
Title I - Part A Improving Basic Programs	84.010A	S010A150030	NCLB428015	108,909	07/1/14-	06/30/15	\$ (16,198)		16,198							108,909
Title II-A Teacher & Principal Training & Recruiting	84.367A	S367A150029	NCLB428016	8,028	07/1/15-	06/30/16			7,350	(8,028)				(678)		8,028
IDEA Part B, Basic Regular	84.027	H027A150100	IDEA428016	100,955	07/1/15-	06/30/16			100,955	(100,955)						100,955
IDEA Preschool	84.173	H173A150114	IDEA428016	2,381	07/1/15-	06/30/16			2,381	(2,381)						2,381
Rural Education Achievement Program	84.358	S358B150030	S358A151442	29,356	07/1/15-	09/30/16			24,463	(29,356)				(4,893)		29,356
Rural Education Achievement Program	84.358	S358B150030	S358A141442	30,546	07/1/14-	09/30/15	(3,984)		3,984							30,546
Race to the Top	84.413	B413A120008	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	S196A150031	NCLB428016	\$ 22,383	07/1/15-	06/30/16			22,383	(22,383)						22,383
Total Special Revenue Fund							(20,567)		236,362	(275,535)			(59,740)		422,110	
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	N/A	N/A	13,421	07/1/15-	06/30/16			13,421	(10,459)			\$ 2,962		10,459	
Food Distribution Program	10.550	N/A	N/A	9,012	07/1/14-	06/30/15	1,847			(1,847)					9,012	
National School Lunch Program	10.555	16161NJ304N1099	N/A	67,929	07/1/15-	06/30/16			65,873	(67,929)			(2,056)		67,929	
National School Lunch Program	10.555	16161NJ304N1099	N/A	69,893	07/1/14-	06/30/15	(3,384)		3,384						69,893	
National School Breakfast Program	10.553	16161NJ304N1099	N/A	33,439	07/1/15-	06/30/16			32,044	(33,439)			(1,395)		33,439	
National School Breakfast Program	10.553	16161NJ304N1099	N/A	33,498	07/1/14-	06/30/15	(1,939)		1,939						33,498	
Total Enterprise Fund							(3,476)		116,661	(113,674)			(3,451)	2,962	224,230	
Total Federal Financial Awards							\$ (24,043)		\$ 353,023	\$ (389,209)			\$ (63,191)	\$ 2,962	\$ 646,340	

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	June 30, 2015		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Expenditures	June 30, 2016			MEMO			
			Grant Period						Deferred Revenue (Accts. Rec.)	Due to Grantor	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
			From	To											
State Department of Education															
General Fund:															
State Aid Public:															
Equalization Aid	16-495-034-5120-078	\$ 2,623,235	07/1/15	06/30/16		\$ 2,623,235	\$ (2,623,235)					\$ 246,903	\$ 2,623,235		
Special Education Categorical Aid	16-495-034-5120-089	203,803	07/1/15	06/30/16		203,803	(203,803)					19,182	203,803		
Security Aid	16-495-034-5120-084	77,832	07/1/15	06/30/16		77,832	(77,832)					7,326	77,832		
School Choice Aid	16-495-034-5120-068	176,848	07/1/15	06/30/16		176,848	(176,848)					16,646	176,848		
Under Adequacy Aid	16-495-034-5120-096	20,832	07/1/15	06/30/16		20,832	(20,832)					1,961	20,832		
Additional Adjustment Aid	16-495-034-5120-085	94,740	07/1/15	06/30/16		94,740	(94,740)					8,917	94,740		
PARCC Readiness Aid	16-495-034-5120-098	3,620	07/1/15	06/30/16		3,620	(3,620)					341	3,620		
Per Pupil Growth Aid	15-495-034-5120-097	3,620	07/1/15	06/30/16		3,620	(3,620)					341	3,620		
Transportation Aid	15-495-034-5120-014	195,664	07/1/15	06/30/16		195,664	(195,664)					18,416	195,664		
Extraordinary Aid	16-100-034-5120-044	26,431	07/1/15	06/30/16			(26,431)		\$ (26,431)				26,431		
Extraordinary Aid	15-100-034-5120-044	27,918	07/1/14	06/30/15	\$ (27,918)	27,918							27,918		
Reimbursed Nonpublic Transportation Costs	n/a	1,740	07/1/15	06/30/16			(1,740)		(1,740)				1,740		
Reimbursed Nonpublic Transportation Costs	n/a	870	07/1/14	06/30/15	(870)	870							870		
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	164,978	07/1/15	06/30/16		164,978	(164,978)						164,978		
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	159,761	07/1/14	06/30/15	(7,739)	7,739							159,761		
On-Behalf TPAF Pension Contribution	16-100-034-5094-002	169,644	07/1/15	06/30/16		169,644	(169,644)						169,644		
On-Behalf TPAF Post Retirement Contribution	15-100-034-5094-001	201,999	07/1/15	06/30/16		201,999	(201,999)						201,999		
Total General Fund					<u>(36,527)</u>	<u>3,973,342</u>	<u>(3,964,986)</u>		<u>(28,171)</u>			<u>320,033</u>	<u>4,153,535</u>		
Special Revenue Fund:															
Preschool Education Aid	16-495-034-5120-086	65,714	07/1/15	06/30/16		65,714	(65,714)					6,571	65,714		
Total Special Revenue Fund						<u>65,714</u>	<u>(65,714)</u>					<u>6,571</u>	<u>65,714</u>		
Debt Service Fund:															
Debt Service Aid Type II	16-495-034-5120-075	97,845	07/1/15	06/30/16		97,845	(97,845)						97,845		
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	16-100-010-3350-023	1,683	07/1/15	06/30/16		1,631	(1,683)		(52)				1,683		
National School Lunch Program (State Share)	15-100-010-3350-023	1,852	07/1/14	06/30/15	(142)	142							1,852		
Total Enterprise Fund					<u>(142)</u>	<u>1,773</u>	<u>(1,683)</u>		<u>(52)</u>				<u>3,535</u>		
Total State Financial Assistance					<u>\$ (36,669)</u>	<u>\$ 4,138,674</u>	<u>\$ (4,130,228)</u>		<u>\$ (28,223)</u>			<u>\$ 326,604</u>	<u>\$ 7,064,292</u>		
Less: On-Behalf TPAF Pension System Contributions							\$ (371,643)								
Total for State Financial Assistance - Major Program Determination							<u>\$ (3,758,585)</u>								

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2016

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 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 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 one or more deferred June state aid payments 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 one or more 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 one or more 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, 2016

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,553) for the General Fund and (\$1,812) 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		\$ 3,956,433	\$ 3,956,433
Special Revenue Fund	\$ 275,535	63,902	339,437
Debt Service Fund		97,845	97,845
Food Service Fund	114,789	1,683	116,472
Total Financial Assistance	<u>\$ 390,324</u>	<u>\$ 4,119,863</u>	<u>\$ 4,510,187</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, 2016, Quinton Township School District has food commodities totaling \$2,962 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, 2016. 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, 2016.

QUINTON TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 2 CFR 200 section .516(a)? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>FAIN 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, 2016

Section I – Summary of Auditor’s Results

State awards

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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’s Circular Letter 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

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

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

N/A

Section IV – 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, 2016

No matters were reported.